



CITY OF
TUMWATER

**BUDGET & FINANCE COMMITTEE
MEETING AGENDA**

**Online via Zoom and In Person at
Tumwater City Hall, Council Conference
Room, 555 Israel Rd. SW, Tumwater, WA
98501**

**Friday, May 23, 2025
12:00 PM**

1. Call to Order
2. Roll Call
- [3.](#) Approval of Minutes: Budget and Finance Committee, April 25, 2025
- [4.](#) Monthly Financial Update (Finance Department)
- [5.](#) Bond Underwriter Engagement Letter (Finance Department)
- [6.](#) Ordinance No. O2025-006-S1 Amending TMC 2.14 Execution of Contracts and Other Legal Documents (Executive Department)
7. Additional Items
8. Adjourn

Meeting Information

All committee members will be attending remotely. The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online

<https://us02web.zoom.us/j/89873761178?pwd=HOI9sjZni9VajSVtUBIWmzbs9IDuzg.1>

Listen by Telephone

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 898 7376 1178 and Passcode 572294.

Public Comment

The public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 5:00 p.m. the day before the meeting. Comments are submitted directly to the Committee members and will not be read individually into the record of the meeting.

Post Meeting

Video of this meeting will be recorded and posted on our City Meeting page: <https://tumwater-wa.municodemeetings.com>.

Accommodations

The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and

benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City's ADA Coordinator directly, call (360) 754-4129 or email ADACoordinator@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

**TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
APRIL 25, 2025 Page 1**

CONVENE: 12:07 p.m.

PRESENT: Chair/Mayor Debbie Sullivan and Councilmembers Peter Agabi, Michael Althausen, and Eileen Swarthout.

Staff: City Administrator Lisa Parks, Finance Director Troy Niemeyer, and Paralegal Sharleen Johansen.

**APPROVAL OF
MINUTES:
BUDGET &
FINANCE
COMMITTEE,
MARCH 28, 2025:**

MOTION: **Councilmember Althausen moved, seconded by Councilmember Agabi, to approve the minutes of March 28, 2025 as presented. A voice vote approved the motion.**

**MONTHLY
FINANCIAL
UPDATE:**

Director Niemeyer provided an update on year-to-date financials and explained the reasons for some differences in different categories between the budget revenue forecast and actual revenue received to date. At this time, the City has not received any property tax revenue as reflected in the column for revenue received year-to-date. The April sales tax distribution is not reflected because the state has not forwarded sales tax revenue. However, the forecast for sales tax is likely somewhat lower than the 33.3% estimated year-to-date.

Councilmember Swarthout joined the meeting at 7:11 a.m.

As many businesses have options for payment of Business and Occupation (B&O) tax either monthly or quarterly, revenue collections are indicative of when businesses pay. Utility taxes typically lag by one month. Building permit revenue to date is 77% of the budgeted amount versus the year-to-date forecast of 33.3%. reflecting more building activity than forecasted.

Revenues and expenditures for the Transportation Benefit District (TBD) are pro-rated and tracked separately. However, all expenses from the TBD are paid from the general fund with reimbursement occurring at the end of the year for all eligible TBD costs. The amount of \$695,000 is not all revenue anticipated for collection this year. That amount is paid to the general fund as reimbursement for costs paid from the general fund on behalf of the TBD.

Other categories include grants, such as the Department of Commerce grants. Funds have not been expended on projects and consequently, grant revenue has not been received at this time. Public Safety sales tax is on track. Year-

TUMWATER BUDGET & FINANCE COMMITTEE
MINUTES OF VIRTUAL MEETING
APRIL 25, 2025 Page 2

to-date Public Safety sales tax revenue is 28% based on the budgeted amount of \$940,000 that Thurston County estimated for the first full year of the new funding source.

Parks and Recreation revenues are lower during January, February, and March because of weather and fewer activities. The accounts reflect an increase in revenue with the advent of spring and summer and the associated increase in sports and other activities.

Director Niemeyer reviewed expenditures to date for some of the larger departments. The Police Department is tracking expenses at 25%, Fire Department is at 30%, and the Transportation and Engineering Department is at 20%. All departments are tracking less than the budgeted amount for expenditures year-to-date.

Director Niemeyer reviewed forecasted and actual revenues for the TBD and the Tumwater Metropolitan Park District (TMPD). Voters recently approved extending the TBD for another ten years. Budgeted revenue for the TBD is \$2.3 million with receipts year-to date of \$580,000. The TMPD revenue budget forecast is less than \$2 million with actual of \$69,000 year-to-date. He noted that the TMPD's source of revenue is property tax.

Budgeted revenues and expenditures are much higher for the Water Utility than the previous period because of the number of large capital projects this biennium. Some revenues are anticipating bond proceeds when the projects are financed. Revenue increased substantially for the Sewer Utility from an increase in connection fees; connection fee revenue is shared with the LOTT Clean Water Alliance. The Storm Utility figures are similar to the Water Utility with revenue outpacing the expenditure forecast. Golf Course revenues are beginning to increase because of better weather. Financial reporting from the Golf Course to the City's Finance Department lags by approximately one week, with the likelihood that revenue year-to-date is slightly higher than reflected.

Director Niemeyer displayed information without the large utility capital projects and bond financing to normalize revenues and expenditures for the Utility Funds. The Water Utility has not achieved 33.3% in revenue year-to-date. However all billings for the utilities are one month behind. All fund expenditures are lower than the revenues.

COMMUNITY
HUMAN SERVICES
PROGRAM
FUNDING:

Director Niemeyer reviewed some improvements identified by staff for administering the City's Community Human Services Program. The intent is opening the application process effective May 1, 2025 through May 31, 2025. At the committee's June meeting, the funding presentations were scheduled followed by funding recommendations by the committee. However, based on training commitments in June, he suggested delaying the

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MINUTES OF VIRTUAL MEETING
APRIL 25, 2025 Page 3**

reviews and funding recommendations until the July committee meeting or scheduling a special meeting in June. Staff will contact members on a preferable meeting date.

Director Niemeyer reported that during the Council's discussion on the amount of monetary awards, no consensus was achieved for specifying specific funding award amounts. He requested guidance on information pertaining to the funding award published within the application.

Mayor Sullivan recommended including a statement that not all applications would be funded.

**ORDINANCE NO.
O2025-006
AMENDING TMC
2.14 EXECUTION
OF CONTRACTS
AND OTHER
LEGAL
DOCUMENTS:**

City Administrator Parks reported the committee received the initial briefing on the proposal at the last meeting. Following a discussion, the committee elected not to move forward at that time pending further discussion. The intent of the change to the ordinance is to create some efficiencies of routine actions by delegating the authority to either the Mayor and Directors.

City Attorney Kirkpatrick prepared some materials covering the three types of agreements that were of the most concern. They include interlocal agreements (ILA)s, grant agreements, and some specific financial audit actions required by the Council. City Attorney Kirkpatrick categorized all 2024 documents for members to demonstrate which documents would fall under the amendment process and the documents requiring Council approval. City Attorney Kirkpatrick identified ILAs and memorandums of understanding (MOUs) to reflect documents referred to the Council and documents that could be processed under the proposed amendment. City Administrator Parks reviewed several agreements as examples. The distinction between which documents require Council approval versus the new administrative process would be based on the dollar amount of the agreement.

Councilmember Swarthout asked whether the documents approved by staff would be included on the consent calendar as information for the Council or as an agenda item. Additionally, many of the actions approved by the Council over the years are often difficult to recall. City Administrator Parks said documents approved by staff would not be included on an agenda; however, the proposed amendment could be revised adding language stipulating some form of mechanism to inform the Council of the administrative action. Generally, those decisions would be considered routine and less than the threshold authorized by the Council.

Councilmember Agabi recommended adjusting the process by authorizing staff to approve agreements that involve no monetary amount.

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MINUTES OF VIRTUAL MEETING
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Councilmember Althausen referred to the examples and indicated his concerns involve ILAs for climate mitigation initiatives and the regional environmental education programs as they both speak to the need for a public discussion as it serves as a way to notify the public of the important work completed by the City. Not exposing those documents during a public setting would be a concern. Additionally, most of the ILAs are substantive except for revisions to existing ILAs that are administrative in nature. Most Councilmembers have opinions about an agreement or there is an obligatory review of the documents. Some agreements could be streamlined, but he is not supportive of authorizing all ILAs under \$100,000 at this time.

Councilmember Swarthout agreed especially those agreements on climate as a review by the Council provides an opportunity to share progress with the community. Any ILA involving climate change should be approved by the Council.

City Administrator Parks affirmed the request. She reviewed different grant agreements. In many cases, grant agreements obligate City resources as a match, which speaks to the obligation of the Council to approve. She reviewed a list of highlighted 2024 grant agreements approved by the Council that would continue to require the Council's review and approval under the proposal amendment. Several amendments to grant agreements were also included. City Attorney Kirkpatrick has indicated that with respect to amendments, with minor language clarification to proposed language, the highlighted amendments would not need Council approval as none of the highlighted amendments changed the amount of the agreement and only extended the term of an agreement.

Grants that would not require Council approval under the proposal include the grants for middle housing, feasibility studies, Solar Plus for facilities, the EV Charging Program, and clean energy electrification, etc. City Administrator Parks added that a process could be designed to inform the Council of any grant agreement.

Councilmember Swarthout commented on the importance of celebrating successes with the community.

Councilmember Althausen agreed that the amendments as cited could be processed administratively. However, some of the grants represent policy issues. Because there is policy underlying the decision to pursue a grant about a particular project, it makes sense for the legislative branch to consider accepting the grant. A future Council may feel differently about EV charging; however, the current Council would want to be informed. Acceptance of grant may require a lower dollar threshold; however, the grants are important and the Council should be considering as it is a demonstration of the values for the future of the City.

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City Administrator Parks conveyed appreciation of the comments as it appears that the initial approval involves a statement of the City's perspective and policy position on issues as important while amendments may be administratively approved if it does not include any monetary amounts or obligates City resources.

Councilmember Althausen agreed as long as the amendment does not undermine the mission of the original purpose of the grant.

City Administrator Parks reviewed the audit related documents. The documents reflect information on the anticipated costs of an audit with a requirement to sign data sharing agreements.

Director Niemeyer added that the audit engagement letter sparked a question surrounding how the Council is informed of an audit. In addition to staff communicating with the Council, the Auditor's Office follow Generally Accepted Government Auditing Standards, which requires proof within audit documentation that the governing body is informed of the audit. Notification is accomplished by sending invitations to the Council for participation in the entrance and exit meetings. Additionally, a copy of the communication to the Council is provided to the Auditor's Office to reflect that the Council and Mayor received notification of the audit meetings. The data share agreement is based on new state law and could be viewed as a technicality requirement.

City Administrator Parks advised that she would share the comments with City Attorney Kirkpatrick to develop a refined approach to the language changes. The goal is to improve efficiency and moving agreements through the process quickly. However, if the Council is not comfortable with the proposal, no changes are necessary. Staff will present a new draft proposal at the May meeting.

ADJOURNMENT: **With there being no further business, Chair Sullivan adjourned the meeting at 12:44 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services, psmsoly@earthlink.net

TO: Budget and Finance Committee
FROM: Troy Niemeyer, Finance Director
DATE: May 23, 2025
SUBJECT: Monthly Financial Update

1) Recommended Action:

This item is informational only.

2) Background:

Staff will provide regular budget-to-actual reports.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

☐ n/a

5) Fiscal Notes:

n/a

6) Attachments:

A. none

TO: Budget and Finance Committee
FROM: Troy Niemeyer, Finance Director
DATE: May 23, 2025
SUBJECT: Bond Underwriter Engagement Letter

1) Recommended Action:

Place the Bond Underwriter Engagement Letter with D.A. Davidson on the June 3, 2025 City Council consent calendar with a recommendation to approve and authorize the Mayor to sign.

2) Background:

In August 2024 the Budget & Finance Committee heard two presentations from qualified bond underwriting firms. The Finance Director is making a recommendation to select one of those firms and enter into an agreement to provide bond underwriting services in preparation for the issuance of bonds to finance the Operations & Maintenance Facility.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

☐ Instruct staff to bring in additional firms to interview.

5) Fiscal Notes:

There is no immediate cost for this agreement. Bond underwriters get paid when the bond sale closes, and the proceeds from the bond sale are used to pay the fees. The fees depend on market conditions, the structure of the bonds, and on decisions the City has not made yet.

6) Attachments:

A. Bond Underwriter Engagement Letter



D | A | DAVIDSON
FIXED INCOME CAPITAL MARKETS

701 5th Ave
Seattle, WA 98104
(206) 903-8699

www.dadavidson.com/ficm
D.A. Davidson & Co. member SIPC

April 23, 2025

City of Tumwater
Attn: Troy Niemeyer, Finance Director
555 Israel Rd S.W.
Tumwater, WA 98501

Re: Underwriter Engagement/Disclosure Letter

Dear Troy:

On behalf of D.A. Davidson & Co. (“us” or “Davidson” or “we”), we are writing concerning the potential issuance of the Limited Tax General Obligation Bonds, 2026 (the “Bonds”). This letter confirms that the City of Tumwater (“Issuer” or “you”) engages us as Underwriter for the proposed offering and issuance of the Bonds, subject to the conditions and limitations described below.

1. Services to be provided by Davidson. The Issuer hereby engages Davidson to serve as Underwriter of the proposed offering and issuance of the Bonds, and in such capacity, Davidson agrees to provide the following services:
 - As part of our underwriting services, review and provide advice concerning the structure, timing, terms, and other similar matters concerning the Bonds
 - Develop a marketing plan for the offering, including identification of potential investors
 - Review the official statement and other offering documents
 - Contact potential investors, provide them with offering-related information, respond to their inquiries and, if requested, coordinate their due diligence sessions
 - If the Bonds are to be rated, assist in preparing materials to be provided to Bonds ratings agencies and in developing strategies for meetings with the ratings agencies
 - Consult with Bond/Disclosure Counsel and other service providers with respect to the offering and the terms of the Bonds
 - Inform the Issuer of the marketing and offering process
 - Negotiate the pricing, including the interest rate, and other terms of the Bonds
 - Obtain CUSIP number(s) for the Bonds and arrange for their DTC book-entry eligibility
 - Plan and arrange for the closing and settlement of the issuance and the delivery of the Bonds

- Perform such other usual and customary underwriting services as may be requested by the Issuer

As Underwriter, Davidson will not be required to purchase the Bonds except pursuant to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period. This letter does not obligate Davidson to purchase any of the Bonds.

2. No Municipal Advisory or Fiduciary Role. The Issuer acknowledges and agrees: (i) the primary role of Davidson, as an Underwriter, is to purchase Bonds, for resale to investors, in an arm's-length commercial transaction between the Issuer and Davidson and that Davidson has financial and other interests that may differ from those of the Issuer.; (ii) Davidson is not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and Davidson has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Davidson has provided other services or is currently providing other services to the Issuer on other matters or transactions); (iii) the only obligations Davidson has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer desires to consult with and hire a municipal advisor for this transaction that has legal fiduciary duties to the Issuer the Issuer should separately engage a municipal advisor to serve in that capacity.

As part of our underwriting services, review and provide advice concerning the structure, timing, terms, and other similar matters concerning the Bonds

In addition, the Issuer acknowledges receipt of a letter outlining certain regulatory disclosures as required by the Municipal Bonds Rulemaking Board and attached to this agreement as Exhibit A. The Issuer further acknowledges Davidson may be required to supplement or make additional disclosures as may be necessary as the specific terms of the transaction progress.

3. Fees and Expenses. Davidson's proposed underwriting fee/spread will be determined prior to pricing. The Issuer shall be responsible for paying or reimbursing Davidson for all other costs of issuance, including without limitation, bond/disclosure counsel, rating agency fees and expenses, and all other expenses incident to the performance of the Issuer's obligations under the proposed Bonds.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Bonds except as may be superseded pursuant to a Purchase Agreement. Notwithstanding the forgoing, either party may terminate Davidson's engagement at any time without liability of penalty upon at least 30 days' prior written notice to the other party. If Davidson's engagement is terminated by the Issuer, the Issuer agrees to compensate Davidson for the services provided and to reimburse Davidson for its out-of-pocket fees and expenses incurred to the date of termination.

5. Limitation of Liability. The Issuer agrees neither Davidson nor its employees, officers, agents or affiliates shall have any liability to the Issuer for the services provided hereunder.

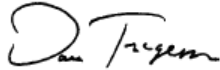
6. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of Washington. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in Davidson.

Very truly yours,

D.A. DAVIDSON & CO.



By: _____

Title: David Trageser, Managing Director

Accepted this ____ day of _____, 2025

City of Tumwater

By: _____

Title: _____

EXHIBIT A

April 23, 2025

City of Tumwater
555 Israel Rd S.W.
Tumwater, WA 98501

Attn: Mr. Troy Niemeyer, Finance Director

Re: Disclosures by D.A. Davidson & Co. as Underwriter
Pursuant to MSRB Rule G-17 and G-23
Limited Tax General Obligation Bonds, 2026

Dear Troy:

We are writing to provide you, as Finance Director of the City of Tumwater (“Issuer”), with certain disclosures required by the Municipal Bonds Rulemaking Board (MSRB) Rule G-17 that relate to the proposed offering and issuance of the Limited Tax General Obligation Bonds, 2026 (the “Bonds”), which will be used to fund tenant be used to fund a new Public Works Operations Facility, and pay costs of issuance.

The Issuer has engaged D.A. Davidson & Co. (“Davidson”) to serve as an Underwriter, and not as a financial or municipal advisor, in connection with the issuance of the Bonds. As part of our services as Underwriter, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. The specific terms of our engagement will be as set forth in a bond purchase agreement to be entered into by the parties if and when the Bonds are priced following successful completion of the offering process.

1. Dealer-Specific Conflicts of Interest Disclosures

Davidson has not identified any actual or potential material conflicts¹ that require disclosure.

2. Transaction-Specific Disclosures

Since Davidson has not recommended a “complex municipal Bonds financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17. In accordance with the requirements of MSRB Rule G-17, if Davidson recommends a “complex municipal Bonds financing” to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at that time.

3. Standard Disclosures

A. Disclosures Concerning the Underwriters’ Role:

- (i) MSRB Rule G-17 requires an Underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) An Underwriter’s primary role is to purchase the Bonds with a view to distribution in an arm’s-length commercial transaction with the Issuer. The Underwriter has financial and other interests that differ from those of the Issuer.

¹ Reference to *potential* material conflicts throughout this letter, refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17

- (iii) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal Bonds laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
- (iv) The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
- (v) The Underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
- (vi) The Underwriter will review the official statement for the Bonds in accordance with, and as part of, its respective responsibilities to investors under the federal Bonds laws, as applied to the facts and circumstances of this transaction.²

B. Disclosures Concerning the Underwriters' Compensation:

- (i) The Underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal Bonds market, it presents a conflict of interest since the Underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

4. Questions and Acknowledgment.

Davidson is registered as a broker-dealer with the U.S. Bonds and Exchange Commission ("SEC") and the MSRB and is subject to the regulations and rules on municipal Bonds activities established by the SEC and MSRB. The website address for the MSRB is www.msrb.org. The MSRB website includes educational material about the municipal Bonds market, as well as an investor brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth

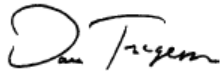
² Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the Underwriter is solely for purposes of satisfying the Underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

below. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgement that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

Again, we thank you for the opportunity to assist you with your financing and the confidence you have placed in us.

D.A. DAVIDSON & CO.



By: _____

Title: David Trageser, Managing Director

Acknowledged this ____ day of _____, 2025

City of Tumwater

By: _____

Title: _____

TO: Budget & Finance Committee
FROM: Lisa Parks, City Administrator
DATE: May 23, 2025
SUBJECT: Ordinance No. O2025-006-S1 Amending TMC 2.14 Execution of Contracts and Legal Documents

1) Recommended Action:

Place Ordinance No. O2025-006-S1 Amending TMC 2.14 Execution of Contracts and Other Legal Documents on the June 3, 2025, City Council consideration calendar with a recommendation to adopt.

2) Background:

This is a continuation of the discussion at the March 28, 2025 and April 25, 2025 Budget and Finance Committee meetings. There are two attachments to this staff report:

- Attachment A - “*Ordinance O2025-006-S1 Amending TMC 2.14 - delegation of authority 5.1.25*”: an updated draft ordinance incorporating changes that have been made to the original proposal to reflect the discussions that have occurred at the two committee meetings; and,
- Attachment B - “*O2025-006-S1 changes 5.1.25*”: which is a document that identifies the changes that have been proposed to the initial draft of this ordinance, based on discussions at these two committee meetings.

Pursuant to RCW 35A.12.190 and RW 35A.11.010, the City, by and through its legislative body, may contract and be contracted with and may purchase, lease, receive or otherwise acquire real and personal property. The City Council may delegate such authority to the Mayor, City Administrator, or other department heads. In 1996, the City Council passed provisions and procedures for approval and execution of City contracts and other documents including delegation for execution of minor contracts. In 2009, the City Council passed Ordinance No. O2009-006, further defining and delegating authority for executing contracts and other legal documents. The City has more than doubled in size since the contracting provisions were reviewed and revised, and the corresponding workload and number of contracts and legal documents has increased. The proposed amendments to the thresholds for contracting and delegation of authority attached as Attachment A would allow for more timely and efficient government operations.

3) Policy Support:

Revising our contracting and delegation of authority thresholds will increase efficiency and help to refine and sustain a great organization.

4) Alternatives:

Direct staff to further revise the proposed ordinance to address committee members' concerns.

5) Fiscal Notes:

N/A – this does not change the City's budget. It revises contracting and delegation of authority thresholds.

6) Attachments:

A – Ordinance O2025-006-S1 Amending TMC 2.14 - delegation of authority 5.1.25

B - O2025-006-S1 changes 5.1.25

ORDINANCE NO. O2025-006-S1

AN ORDINANCE of the City Council of the City of Tumwater, Washington, amending Tumwater Municipal Code Section 2.14, Execution of Contracts and Other Legal Documents, relating to the execution of contracts and other legal documents as more particularly described herein.

WHEREAS, pursuant to RCW 35A.12.190 and RCW 35A.11.010, the City, by and through its legislative body, may contract and be contracted with and may purchase, lease, receive or otherwise acquire real and personal property; and

WHEREAS, the City Council may delegate such authority to the mayor, city administrator or other department heads; and

WHEREAS, in 1996, the City Council passed provisions and procedures for approval and execution of City contracts and other documents including delegation for execution of minor contracts; and

WHEREAS, in 2009, the City Council passed Ordinance No. O2009-006 further defining and delegating authority for executing contracts and other legal documents; and

WHEREAS, the City has more than doubled in size since the contracting provisions were reviewed and revised; and

WHEREAS, the corresponding work load and number of contracts and legal documents has increased; and

WHEREAS, the City Council finds that the thresholds for contracting and the delegation of execution authority is in need of revision to allow for more efficient government operations;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Chapter 2.14, Execution of Contracts and Other Legal Documents, of the Tumwater Municipal Code is hereby amended to read as follows:

Chapter 2.14

EXECUTION OF CONTRACTS AND OTHER LEGAL DOCUMENTS

Sections:

- 2.14.010 Purpose.
- 2.14.020 Council approval.
- 2.14.030 Mayor approval.
- 2.14.040 Execution of documents – Delegation authorized.
- 2.14.050 Minor purchases – Supplies.
- 2.14.060 ~~Public works~~ – Change orders authority or contract amendments.
- 2.14.070 Rules and regulations for contracting.
- 2.14.080 Responsibility of city clerk.

2.14.010 Purpose.

The following provisions and procedures establish a uniform practice for the approval and execution of city of Tumwater contracts, ensure city council review of important and legally required contracts and other legal instruments, provide for efficient, streamlined preparation and execution of contracts not requiring council review, while also ensuring accountability by designating the individuals authorized to execute contracts on the city's behalf.

This chapter does not create any enforceable rights or causes of action in third parties.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.020 Council approval.

The following documents and instruments shall be presented to the city council for approval prior to execution by the mayor or city administrator:

A. Interlocal agreements. All contracts, agreements, memoranda of understanding, or other documents between the city of Tumwater and any other governmental agency.

Exceptions:

1. Amendments do not require council approval, provided the total amendment amount does not exceed the original contract amount by more than ten percent, sufficient funds are available within the existing budget and the amendment is consistent with the underlying intent and objectives of the original agreement.

B. Instruments ~~conveying~~ pertaining to real property. Any contract, agreement, lease, easement, bill of sale, or other instrument pertaining to the city's disposition, conveyance or acquisition of real property, ~~except to the extent these documents pertain to the acquisition of real property for purposes of an approved public works project in which case they shall not require council approval.~~

Exceptions:

1. Acceptance by the city in its regulatory capacity of a dedication from a development is not subject to council approval.
2. Temporary construction licenses and rights of entry are not subject to council approval.
3. Instruments pertaining to the use, disposition, conveyance or acquisition of real property by whatever method, provided that such transaction is associated with a capital improvement project that has been previously approved by council, are not subject to council approval.

C. Any contract, agreement, or other document, not otherwise specifically delegated within this chapter, with a cost of more than \$100,000.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.030 Mayor approval.

The mayor, or the mayor's designee, is authorized to approve and execute on behalf of the city of Tumwater any contract, agreement, document, amendment or instrument not otherwise subject to TMC 2.14.020.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.040 Execution of documents – Delegation authorized.

A. The mayor is authorized, but not required, to delegate to a department director, or the director's designee, the authority to approve and execute on behalf of the city of Tumwater any contract, agreement, document, amendment or instrument ~~which does not exceed \$50,000~~ with an amount equal to or less than the amount delegated to the Mayor and is not otherwise subject to TMC 2.14.020.

B. The mayor is additionally specifically authorized to approve and execute and may, but is not required to, delegate to the appropriate department directors the following categories of agreements:

1. Contracts for financial services, including:

a. expenses related to approved payroll costs, previously approved debt payments, and investment transactions made in accordance with city policy;

b. all expenses, transfers, or journals related to banking, debt, and investments necessary to implement the city's financial program consistent with city policy and state law;

c. city accounts, provided that prior to signing on behalf of a department, the finance director will make all efforts to coordinate with the department director to secure a signature from an approved delegate and the finance director may approve temporary delegation rights within the department for approval of a payment; and

d. all audit related documents and costs associated with required audits provided funding is available within the existing budget.

2. Contracts for legal services, including attorneys and expert witnesses to assist with litigation or anticipated litigation, or help with areas in which additional or specialized attorney services are necessary for the protection of the city's legal interests provided funding is available within the existing budget.

3. Collective bargaining agreements, including all agreements, letters of understanding, memoranda, or other documents, or subsequent amendments to those agreements, with the city's bargaining units if the financial impact of the agreement or amendment is valued at \$100,000 or less and sufficient funds are available within the existing budget unless the terms of a collective bargaining agreement provide otherwise.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.050 Minor purchases – Supplies.

A department director, or their designee, acting within the department budget, is authorized to approve and execute documents for purchases of routine office and operating supplies.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.060 ~~Public works~~– Change orders ~~authority~~or contract amendments.

~~The director of public works or the~~ In addition to, and without limiting, the authority granted elsewhere in this chapter, a department director ~~of the project department~~ is authorized to approve and sign ~~any~~ contract change orders or contract amendments, provided the total ~~construction costs with the change order or~~

contract amendment amount does not exceed the contract bid original contract amount by more than ten percent and sufficient funds are available within the existing budget. ~~Total construction costs are the construction costs to date plus the anticipated construction costs (including deducts from savings or additions from quantity increases) plus the proposed change order.~~

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.070 Rules and regulations for contracting.

The city administrator is authorized to establish written rules and regulations for the acquisition of public works and the procurement of goods, services, and materials by the city. Such rules and regulations shall be governed by sound management practices designed to secure the best quality at a fair price. The city administrator is authorized to revise the rules and regulations from time to time as circumstances change or as the city administrator may, in his or her discretion, deem appropriate.

The exercise of the powers, duties and procedures related to contracting by the city shall comply with the Revised Code of Washington, Washington Administrative Code and all other applicable local, state and federal laws and regulations.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

2.14.080 Responsibility of city clerk.

It shall be the responsibility of the city clerk to retain signed originals of all contracts, agreements, documents, and instruments to which the city is a party. The failure to retain any such document shall not invalidate or excuse performance of any obligations contained therein.

(Ord. O2019-027, Amended, 09/17/2019; Ord. O2009-006, Added, 06/02/2009)

Section 2. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance or the invalidity of the application

thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall become effective thirty (30) days after passage, approval and publication as provided by law.

ADOPTED this _____ day of _____, 2025.

CITY OF TUMWATER

Debbie Sullivan, Mayor

ATTEST:

Melody Valiant, City Clerk

APPROVED AS TO FORM:

Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____

O2025-006-S1**Changes shown in double strike-out and double underline****2.14.020 Council approval.**

The following documents and instruments shall be presented to the city council for approval prior to execution by the mayor or city administrator:

A. Interlocal agreements. All contracts, agreements, memoranda of understanding, or other documents between the city of Tumwater and any other governmental agency ~~that involves the payment or receipt of money, or the dedication of city resources, in excess of \$100,000, including agreements entered into under the Interlocal Cooperation Act chapter 39.34 RCW, or that involves a payment obligation the city is unable to meet under the existing budget.~~

Exceptions:

1. Amendments do not require council approval, provided the total amendment amount does not exceed the original contract amount by more than ten percent, sufficient funds are available within the existing budget, and the amendment is consistent with the underlying intent and objectives of the original agreement.

B. ~~Grants. All grants, bequests, donations, or other gifts in excess of \$100,000. In determining the total grant, bequest, donation, or gift amount for application of this section, the cost of any matching funds and the cost of fulfilling all conditions placed on the city's acceptance must be included in the calculation and any matching funds required must be available within the existing budget.~~

C. Instruments conveying pertaining to real property. Any contract, agreement, lease, easement, bill of sale, or other instrument pertaining to the city's disposition, conveyance or acquisition of real property, ~~except to the extent these documents pertain to the acquisition of real property for purposes of an approved public works project in which case they shall not require council approval.~~

Exceptions:

1. Acceptance by the city in its regulatory capacity of a dedication from a development is not subject to council approval.
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3. Instruments pertaining to the use, disposition, conveyance or acquisition of real property by whatever method, provided that such transaction is associated with a capital improvement project that has been previously approved by council, are not subject to council approval.

C. Any contract, agreement, or other document, not otherwise specifically delegated within this chapter, with a cost of more than \$100,000.

(Ord. O2009-006, Amended, 06/02/2009; Ord. O96-043, Added, 12/03/1996)

Added “amendment” to 2.14.030 (mayor approval) and 2.14.040 (execution of documents – delegation authorized).