COVINGTON CITY COUNCIL SPECIAL MEETING AGENDA – 5:20 P.M.
CITY COUNCIL REGULAR MEETING AGENDA – APPROXIMATELY 7:00 P.M.
www.covingtonwa.gov

Tuesday, March 12, 2019
7:00 p.m.
City Council Chambers
16720 SE 271st Street, Suite 100, Covington

Council will interview Youth Council Adult Leader and Human Services Commission applicants beginning at 5:20 p.m.

CALL CITY COUNCIL REGULAR MEETING TO ORDER – approximately 7:00 p.m.

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION

• 2018 Puget Sound Regional Fire Authority Overview (Jon Napier)

PUBLIC COMMENT Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.

APPROVE CONSENT AGENDA

C-1. Minutes: January 26, 2019 Strategic Planning Summit Summary and February 19, 2019 Special Joint Meeting with Kent School District Board of Directors (Scott)
C-2. Vouchers (Hendrickson)
C-3. Consider Ordinance Amending CMC 15.20, Title 15 Buildings & Construction to Allow Third Party Inspection Reporting Via Puget Sound Regional Fire Authority’s Software (Estep)

NEW BUSINESS

1. Consider Adult Leader Appointments to Youth Council (City Council)
2. Consider Appointments to Human Services Commission (City Council)
3. Consider Resolution Authorizing the City Manager to enter into an Interlocal Agreement with South King Housing and Homelessness Partnership (John Howell, Cedar River Group)
4. Review 2019 Summit Action Items List (Bolli)
5. Approve Process for Filling Vacancy on Council Position No. 2 (Bolli)
6. Discuss City Gateway Sign Options ([Slate])
7. Presentation of 2018 Year End Financials (Hendrickson)

FUTURE AGENDA ITEMS

COUNCIL/STAFF COMMENTS

PUBLIC COMMENT See Guidelines on Public Comments above in First Public Comment Section

EXECUTIVE SESSION – if needed

ADJOURN

Americans with Disabilities Act – reasonable accommodations provided upon request a minimum of 24 hours in advance (253-480-2400).
SUBJECT: APPROVAL OF MINUTES: JANUARY 26, 2019 CITY COUNCIL STRATEGIC PLANNING SUMMIT SUMMARY AND FEBRUARY 19, 2019 CITY COUNCIL SPECIAL JOINT MEETING WITH KENT SCHOOL DISTRICT BOARD OF DIRECTORS MINUTES

RECOMMENDED BY: Sharon G. Scott, City Clerk

ATTACHMENT(S): Proposed Minutes

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION:

ALTERNATIVES:

FISCAL IMPACT:

CITY COUNCIL ACTION: _____ Ordinance _____ Resolution X Motion _____ Other

Councilmember __________ moves, Councilmember __________ seconds, to approve the January 26, 2019 City Council Strategic Planning Summit Summary and February 19, 2019 City Council Special Joint Meeting with Kent School District Board of Directors Minutes.
The Covington City Council held its Annual Strategic Planning Summit on the last Saturday of January, as required by the Council’s Policies and Procedures. This document summarizes the key discussions, decisions, and agreements from the meeting.

MAJOR ACCOMPLISHMENTS OF 2018

Below are the City’s major accomplishments during 2018 that the City Council and Leadership Team cited at the beginning of the 2019 strategic planning summit:

- Addition of new businesses in town.
- The Love of Covington event was a great success. It showed how welcoming the city is.
- Positive ongoing relationship with the Kent School District regarding negotiating the purchase of part of the property.
- Increasing diversity of Covington.
- High level of enjoyment and usability of Covington Community Park.
- Increase in residents’ interest in serving on commissions; they are interested in helping guide the future of Covington.
- Partnerships that we continue to grow regionally. We are sought out as partners by other regions and jurisdictions, such as South King County cities and groups.
- Covington is a fast-growing city.
- Getting ClearGov on the website of the Finance Department.
- Online permitting that’s growing and helping staff and developers/contractors – great fast response time for customers and staff.
- Partnership with the Chamber of Commerce continues to grow – another great ribbon cutting symbolized the growth of Covington’s economy.
- Opening of Covington Elementary School – we are going to see a new generation of kids who will be attending and graduating from a school that says “Covington.”
- Sound financial management of the City. The great work is mostly done behind the scenes, is neither recognized nor acknowledged enough, and is very important and beneficial. This is testament to Rob and his staff.
• Worked with St. John the Baptist on Safe Car Camping. There are populations not doing as well as the rest and it’s important to create space for them to be safe in the community.
• The evolving nature of the Covington Youth Council, which has been seen at Covington Days and at KidsFest. We are benefitting from their energy and creativity, and the way they have enthusiastically embraced the City.
• Addition of emergency management coordinator Andy Jenkins. There will be positive, long-range impacts extending beyond City of Covington. Looking forward to this position becoming a Tri-City emergency coordinator position.
• Green River College is offering 101 classes in Covington, which is evidence of successful implementation of the strategic plan’s goal to coordinate with higher education institutions in the area.
• Regan Bolli took “Play Unplugged” to the Sound Cities Association (SCA) and was very successful in leading the event.
• Change to “Large City Status” was a huge accomplishment.
• Steady growth of sales tax revenue. This is a strategic accomplishment.
• Now all commissions have their own work plans and produce their own reports. Illustrates the engagement of residents; they are embracing a vision for the future.
• Growth of the City and Lakepointe is exciting.
• Funding for Timberlane Overlay Project.
• Great partnership and teamwork between Council and staff.
• Implementation of the Family Medical Leave Act, which takes effect in 2020.
• Efficiencies in the Finance Department. The electronic timesheets will be significant and impactful.
• City took important step in moving forward in planning for the Aquatic Center’s future.
• Our staff is really impressive, and new employees have integrated well into the staff working dynamic.
• “Sign code” was major accomplishment.
• Synergy between the City, the Covington Economic Development Council (CEDC), and the Chamber of Commerce.
• “Play Unplugged” and our new mascot were exciting developments.

FINANCES AND FUNDING

This discussion, which occupied the entire morning of the summit, was framed by two primary questions: 1) How does the City determine the optimum levels of service that the people of Covington expect and need? 2) What funding structure is necessary and feasible to allow the reserve funds to grow while sustaining the established optimum levels of service?

LEVELS OF SERVICE

The City Council is interested in establishing level of service standards, including for public safety, parks maintenance, and streets maintenance.

The Council supported the level of service standards presented by Chief of Police Andy McCurdy, Parks and Recreation Department Director Ethan Newton, Public Works Director Don Vondran, and the Public Works Department’s Operations and Maintenance Manager Ross Junkin.
PUBLIC SAFETY

Council supports an additional revenue source to implement the Future Staffing Plan that was presented by Chief of Police Andy McCurdy. A ballot initiative that increases tax revenues would need to be clearly earmarked for public safety. The amount in the fund would determine how many additional officers Covington could hire, and how frequently they’d be hired.

Current and Proposed Future Staffing Patterns:

1. The current staffing pattern is: a) a minimum of two deputies work from 10 a.m.-11 p.m.; b) occasionally only one deputy is on duty overnight from 11 p.m.-10 a.m.; c) overlap between shifts allows for completion of paperwork, jail transports, and other administrative duties; and d) most training, sick leave, and vacation requires overtime.

2. The staffing pattern of the future that Chief McCurdy proposed includes:
   - Add one Deputy to provide the City with a minimum of two officers 24/7 and “double-up days” and overlap between shifts so that the City can conduct training. This will allow vacations and time off with a minimal use of overtime pay.
   - Given projected residential and retail growth, add approximately five deputies during the next decade (one deputy per every 1,000 residents plus at least four deputies at Lakepointe). The addition of one officer every other year over ten years will put the City on the correct trajectory to meet public safety needs given Covington’s projected population increase and the Lakepointe development.

Key points of the discussion among the Council and Leadership Team members:

1. Covington’s population growth and the Lakepointe development have and will substantially increase the need for public safety staffing to conduct enforcement and related tasks. The number of calls-per-officer is a good indicator of the City’s public safety needs.

2. The residential areas around the Lakepointe shopping mall, especially to the northeast, are going to grow significantly. The City needs to consider the increasing public safety needs in these neighborhoods.

3. Most cities with malls the size of Lakepointe have significantly larger populations than that of Covington.

4. While individual stores at Lakepointe may have their own security, the mall as a whole will not provide its own public safety enforcement staff, meaning that the City will need to divert staff time from elsewhere in the community to ensure public safety at Lakepointe and in surrounding areas.

5. The Sheriff’s Office “Contract Model” (Regional Enforcement Contract) is the best financial and administrative option because King County absorbs liability and Covington shares enforcement costs with other regional jurisdictions. (In 2015 Covington’s cost was $3.3 million; in 2019 it was $4.5 million. The increase was due to both personnel costs and other public safety-related costs.)
6. Hiring a detective versus a deputy versus a sergeant: There appeared to be support among the Council for hiring a deputy rather than another sergeant. But the Council did ask if another detective should be hired in addition to the staffing plan proposal to hire additional officers.

7. In 10-15 years should the City ask that Lakepointe share the costs of enforcement or provide their own security and enforcement?

8. To determine the level of public safety staffing, first determine the level of service needed in particular areas. Assign personnel appropriately given neighborhood and citywide needs.

9. The South King County Task Force: a) The “Task Force Unit Model” is considered best practice now, but Covington doesn’t have a detective on the Task Force, and that probably would not be a top priority for Covington; and b) In contrast, Maple Valley has two detectives on the Task Force, thereby contributing more resources relative to other participating jurisdictions.

10. Would this be an appropriate time to conduct a new Covington Community Survey of residents to gauge their funding preferences and priorities and help guide the Council’s decision about placing an initiative on the ballot? (The last survey was conducted in 2016.)
   - Public Safety is consistently the top priority among survey respondents. Residents would more likely support an additional tax revenue stream if it supported public safety (compared to other areas such as parks, street maintenance, or transportation).

11. Public Safety Ballot Initiatives: a) Kirkland and Tumwater passed public safety ballot initiatives, whereas the Kent public safety ballot initiative failed; b) These initiatives included both personnel costs and some capital costs; and c) Successful initiatives were grassroots, i.e., driven by the community to address the public’s stated needs, concerns, and interests. City Council support followed the community’s support.

12. The Council’s follow-up questions and comments regarding public safety ballot initiatives:
   - What is the average household income of the cities where public safety tax increase initiatives passed? How do those average income levels compare to Covington’s?
   - It is important that the ballot measure increases accessibility because residents favor making the reporting of safety issues more accessible and easier.
   - It is also important to ensure accountability and funding transparency because the public wants assurances that the funds are spent according to how the initiative said they would be spent.

13. “SET” Team (South King County Special Enforcement Team) helps with gang and crime issues and may be a resource for additional enforcement given that Lakepointe mall and more housing in the surrounding neighborhoods are likely to increase crime. But proactively assigning staff to patrol designated “high-risk” areas will reduce staff available to respond to other issues across the City. Andy stated that adding an extra officer who is assigned to the SET team would prevent straining the workloads of officers under the current and proposed future staffing plans.
PARKS MAINTENANCE

Points of consensus from the Council discussion:

1. The Council is satisfied with current levels of service for parks but recognizes that the future growth of the City’s population and the concomitant growth in the use of parks and recreation facilities, as well as the implementation of the park development phases, will require more funding.

2. Council agrees that there is a need for more internal (City-sourced) financial investment in parks.

3. Staff will continue to monitor the parks maintenance needs as parks continue to grow. If preferred levels of service exceed current levels, then staff will present the budget levels that would be required to support preferred levels of service.

4. Tell the story of parks and recreation. Start by using the Covington Community Survey to evaluate resident priorities and receptivity to a tax levy in support of parks and recreation. The State of the City speech, Covington Days, and other community forums and events are options for telling this story even better. Providing Councilmembers with talking points would ensure that the Council is on the same page when messaging to the public the importance of parks and recreation.

The City’s vision is to have proactive and increased levels of service to maintain and continually improve the City’s parks and recreation facilities. We recognize that to achieve this vision, City support will need to increase because we can no longer rely primarily on grants and state funding. Financial strategies to meet the City’s vision for park maintenance that were discussed for funding parks and recreation maintenance in the future were:

1. More effectively leverage volunteer support by establishing “Friends Groups” and/or foundations.

2. Evaluate the feasibility of implementing the “Adopt-a-Park” program as a means of increasing funding support.

3. Consider leveraging “Make a Difference” day or another civic engagement/community service day for cleanup efforts in parks and for sidewalks.

4. Consider a parks and recreation levy to support increased levels of service that residents will expect. (However, a public safety levy is likely more politically feasible than passing additional taxes to support parks.)

5. Consider creating a Regional Parks District (Metro Parks District) with the cities of Maple Valley and Black Diamond to construct and operate a regional community center that includes a pool.

These key points from the discussion among the Council and Leadership Team members resulted in the consensus agreements and funding strategies listed above.

1. Current Parks Maintenance Staff: a) Jesse Dalton, who was hired in 2011 and is the maintenance lead, works 1300 field hours; b) Nate Smith, the maintenance worker who was hired in 2014, works 1500 hours in the field; and c) Tyler Miracle, a seasonal maintenance worker who works nine months of the year and started with the City in 2018, works 1400 hours in the field.
2. Levels of Service are determined by visitation numbers and the severity of maintenance issues. There are five levels of service standards:

- **Level 1:** High Priority, i.e., work on immediately.
  - The field at Covington Community Park is mostly Level 1, and the remaining areas of the park are mostly Levels 1 or 2.
  - Restroom pickup and maintenance, facility repairs, and garbage pickup.
  - Tree and shrub care when posing danger and hazards.
  - If urgent, irrigation, mowing, and natural turf care are dealt with immediately; otherwise, they are a lower priority and service level.

- **Level 2:** Priority, but below Level 1.

- **Level 3:** Somewhat less prioritized.
  - This is the Level of Service to which Crystal View, Friendship and the Skate Park are maintained.
  - Most tree and shrub care falls within this level.

- **Level 4:** Less prioritized.
  - An example: Jenkins Creek Park.

- **Level 5:** Lowest priority Issues.
  - SoCo Park, Evergreen Park, and Native Growth Protection Areas (NGPAs) are mostly level 5 (NGPAs include Wingfield Open Space and Rainier Open Space).

3. Covington Community Park labor hours:

- During the past few years, the number of labor hours devoted to Covington Community Park (CCP) has increased.
  - 2016: Covington Community Park is the most visited park and consumes the majority of labor hours.
  - 2017: The percentage of labor hours declines, but the total number of labor hours rises.
  - 2018: The total number of labor hours increases significantly (in line with implementing Phase 2, which followed Phase 1, the opening of the field).

- This trend reflects an increase in the level of service since 2015, when the City took over the maintenance of CCP. It also reflects the increasing use of the park. For example, in 2018 the field hosted 497 practices and games plus a number of events.

- The greatest share of labor hours and costs at CCP are mowing the lawn, followed by sports field maintenance.

- A new mower has resulted in a reduction in the number of hours spent on field maintenance. In addition, proactive field maintenance has reduced the frequency and duration of field closures.
4. Challenges and considerations for all parks and recreation facilities:
   - Because additional parks are being developed, the City needs to continue to evaluate the
distribution of staff hours across all the parks (both large and small).
   - In anticipating future needs, it is clear that maintaining current levels of service will take more
time, effort, and resources.
   - The City has an understanding of what is needed to maintain Phase 2 (opening bathrooms,
kiosks and BBQ areas) but we do not know the future levels of use and peak times of usage, and
how that equates in terms of staff presence in the parks, particularly on weekends.
   - For a long time the City has relied on a volunteer to maintain Jenkins Creek Park, but the
volunteer now plans to only mow trail areas in the lower section of the park.
   - Staffing parks on weekends reduces working hours available during the workweek, and during
weekends most tasks cannot be accomplished by a sole worker.

STREETS MAINTENANCE

Points of consensus from the Council discussion:

1. Add street maintenance costs, labor hours, and trends data to the City’s website.
   - Provide the public with more information about how funds are being spent.
   - Illustrate to the public the need for new revenue streams to support transportation projects
and street maintenance, including asphalt overlays.
   - Provide context, such as explaining how patch repair hours are a result of no funding for
asphalt overlays.

2. Continue to maintain our current Adopt a Street program.

3. If there is available staffing, recruit community volunteers for the cleanup efforts in the parks and on
sidewalks by leveraging “Make a Difference” Day or another civic engagement/ community service
day.

The Council’s discussion was the context for these agreements. The key points of the discussion were:

1. Streets Maintenance staff are: a) Bill Fealy, the lead maintenance worker who was hired in 2012; b)
Gage Goranson, the maintenance worker hired in 2015; and c) two seasonal employees.

2. Levels of Service standards:
   - Level 1: Highest priority is safety and emergency issues, such as responding to snow and ice or a
tree that has fallen across a road.
   - Level 2: Proactively scheduled tasks requiring constant attention, such as filling potholes,
vegetation control and picking up litter and garbage.
   - Level 3: Scheduled at semi-regular intervals and completed as resources allow; includes
watering.
Level 4: Items acted upon by request, such as repairing aesthetic and nonhazardous issues with sidewalks.
Level 5: No resources available and no work is scheduled. This category includes asphalt overlays.

3. Trends in street maintenance:
   - There was a significant increase in labor hours for asphalt repairs between 2015 and 2018.
   - The City received a grant from the Transportation Improvement Board of Washington State (TIB) in 2017 for $50,000 to pay the costs of emergency patch repairs. If not for this funding, the costs to the City would have been even higher. Now we have better patches that are holding.
   - No asphalt overlay program and funding mean increased patch repair work and, therefore, more hours spent on asphalt repairs relative to other public works issues.

4. Challenges facing the City:
   - Asphalt/Overlays:
     - No funding for asphalt overlay means more potholes year over year and an annual increase in the number of labor hours spent on patch repair.
     - Covington’s assessment value has increased so it no longer qualifies for TIB’s Pavement Preservation grant.
   - Landscape/Watering:
     - Even with drought tolerant plants, recent droughts have caused stress on these plants and the need to water more often.
     - The only irrigation is in portions of the 272nd median
   - Equipment:
     - Equipment is aging and increasingly unreliable, and there are insufficient funds to cover the costs of replacing it.
     - There’s also a lack of space to store equipment.
   - Increase in illegal dumping: It is difficult to determine culpability and to enforce.
   - It is proving to be difficult to recruit seasonal employees. In recent years we have not had applicants.
     - Seasonal positions last six months, which doesn’t fit well within school schedules when students only have three months of summer vacation.
     - Staff is trying to work with being flexible on timing to try and get students and others to fill the 4 seasonal employee positions

THE CITY’S FINANCIAL MODEL

Points of agreement from the Council’s discussion:

1. The City Council is interested in further exploring the levy lid lift financing option to support public safety services. As part of the assessment, the Council directed staff to explore using levy lid lift funds to help pay the cost of Covington’s contract with the King County Sheriff’s Office. Council is also
interested in exploring the designation of only the Community/Aquatic Center (not all City parks) as a Metropolitan Park District.

Financial Model Description and Context:

1. ECONorthwest has developed a comprehensive and complex financial model for the City. Morgan Shook joined Finance Director Rob Hendrickson in presenting it to the Council. They emphasized that ECONorthwest chose to apply conservative principles to the model, which indicates a downturn in incoming revenues later this year and in 2020.

2. The model incorporates inflationary factors, reserves, and staffing. The City is dipping below its reserves, mainly because of larger economic changes. Although the City has increased the amount of money in reserves, revenues attributable to taxes, levies, and drops in total sales could reduce the incoming sales tax revenue.

3. Projected expenses for capital projects equal $96 million.

Financing Options – Overview and Overarching Themes:

The main question the Council was asked to consider was: “How does the City continue to financially support current expenses and future projects?” Here are some of the main points of the presentation and discussion:

1. The City needs to consider strategies for increasing revenues to pay for capital projects and operational expenses. We may want to learn from the City of Kirkland, where voters passed a levy lid lift measure for gun safety and criminal justice.

2. There is also a need to pinpoint the level of taxation and funding that is sustainable for the long-term to ensure that Covington remains affordable for its residents.

3. Taxes have the fewest unintended consequences when they are paid by the greatest number of people and are low in dollar amount. This creates the lowest financial burden. Conversely, there are more unintended consequences when a tax is paid by fewer people and at higher dollar amounts.

4. There are legislative limits on what types of revenue sources and taxes a city can use. Charter Cities such as Seattle have greater legal authority to leverage more forms of taxation than Code Cities such as Covington. All the options proposed and examined by ECONorthwest are within the authority of Covington.

5. Local Level Authority on Transportation Funding: In a study on local transportation funding, the State Legislature found that increasing local level authority for transportation funding was an important strategy for achieving progress.

6. Tax Increment Financing (TIF) is another option that is often mentioned. But while other states engage in TIF, Washington State law creates barriers to using this financing tool, although there have been pilot projects in a few cities to test its use.
7. Covington’s Bond Rating is AA+, which is immediately below AAA. This is a good rating for a city the size of ours. And it is an important reminder to not “spend ourselves” out of a good bond rating.

Funding Options:

1. **Criminal Justice Sales Tax**: A sales tax increase of .01% would generate $500,000 annually. The law requires that King County receive a share of the revenues.

2. **Levy Lid Lift** (affecting Property Tax):
   - Must be renewed by the voters every six years.
   - Funds are slated for general purpose funding; they could be applied to public safety funding.
   - Allows the City to increase the limits on the allowable amount of revenue collected.
   - Length of time “lifted” is written into ballot language (e.g. multi-year vs. single-year lifts):
     - Can be presented as longer-term model, or it can be slated for the short-term, whereby after the expiration date the limit decreases to the previous level.
     - Can add incremental increases to a levy lift, and also decrease incrementally or immediately to a previous lower amount. For ongoing expenses like public safety, it should be a permanent levy lid lift (permanently raising the property tax).
     - Can ask voters to pay for specific projects or general capacity.
     - An Important policy of WA State property tax law: Even if property values decrease, the property tax revenue does not. This is because property tax levies in Washington are a budget-based system with a dollar amount, rather than based on assessed property value.

3. **Business and Occupation (B&O) Tax**:
   - 44 cities in Washington (including 14 in King County) have B&O taxes.
   - A city can differentiate and categorize B&O tax rates.
   - Cities that have assessed B&O taxes in the past have had agreements with and support of the local business community.
   - It taxes the amount of the business’ gross sales, not net profit (after expenses). This disproportionately harms businesses that have high input and overhead costs and might have high gross sales but not necessarily high net profits.

4. **Car Tab Fee**: Increase it from the current fee of $20 to $40.

5. **Utility Tax**:
   - Federal Way is currently defending the legality of its water and sewer tax in Court; the case is likely to be heard by the State Supreme Court. Once the Court rules, Covington will have a better idea of whether or not this tax is an option.

6. **Regional Park District Levy** (Metropolitan Park District):
   - May work well for Covington, given that it can be tailored and specified according to what makes sense for the City:

ECONorthwest modeled the levy lid lift in this manner:
1. An increase of four officers would lead Covington to reach the reserve balance.
2. The model incorporates some increase in sales tax at Lakepointe, but at a conservative estimate of a
growth in sales tax at 5%.
3. The City could take out a bond in 2027 to build a new city hall.
4. Even though there are capital projects, there is no money going to overlay costs.
5. Assuming the source of funds is not restricted, additional funds could be applied in areas other than
public safety.

Some additional issues for consideration, including issues asked in survey:

1. Public Safety is the biggest priority according to past community surveys.
2. Street maintenance and roads are rated as problematic but there is not significant interest in residents funding them.
3. Parks maintenance also ranks lower in the community’s list of priorities. However, the high popularity of Covington Community Park may spur new interest in funding parks.
4. The City needs a multi-pronged approach to funding because there is a need to simultaneously address and fund multiple areas.

THE COUNCIL’S ADDITIONAL AGREEMENTS

After lunch, the Council addressed a variety of issues. Here is a recap of the key discussions, with the consensus agreements or Council direction to staff highlighted in boldface.

THE LOVE OF COVINGTON EVENT

The Council discussed the lessons learned from the Love of Covington event in 2018. Everyone agreed it was an enormous success. Councilmembers attributed its success to two primary factors: 1) The “$500 project” was a very successful element of the event and set the tone; and 2) The event created a wonderful connection to many community members, establishing new connections and strengthening existing ones.

The Council also suggested to Karla Slate, the City’s Communications and Marketing Manager, these ideas for the future:

1. Could we use “rain art” in front of businesses? Could it be used as a map to lead people to City Hall?
2. Could we follow up on the connections made that evening with community members to keep the connections alive?
3. Could we make Love of Covington an annual event?
a. Ask the Youth Council to design shirts that advertise the event.
4. Could we connect with the Instagram account holder (someone in Covington) to create the Love of Covington-focused handle?
5. Could Covington Talks bring in experts to talk about the building of sustainable communities?
THE GATEWAY SIGN AT 272ND

The Council agreed that a temporary gateway banner should be placed at the Soos Creek property, using the same sign design as the Covington Community Park sign. The City will then informally assess the appropriateness of the spot for a potential permanent sign.

The context for this agreement: a) the Soos Creek Water and Sewer District is providing Covington with an easement to allow the City to put a sign at this location. The District is waiting for the City to provide it with a proposal that the District can review and approve; b) there’s some concern that this may not be the proper location because it is not on the side of the road where drivers would see it as they enter the City. Thus, the Council briefly discussed placing the gateway sign on the Airstream Corner on property owned by the City; and d) Council expressed concern about Highway 18 traffic and that the future Lakepointe signage will steer Highway 18 traffic to the mall instead of to downtown-area businesses (although the mall’s signage would be somewhat restricted by the City Code).

AFFORDABLE HOUSING

Because the Washington State Legislature is currently considering approximately seven bills that in one form or another address this issue, the Council agreed to wait to see what comes out of the legislature before considering moving forward on local legislation to address affordable housing.

PLASTIC BAG BAN

The Council did not reach consensus on addressing this issue. Some members expressed an interest in waiting to see if the Washington State Legislature acts to ban plastic bags. Another argument for waiting to see what happens in Olympia is that the Legislative Agenda is already set and taking a position now might overshadow the rest of that agenda. But there also appeared to be interest among some Councilmembers in considering taking action, particularly if the legislature does not act.

FIREWORKS BANS

Council did not direct staff to submit any proposals so that it could consider banning fireworks in the City. These were the reasons: a) there is a low number of fires from fireworks, around two or three per year; b) data from Kent indicates that its ban has not decreased calls for service related to fires purportedly caused by fireworks; c) the most dangerous and bothersome types of fireworks are already illegal; and d) concern was expressed about shifting blame and responsibility to the City to vigorously enforce a fireworks ban, and the City should hesitate to adopt a policy that is difficult to enforce.

COUNCIL POLICY TRAINING

City Attorney Kathy Hardy discussed the policies under Section 9.0 of the Council Policies and Procedures Manual, “Public Communication and Representation.” These policies relate to how Covington Councilmembers should engage in correspondence with a resident, community group, another governmental agency, or media outlet. It notes scenarios where they should clearly state that they are either expressing the official view of the City or, alternatively, that they are expressing their personal opinion. Some points of clarification that Kathy mentioned included: a) during “coffee chats” with constituents, Councilmembers should clearly state that they are speaking from their personal opinion as a Councilmember; and b) when the Council has not yet taken a position on an issue but a
Councilmember would like to write a letter to the editor, the Councilmember must acknowledge in writing, that they are expressing their personal opinion and not the Council’s position.

Kathy complimented the Council for adhering to the State’s Open Public Meetings Act (OPMA) by not engaging as a Council over e-mail or in unofficial places or capacities that would potentially exclude the ability of the public to participate.

The Council agreed to maintain the current system for responding to emails from constituents. Today the Council receives both the initial email and the City’s response from the City Manager’s Office. Councilmembers want to continue receiving both the original and the follow-up emails from the public so that they stay abreast of what the public is interested in and the public’s positions on those issues.

**Tracking Our Progress Since Last Year’s Summit**

City Manager Regan Bolli reviewed the status of each item in the “2018 Summit Action Items (01.17.19)” document, which was included in this year’s Summit Agenda Packet. The document illustrates the progress the City has made since the 2018 Summit. The draft “2019 Summit Action Items” document accompanies this draft summary of this year’s summit.

**The Review of Progress in Implementing the Strategic Plan**

Regan reviewed the “Covington Strategic Plan – 2018 Updates” document. Here are updates on items that were not part of the packet, but which Regan highlighted in his review.

1. **Green River College (GRC) classes in Covington**: GRC may not continue to offer classes in Covington in the future. The format and timing of the classes offered in the community do not appear to meet the preferences of the student population the program is intended to serve.

2. **Mascot**: Karla is leading next week’s presentation at CEDC on where to go from here with promoting the City’s new mascot. It may be introduced to the public at “Play Unplugged.”

3. **Levy Lid Lift**: The capital costs for building a new City Hall may be incorporated into the new financial model

4. **Transforming the Covington Days Festival**: Ethan mentioned that the location of Covington Days is a limiting factor. It would be great to grow the event into a regional one, but the City does not now have the capacity.

5. **“Play Unplugged**: Two college Interns hand-wrote and distributed thank you notes to the businesses that participated in “Play Unplugged.” The City is working to increase business participation in the event.

6. **Identifying Cultural Interests of the Community for future events (e.g. storytelling)**: An idea was suggested that Covington work with Muckleshoot Tribe representatives to discuss the interest in incorporating the Tribe’s culturally important stories into Covington Days.

7. **Diversified Housing Types**: Gina Estep, Community Development Director, is examining residential design standards that might reduce the barriers to producing a wider variety of housing options.
8. CCP and SoCo Phase 2: On schedule to meeting 2020 goals.

9. Staff Leadership Program: Noreen Beaufreere, the City’s Personnel Manager, will have this program ready to go by the end of this year.

10. Staffing Analysis: Noreen will also have completed this task by year’s end.

11. Wellness Committee: The committee held the annual planning retreat in January to develop the 2019 work plan to promote wellness. There are many structured requirements to achieve a “Well City” Award, so the City wellness committee staff do not have a lot of extra time to develop and manage additional City-initiated programs.

At the end of the presentation, Mayor Wagner acknowledged that the Council benefits from Regan including Strategic Plan progress reports in his Weekly Updates to Council.

REVIEW THE VISION, MISSION, AND GOALS

The Council affirmed the vision, mission, and goals for 2019.

ISSUES ON THE HORIZON

At the end of the 2019 Summit, the Council quickly listed issues for future consideration. They were:

1. Covington should establish neighborhood plans and funding for neighborhood projects. This would require the time and effort of a staff person.

2. Council orientation packet should be reviewed to ensure that it will be helpful when onboarding new members in the future.

3. Behavioral Health: Moving from State-run facilities to local facilities. This is an important issue as it becomes a larger responsibility of local governments and non-profits.

4. Current funding and a utility tax: Ensure we are in line with neighboring cities in terms of funding levels, types, and solvency.

5. Affordable Housing: Help people get into affordable housing. Consider allowing housing developments that are not dependent on cars as a strategy to lower housing costs. A benefit would be ensuring that new housing is built around a central community area.

SAYING FAREWELL

At the end of the summit the Council and Leadership Team lauded Councilmember Margaret Harto and Finance Director Rob Hendrickson, both of whom are leaving the City this year. Rob will retire on April 1st and Margaret is serving her last year on the Council.
City of Covington
City Council Special Meeting
Joint Meeting with Kent School District Board of Directors
Tuesday, February 19, 2019

The City Council met on Tuesday, February 19, 2019, at 5:30 p.m. with the Board of Directors of Kent School District No. 415 for a tour of the new Covington Elementary School, followed by a joint meeting in the Board Room of the Administration Center located at 12033 SE 256th Street, Kent, Washington.

COVINGTON COUNCILMEMBERS PRESENT:
Jeff Wagner, Joseph Cimaomo, Paul Selland, and Sean Smith.

COVINGTON COUNCILMEMBERS ABSENT:
Margaret Harto, Fran Hollums, and Marlla Mhoon.

COVINGTON STAFF PRESENT:
Regan Bolli, City Manager; Andrew McCurdy, Covington Police Chief; and Sharon Scott, City Clerk/Executive Assistant.

KENT SCHOOL DISTRICT BOARD OF DIRECTORS PRESENT:
Maya Vengadasalam, Debbie Straus, Karen DeBruler, and Denise Daniels.

KENT SCHOOL DISTRICT BOARD OF DIRECTORS ABSENT:
Ross Hardy.

KENT SCHOOL DISTRICT STAFF PRESENT:
Dr. Calvin J. Watts, Superintendent, and Dave Bussard, Director of Capital Planning.

CALL TO ORDER:
Kent School District Board President Vengadasalam called the special meeting to order at 6:32 p.m.

DISCUSSION TOPICS:
The City Council met with the Kent School District Board to share city and district updates, discuss school safety, the new Covington Elementary School, and safe routes to schools.

ADJOURNMENT:
There being no further business, the special meeting was adjourned at 8:15 p.m.

Prepared by:      Submitted by:
__________________________________      ________________________
Joan Michaud      Sharon Scott
Sr. Deputy City Clerk     City Clerk
SUBJECT: APPROVAL OF VOUCHERS

RECOMMENDED BY: Rob Hendrickson, Finance Director

ATTACHMENT(S): (Provided under separate cover.) Vouchers: Vouchers #38683 - #38734, including ACH payments in the amount of $319,216.43, dated February 15, 2019; Vouchers #38735 - #38790, including ACH payments in the amount of $303,500.88, dated February 28, 2019; and Paylocity Payroll Vouchers #1010022984 - #1010022994 inclusive, plus employee direct deposits and wire transfers, in the amount of $256,533.78, dated February 22, 2019.

PREPARED BY: Casey Parker, Senior Accountant

CITY COUNCIL ACTION: _____ Ordinance _____ Resolution X Motion _____ Other

Councilmember ________ moves, Councilmember ____________ seconds, to approve for payment Vouchers: Vouchers #38683 - #38734, including ACH payments in the amount of $319,216.43, dated February 15, 2019; Vouchers #38735 - #38790, including ACH payments in the amount of $303,500.88, dated February 28, 2019; and Paylocity Payroll Vouchers #1010022984 - #1010022994 inclusive, plus employee direct deposits and wire transfers, in the amount of $256,533.78, dated February 22, 2019.
SUBJECT: CONSIDER AND APPROVE AN ORDINANCE UPDATING COVINGTON MUNICIPAL CODE (CMC) CHAPTER 15.20 – FIRE CODE TO ALLOW THIRD PARTY INSPECTION REPORTING VIA SOFTWARE WITH PUGET SOUND REGIONAL FIRE AUTHORITY (FIRE AUTHORITY).

RECOMMENDED BY: Gina Estep, Community Development Director

ATTACHMENT(S):
1. Proposed ordinance changes and software to allow third party inspection reporting with the Fire Authority, including Exhibit 1 thereto.

PREPARED BY: Jon Napier, Fire Marshal, and Robert Meyers, Chief Building Official.

EXPLANATION:
Currently, the Fire Authority’s Prevention Division has required and received paper copies of annual confidence testing reports which are required by the International Fire Code. Annual confidence testing reports are required for various life safety systems including fire sprinkler, fire alarm, and fire doors. This process is labor intensive with the movement of paper and record retention activities such as filing, scanning and imaging.

Recently, the Fire Authority began using a new third-party inspection software, The Compliance Engine. This software creates a portal which the third-party confidence testing companies will be required to utilize when submitting the code required annual testing reports. The software will eliminate all paper processes, filing, scanning and imaging of documents. The software will also provide a much-needed function of tracking each of the systems and their compliance with the codes and standards adopted by the City.

The proposed changes are to clarify the authority of the Fire Code Official to dictate the form and manner of the submission of the reports as we move to electronic submission.

ALTERNATIVES:
1. Recommend amendments to the proposed ordinance.
2. Return the issue to city staff for further study and analysis.

FISCAL IMPACT:
None

CITY COUNCIL ACTION:  X Ordinance ___Resolution ___Motion ___Other

Council member __________ moves, Council member __________ seconds, to adopt an ordinance amending Chapter 15.20 of the Covington Municipal Code.

REVIEWED BY: City Manager, City Attorney, and Finance Director.
ORDINANCE NO. 02-2019

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, AMENDING CHAPTER 15.20 OF THE COVINGTON MUNICIPAL CODE TO ALLOW THIRD PARTY INSPECTION REPORTING VIA ONLINE SOFTWARE.

WHEREAS, the City of Covington contracts with Puget Sound Regional Fire Authority (Fire Authority) to regulate the construction and maintenance of buildings and structures using the adopted International Codes; and

WHEREAS, as part of the Fire Authority’s duty to monitor the third party inspection process for fire systems, the Fire Authority desires to change to a paperless electronic online reporting system to increase efficiency and function of the third party reporting system for annual inspections and improve customer access; and

WHEREAS, Chapter 15.20 of Title 15, Buildings and Construction, of the Covington Municipal Code (CMC) needs to be amended in order to allow the third party reporting system;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Amended subsections of Chapter 15.20 of the Covington Municipal Code are adopted in the form as attached as Exhibit A and herein incorporated by this reference.

Section 2. This ordinance shall be in full force and effect as of March 20, 2019, after proper posting and publication. A summary of this ordinance may be published in lieu of publishing the ordinance in its entirety.

Section 3. If any provision of this ordinance, or ordinance modified by it, is determined to be invalid or unenforceable for any reason, the remaining provisions of this ordinance and ordinances and/or resolutions modified by it shall remain in force and effect.

Passed by the City Council on the 12th day of March 2019.

_______________________
Mayor Jeff Wagner

PUBLISHED: March 15, 2019
EFFECTIVE: March 20, 2019

ATTESTED:

_________________________
Sharon Scott, City Clerk

APPROVED AS TO FORM:

_________________________
Kathy Hardy, City Attorney
Exhibit A

15.20.050 Amendments to the International Fire Code – Chapter 5, Fire Service Features.
The following local amendments to Chapter 5 of the International Fire Code, entitled “Fire Service Features,” are adopted and incorporated into the International Fire Code:

(18) Section 507 of the International Fire Code is amended by adding new subsection 507.5.2.1 as follows:

507.5.2.1. Records. Records of all system inspections, tests and maintenance required by the referenced standard shall be maintained on the premises for three years; copies shall be delivered submitted by an approved means to the fire code official within 30 calendar days of each test, inspection, or maintenance of the system.

(19) Section 507 of the International Fire Code is amended by adding new subsection 507.5.3.1 as follows:

507.5.3.1. Records. Records of all system inspections, tests and maintenance required by the referenced standard shall be maintained on the premises for three years; copies shall be submitted by an approved means delivered to the fire code official within 30 calendar days of each test, inspection, or maintenance of the system.

15.20.060 Amendments to the International Fire Code – Chapter 6, Building Services and Systems.
The following local amendments to Chapter 6 of the International Fire Code, entitled “Building Services and Systems,” are hereby adopted and incorporated into the International Fire Code as if fully set forth therein:

(1) Section 606 of the International Fire Code is amended by substituting subsection 606.6 with the following:

606.6. Testing of equipment. Refrigeration equipment and systems having a refrigerant circuit more than 220 pounds of Group A1 or 30 pounds of any other group refrigerant shall be subject to periodic testing in accordance with Section 606.6.1. A written record of the required testing shall be maintained on the premises for a minimum of three years; a copy shall be submitted by an approved means to the fire code official within 30 calendar days of the testing; and a label or tag shall be affixed to the individual system identifying the date of the testing. Tests of emergency devices or systems required by this chapter shall be conducted by persons trained and qualified in refrigeration systems.

15.20.070 Amendments to the International Fire Code – Chapter 7, Fire and Smoke Prevention Features.
The following local amendments to Chapter 7 of the International Fire Code, entitled “Fire and Smoke Prevention Features,” are hereby adopted and incorporated into the International Fire Code as if fully set forth therein:

(1) Section 703 of the International Fire Code is amended by substituting subsection 703.4 with the following:

703.4. Testing. Horizontal, vertical sliding and rolling fire doors shall be inspected and tested annually to confirm proper operation and full closure. A written record shall be maintained on the premises for a minimum of three years; a copy shall be submitted by an approved means to the fire code official within 30 calendar days of the inspection or test; and a label or tag shall be affixed to the individual assembly identifying the date of the scheduled confidence test.

15.20.080 Amendments to the International Fire Code – Chapter 9, Fire Protection Systems
The following local amendments to Chapter 9 of the International Fire Code, entitled “Fire Protection Systems,” are hereby adopted and incorporated into the International Fire Code as if fully set forth therein:

(1) Section 901 of the International Fire Code is amended by substituting subsection 901.6.2 with the following:

901.6.2. Records. Records of all system inspections, tests and maintenance required by the referenced standards shall be maintained on the premises for three years; a copy shall be submitted by an approved means to the fire code official within 30 calendar days of each test, inspection, or maintenance of the system; and a label or tag shall be affixed to the individual system identifying the date of the scheduled confidence test.

(10) Section 907 of the International Fire Code is amended by adding new subsection 907.8.5.1 as follows:

907.8.5.1. Records. Records of all system inspections, tests and maintenance required by the referenced standards shall be maintained on the premises for three years; a copy shall be submitted by an approved means to the fire code official within 30 calendar days of each test, inspection, or maintenance of the system; and a label or tag shall be affixed to the individual system identifying the date of the scheduled confidence test.

(14) Section 909 of the International Fire Code is amended by substituting subsection 909.20.2 with the following:

909.20.2 Written record. The records shall include the date of the maintenance, identification of the servicing personnel and notification of any unsatisfactory condition and the corrective action taken, including parts replacement. The written record of smoke control system testing and maintenance shall be maintained on the premises for three years; a copy shall be submitted by an approved means to the fire code official within 30 days of each test or maintenance of the system; and a label or tag shall be affixed to the individual system identifying the date of the scheduled testing.
SUBJECT: APPOINT ADULT LEADERS TO COVINGTON YOUTH COUNCIL

RECOMMENDED BY: Regan Bolli, City Manager

ATTACHMENTS: See Interview Schedule and applications provided separately

PREPARED BY: Joan Michaud, Sr. Deputy City Clerk

EXPLANATION:
The Resolution adopting the Covington Youth Council states that the Youth Council shall be guided and mentored by at least two (2) non-voting adult leaders. All adult leader positions shall be initially appointed for a two-year term. Thereafter, upon the expiration or vacancy of an adult position, the City Council, by majority vote, shall appoint individuals to the adult leader positions in staggered-length terms to be determined by the City Council (e.g. one adult leader position assigned to a one-year term and the other adult leader position assigned to a two-year term; or, one adult leader position assigned to a two-year term and the other adult leader position assigned to a three-year term, etc.)

The adult leader openings were advertised October 2018 - January 2019 and we received four (4) applications. Two interviews were held on February 26, and two interviews were held on March 12. The City Council may wish to consider appointing two or more adult leaders to the Youth Council.

- Lydia Faitalia (interviewed March 12)
- Christina Lawe (interviewed February 26)
- Chele Dimmett (interviewed February 26)
- Cameron McGinnis (interviewed March 12)

ALTERNATIVES:
- Not appoint at this time and direct staff to continue to advertise for additional applicants to be considered for the open positions.

CITY COUNCIL ACTION: _____ Ordinance _____ Resolution _____ Motions _____ Other

Councilmember __________ moves, Councilmember __________ seconds, to appoint __________ to a one-year term as an adult leader on the Covington Youth Council expiring February 28, 2020 or to a two-year term expiring February 28, 2021.

Councilmember __________ moves, Councilmember __________ seconds, to appoint __________ to a two-year term as an adult leader on the Covington Youth Council expiring February 28, 2021 or to a three-year term expiring February 28, 2022.

REVIEWED BY: City Manager
SUBJECT: APPOINTMENTS TO THE HUMAN SERVICES COMMISSION

RECOMMENDED BY: Julie Johnston, Personnel & Human Services Planner

ATTACHMENTS: See applications provided separately.

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION:
The Human Services Commission currently has four open positions.

- Three positions (Position Nos. 3, 6, 7) are for adults that live inside Covington or within the three-mile radius. These are full term positions that expire on March 31, 2022.

- One position (Position No. 5) is for a youth (ages 14 to 18) that lives inside Covington or within the three-mile radius. This position expires on March 31, 2020 as youth serve for one year with an option to continue a second year.

Four applications have been received.

<table>
<thead>
<tr>
<th>Name of Applicant</th>
<th>Resides</th>
<th>Attendance Last 12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dawn Allen (currently in Position No. 3)</td>
<td>Covington</td>
<td>90%</td>
</tr>
<tr>
<td>Catherine Williams</td>
<td>Covington</td>
<td>N/A</td>
</tr>
<tr>
<td>Alayna Galfo (currently serving on Youth Council)</td>
<td>Covington</td>
<td>82% at Youth Council Meetings</td>
</tr>
<tr>
<td>Lydia Faitalia (currently in Position No. 7)</td>
<td>Covington</td>
<td>100%</td>
</tr>
</tbody>
</table>

NOTE: Ordinance Nos. 10-13, 04-05 § 1, and 22-02 § 1) Membership, terms, residence requirement: “Three members shall be adults residing or working within the City of Covington, two shall be adults residing inside or outside of the City of Covington but within a three-mile radius of the City limits and two shall be youth members between the ages of 14 and 18 years at the start of their terms residing in or within a three-mile radius of the City of Covington.

ALTERNATIVES:
Not appoint at this time and direct staff to continue to advertise for additional applicants to be considered for the positions.
Councilmember ______________ moves, Councilmember ______________ seconds, to appoint _________________ to fill adult Position No. 3 on the Human Services Commission with a term expiring March 31, 2022.

Councilmember ______________ moves, Councilmember ______________ seconds, to appoint _________________ to fill youth Position No. 5 on the Human Services Commission with a term expiring March 31, 2020.

Councilmember ______________ moves, Councilmember ______________ seconds, to appoint _________________ to fill adult Position No. 6 on the Human Services Commission with a term expiring March 31, 2022.

Councilmember ______________ moves, Councilmember ______________ seconds, to appoint _________________ to fill adult Position No. 7 on the Human Services Commission with a term expiring March 31, 2022.

REVIEWED BY:  Personnel & Human Services Planner  
                  City Manager
SUBJECT: SOUTH KING HOUSING AND HOMELESSNESS PARTNERSHIP INTERLOCAL AGREEMENT

RECOMMENDED BY: City Manager, Regan Bolli

ATTACHMENT(S):
1. Resolution with attached South King Housing and Homelessness Partnership Interlocal Agreement

PREPARED BY: Julie Johnston, Personnel & Human Services Planner

EXPLANATION:
The City Council previously agreed to fund the South King County Housing and Homelessness Partnership (SKHHP) as part of the City’s budget. At this time, all cities who are committed to SKHHP are seeking approval of the SKHHP Interlocal Agreement from their city councils. John Howell, Cedar River Group, will be present at the March 12, 2019 City Council meeting to explain this Interlocal Agreement further.

ALTERNATIVES:
1. Decide against funding the South King County Housing and Homelessness Partnership and reject the Interlocal Agreement.

FISCAL IMPACT: The first year’s contribution of $5,837 is included in the 2019 budget. For subsequent years, a recommended operating budget and workplan will be transmitted to each participating city for their approval. The initial term of the agreement is for two years.

CITY COUNCIL ACTION: ___Ordinance   X  Resolutions   ____Motion   ____Other

Council member ___________ moves, Council member ___________ seconds, to pass a resolution authorizing the City Manager to sign the South King Housing and Homelessness Partnership Interlocal Agreement.

REVIEWED BY: City Attorney; Finance Director; Personnel Manager; City Manager.
RESOLUTION NO. 2019-02

A RESOLUTION OF THE CITY OF COVINGTON, WASHINGTON, AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT WITH THE CITIES OF AUBURN, BURIEN, DES MOINES, FEDERAL WAY, KENT, NORMANDY PARK, RENTON AND TUKWILA, AND KING COUNTY ENTITLED “INTERLOCAL AGREEMENT FOR SKHHP SOUTH KING HOUSING AND HOMELESS PARTNERS”.

WHEREAS, the City and the Cities of Auburn, Burien, Des Moines, Federal Way, Kent, Normandy Park, Renton, and Tukwila, and King County (collectively herein referred to as the “Parties”) are authorized, pursuant to RCW Chapter 39.34, the Interlocal Cooperation Act, to enter into an interlocal government cooperative agreement; and

WHEREAS, the Parties have a common goal to ensure the availability of housing that meets the needs of all income levels in South King County; and

WHEREAS, the Parties desire to provide a sound base of housing policies and programs in South King County and to complement the efforts of existing public and private organizations to address housing needs in South King County; and

WHEREAS, the Parties desire to act cooperatively to formulate affordable housing policies and strategies that address housing stability, to foster efforts to preserve and provide affordable housing by combining public funding with private-sector resources, to support implementation of the goals of the Washington State Growth Management Act, related countywide planning policies, and other local policies and programs relating to affordable housing, and to do so efficiently and expeditiously; and

WHEREAS, the Parties have determined that the most efficient and expeditious way for the Parties to address affordable housing needs in South King County is through cooperative action and pooling public and private resources; and
WHEREAS, the intent of this cooperative undertaking is not to duplicate efforts of non-profit corporations and other entities already providing affordable-housing-related services; and

WHEREAS, a cooperative work plan with a primary focus on the production and preservation of affordable housing is needed because the lack of access to affordable housing is one of the key contributors to homelessness; and

WHEREAS, it is necessary to document by an interlocal government cooperative agreement the terms and conditions of the work plan;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, DO RESOLVE AS FOLLOWS:

SECTION I. The City Manager is hereby authorized to enter into an interlocal agreement with the Cities of Auburn, Burien, Des Moines, Federal Way, Kent, Normandy Park, Renton, and Tukwila, and King County entitled Interlocal Agreement for SKHHP South King Housing and Homelessness Partners, attached hereto as Exhibit “A” and incorporated by this reference.

PASSED BY THE CITY COUNCIL this 12th day of March 2019.

__________________________________
Mayor Jeff Wagner

ATTESTED:

__________________________________
Sharon Scott, City Clerk

APPROVED AS TO FORM:

__________________________________
Kathy Hardy, City Attorney
This Interlocal Agreement ("Agreement") is entered into by and between the Cities of Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Normandy Park, Renton, Tukwila, and King County, each municipal corporations and political subdivisions of the State of Washington (individually, a “Party” and collectively, the “Parties”). This Agreement relates to the creation and operation of a joint undertaking among the Parties hereto to be known as the South King Housing and Homelessness Partners ("SKHHP"). This Agreement is made pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, and has been authorized by the legislative body of each jurisdiction.

WHEREAS, the Parties have a common goal to ensure the availability of housing that meets the needs of all income levels in South King County; and

WHEREAS, the Parties wish to provide a sound base of housing policies and programs in South King County and to complement the efforts of existing public and private organizations to address housing needs in South King County; and

WHEREAS, the Parties wish to act cooperatively to formulate affordable housing policies and strategies that address housing stability, to foster efforts to preserve and provide affordable housing by combining public funding with private-sector resources, to support implementation of the goals of the Washington State (the “State”) Growth Management Act, related countywide planning policies, and other local policies and programs relating to affordable housing, and to do so efficiently and expeditiously; and

WHEREAS, the Parties have determined that the most efficient and expeditious way for the Parties to address affordable housing needs in South King County is through cooperative action and pooling public and private resources; and

WHEREAS, the intent of this cooperative undertaking is not to duplicate efforts of non-profit corporations and other entities already providing affordable-housing-related services; and
WHEREAS, a cooperative work plan with a primary focus on the production and preservation of affordable housing, is needed because the lack of access to affordable housing is one of the key contributors to homelessness;

NOW, THEREFORE, in consideration of the mutual promises, benefits and covenants contained in this Agreement and other valuable consideration, the sufficiency of which is acknowledged, the Parties agree to the above Recitals and the following terms and conditions:

1. DEFINITIONS. The following terms used in this Agreement are defined as follows:

   a. Administering Agency – One or more of the Parties that will provide administrative support services on behalf of SKHHP. The Administering Agency will be the fiscal agent for SKHHP in accordance with the requirements of chapter 39.34 RCW. One Party could serve as the fiscal agent and another Party could serve as the administrative home for SKHHP staff.

   b. Advisory Board – A board consisting of 12 to 15 community members appointed by the Executive Board to provide advice and recommendation to the Executive Board on land and/or money resource allocation for affordable housing projects, input on policy needs related to housing stability, program design and development, recommendations for emergency shelter and other immediate affordable housing needs, and to provide public education and community outreach services.

   c. Executive Board – The governing board for SKHHP comprised of members as provided herein, which will act on behalf of all Parties and as may be in the best interest of SKHHP in order to carry out the purposes of this Agreement.

   d. Housing Capital Funds Account – An account established by the Administering Agency within the SKHHP Fund for the purpose of administering the contributions of Parties, or other public or private entities, to affordable housing projects and programs, to be known as the SKHHP Housing Capital Funds Account. The amounts in the Housing Capital Funds Account will be held and disbursed by the Administering Agency.

   e. Individual Account(s) – One or more subaccounts established within the Housing Capital Funds Account for each Party
to this Agreement that chooses to contribute to the Housing Capital Funds Account. Contributions to an Individual Account from a Party may be released only upon, and in accordance with, the written direction of that Party.

f. **SKHHP Fund** - A special fund established by the Administering Agency, as authorized by RCW 39.34.030, to be known as the “Operating Fund of the SKHHP Executive Board”. Within the SKHHP Fund may be established various accounts and subaccounts including but not limited to a “SKHHP Operating Account” and a “Housing Capital Funds Account”.

g. **SKHHP Operating Account** - An account created by the Administering Agency for the receipt of contributions from the Parties and other private or public entities, for the purpose of paying for the operations of and supporting the SKHHP annual budget.

h. **SKHHP Program Manager** - The lead staff for SKHHP, reporting to the Executive Board, responsible for carrying out the SKHHP annual work plan and other terms of this Agreement.

i. **SKHHP Staff** - The full-time and part-time staff hired or assigned with the responsibility for carrying out the SKHHP work plan.

j. **Sphere of Influence** - The area in South King County where SKHHP is expected to conduct its work, as further described in Exhibit A.

2. **PURPOSE.** All Parties to this Agreement have responsibility for local and regional planning for the provision of housing affordable to residents that work and/or live in South King County. The Parties agree to act cooperatively to formulate affordable housing policies that address housing stability and to foster efforts to preserve and provide affordable housing by combining public funding with private-sector resources. In order to accomplish the purposes of this Agreement, the Parties agree to create a joint and cooperative undertaking responsible for administering the activities described herein. The cooperative undertaking among the Parties will be called the South King Housing and Homelessness Partners (“SKHHP”). The Parties further intend that this Agreement serve as a framework for all participating municipalities within the broader SKHHP Sphere of Influence to do the aforementioned work. The Parties encourage other cities and other public and private entities in South King County within the SKHHP Sphere of Influence to join the Parties in this endeavor.
3. STRUCTURE; CREATION OF JOINT BOARD. By executing this Agreement, the Parties hereto create a joint board pursuant to RCW 39.34.030(4) to govern SKHHP. The joint board created by this Agreement will be called the “Executive Board” and will be composed of members as provided for in Section 5.a of this Agreement. The Joint Board created in this Agreement is not a separate legal or administrative entity within the meaning of RCW 39.34.030(3). The Executive Board will act on behalf of all Parties and as may be in the best interest of SKHHP in order to carry out the purposes of this Agreement. The Executive Board is not authorized to own assets or have employees.

4. RESPONSIBILITIES AND AUTHORITY. In order to carry out the purposes of SKHHP and this Agreement, the Executive Board will have the responsibility and authority to:

   a. Create and implement an annual work plan approved by the Executive Board to guide the work of SKHHP Staff. The work plan will include activities that may benefit multiple participating jurisdictions or individual jurisdictions. The work plan activities will be consistent with the purpose described in this Agreement.

   b. Provide recommendations to the Parties regarding the allocation of public and private funding for affordable housing purposes.

   c. Direct the Administering Agency to enter into agreements with third parties for the use and application of public and private funds contributed by individual Parties to the SKHHP Housing Capital Funds Account established in Section 14, under terms and conditions as may be agreed by the individual contributing Parties, as further described in Section 14. At least annually, report to the Parties on the geographic distribution of all housing capital funds as recommended by the SKHHP Executive Board.

   d. Guide the SKHHP Staff in the performance of the following duties:

      i. Provide recommendations to the Parties regarding local and regional affordable housing policies. SKHHP Staff will assist the Parties in developing strategies and programs to achieve State Growth Management Act housing goals, growth targets, local
Comprehensive Plan Housing Element goals, and local housing strategy plans, as appropriate.

ii. SKHHP Staff will provide technical assistance to any Party considering adoption of land use incentives or requirements, or affordable housing programs. SKHHP Staff will research model programs, develop draft legislation, prepare briefing materials and make presentations to planning commissions and councils on request by a Party. SKHHP Staff will assist Parties in developing strategies and programs to implement county-wide affordable housing policies to meet State Growth Management Act objectives, growth targets, local Comprehensive Plan Housing Element goals, and local housing strategy plans for an equitable and rational distribution of low- and moderate-income housing.

iii. Facilitate cooperation between the private and public sector with regard to the provision of affordable housing. SKHHP Staff will communicate directly with private developers, financial institutions, non-profit corporations and other public entities to assist in the implementation of affordable housing projects. SKHHP Staff will work directly with any Party to provide technical assistance with regard to the public funding of affordable housing projects and the implementation of affordable housing regulatory agreements for private developments.

iv. SKHHP Staff will also identify public and private sites that are available for affordable housing and develop affordable housing alternatives for such sites.

v. After the Housing Capital Fund is created, develop standard regulatory agreements acceptable to private and public financial institutions to facilitate the availability of funding for private and public projects containing affordable housing.

vi. Provide other technical advice to any Party upon request and to enter into agreements to provide technical assistance to other public entities on a reimbursable basis.
vii. Provide support and educational activities and to monitor legislative and regulatory activities and proposed policy changes related to affordable housing at the county, state and federal levels. Ensure that the Parties to this Agreement have a strong South King County voice in regional decision making.

viii. After the Housing Capital Fund is created, develop and carry out procedures for monitoring of affordable units and to administer direct service housing programs on behalf of any Party. Such direct service housing programs may include but are not limited to relocation assistance programs, rent voucher and/or deposit loan programs.

ix. Work directly with other public and private entities for the development of affordable housing policies and encourage the provision and preservation of affordable housing.

x. Work with the Advisory Board appointed under this Agreement and South King County agencies working on regional housing stability and housing affordability, identify trends and promising practices, and mobilize those agencies to support South King County positions in regional decision-making forums.

xi. Support public and private fundraising efforts of public and private entities (including non-profit corporations) to raise funds to carry out the purposes of this Agreement. Enter into agreements with those entities for the use of such funds in order to carry out the purposes of this Agreement.

xii. As directed by the Executive Board, accept public and private funding, invest those funds in accordance with State law, and take other appropriate and necessary action to carry out the purposes of this Agreement.

5. EXECUTIVE BOARD.

a. Membership. SKHHP will be governed by an Executive Board composed of either an elected official or City
Manager/Administrator for each city and the King County Executive, or their designated representative, of each Party. However, there will not be more than two members on the Executive Board representing cities with population less than 5,000 persons, unless approved by the Executive Board. In the event that there are more than two Parties to this Agreement with population less than 5,000 persons, then those Parties will propose to the Executive Board for the Executive Board’s approval, a method for shared membership on the Executive Board by those Parties.

Municipalities, local governments and public agencies within the Sphere of Influence may become Parties to this Agreement with representation on the Executive Board described in this Section 5, upon satisfaction of the requirements of Section 20.

Any member of the Executive Board representing more than one Party must be approved by the chief executive officer of those Parties being represented by the shared Executive Board member. The Executive Board will administer this cooperative undertaking under the terms of this Agreement and under any procedures adopted by the Executive Board.

b. Chair. The Chair of the Executive Board will be elected by the members of the Board from the Board membership; will preside over all meetings of the Executive Board; and will, in the absence of a Program Manager provided for in Section 6 of this Agreement, process issues, organize meetings and provide for administrative support as required by the Executive Board. The Chair will serve a one-year term, but may be reelected by the Executive Board.

c. Alternate Member. Each member of the Executive Board may designate one alternate member who will serve in the place of the member on the Executive Board during the member's absence or inability to serve. Notice of the designation will be provided to the Chair of the Executive Board. An alternate member may only vote on behalf of the appointing Party if the Chair has received written notice of the alternate’s appointment.

d. Powers. The Executive Board will have the power to (1) develop and approve an annual budget and annual work plan for SKHHP; (2) adopt procedures for the administration of SKHHP (including securing any necessary legal counsel) and for the conduct of meetings; (3) make recommendations to the Parties concerning planning, policy, programs and the funding of affordable housing projects; (4) establish policies for the expenditure of SKHHP budgeted items; (5) designate one or more
Administering Agencies to carry out the terms of this Agreement; (6) establish a special fund with the Administering Agency as authorized by RCW 39.34.030, to be known as the “Operating Fund of the SKHHP Executive Board” (“SKHHP Fund”) within which Fund may be established various accounts and subaccounts including but not limited to a “SKHHP Operating Account” (into which will be deposited funding for the SKHHP operating budget) and a “Housing Capital Funds Account”; (7) hold regular meetings on those dates and at those places as the Executive Board may designate; (8) direct the Administering Agency to enter into contracts and agreements for the provision of personnel and other necessary services to SKHHP, including accounting and legal services and the purchase of insurance, and authorize the Administering Agency to execute such other contracts, agreements or other legal documents necessary with public and private entities for SKHHP to carry out its purposes; (9) establish the responsibilities for the SKHHP Program Manager, direct and oversee the Administering Agency in the hiring process and performance review for that position and direct and oversee the activities of the SKHHP Program Manager; (10) appoint members of the Advisory Board; (11) assist with incorporating and/or work with a non-profit corporation to accept grants, donations and other funds on behalf of SKHHP and direct the Administering Agency to enter into contracts or other agreements with such agency for the use of those funds to carry out the purposes of this Agreement; and (12) take whatever other action is necessary to carry out the purposes of this Agreement.

6. ADMINISTRATION AND OVERSIGHT. The Executive Board will have final decision-making authority on behalf of SKHHP over all legislative and administrative matters within the scope of this Agreement. The Executive Board may delegate responsibility for general oversight of the operations of SKHHP to a Program Manager. The SKHHP Program Manager will submit quarterly budget performance and progress reports on the status of the work program elements to the Executive Board and the legislative body of each Party. The reports and their contents will be in a form acceptable to the Executive Board.

The Executive Board will, by two-thirds supermajority vote, designate one or more of the Parties to serve as the Administering Agency, which will provide administrative support services on behalf of SKHHP. The Administering Agency will be the fiscal agent for SKHHP in accordance with the requirements of chapter 39.34 RCW. Each Party that serves in the capacity of Administering Agency hereby agrees to comply with the terms of this Agreement applicable to the Administering Agency in order to permit SKHHP to carry out its purposes. SKHHP will be staffed with personnel
provided by the Parties and/or independent contractors contracting with the Administering Agency on behalf of SKHHP.

Any Party providing personnel to SKHHP will remain solely responsible for the continued payment of all compensation and benefits to those personnel as well as for any worker's compensation claims. All Parties will cooperate fully in assisting SKHHP to provide the services authorized in this Agreement.

7. **MEETINGS OF EXECUTIVE BOARD.**
   
   a. **Frequency.** The Executive Board will meet as often as it deems necessary, but not less often than quarterly.
   
   b. **Quorum.** A quorum at any meeting of the Executive Board will consist of the Board members (or alternates) who represent a simple majority of the Board's membership. Executive Board members (or alternates) may participate in any meeting by phone or video conferencing for all purposes, including but not limited to voting and establishing a quorum.
   
   c. **Action.** No action may be taken except at a meeting where a quorum exists. Action by the Executive Board requires an affirmative vote by a majority of the Board's membership, provided however, that a supermajority (two-thirds of Board members) will be required to appoint the Administering Agency, to add a new Party to this Agreement, or to modify the proposed contribution methodology for dues and assessments (see Section 15). Official action by the Executive Board may be conducted by motion, resolution, declaration, or other means as determined to be necessary by the Executive Board, provided however, appointment of the Administering Agency or Agencies shall be completed by resolution. All official action of the Executive Board shall be recorded in its official minutes. Each Executive Board member, or his or her alternate, will have one vote on any proposed action; except that shared member voting shall be in accordance with the Executive Board's approval under Section 5 (a). Proxy voting will not be allowed. To the extent applicable to meetings of the Executive Board, the Executive Board will comply with applicable requirements of the Washington State Open Public Meetings Act (chapter 42.30 RCW).

8. **ADVISORY BOARD.** The Executive Board will create an Advisory Board to provide advice and recommendation to the Executive Board on land and/or money resource allocation for affordable housing projects, input on policy needs related to housing stability, program design and development, recommendations
for emergency shelter and other immediate affordable housing needs, and to provide public education and community outreach services. The Advisory Board will be created before the end of the first year of SKHHP operations (with the start of the year defined as the hiring of the SKHHP Program Manager). The Advisory Board will consist of not more than fifteen (15) and not less than twelve (12) community members. The Executive Board will appoint members to the Advisory Board. Members appointed to the Advisory Board must have knowledge and understanding of affordable housing, be committed to the furtherance of affordable housing in South King County and represent diverse community perspectives. Appointments will be for a four-year term with service limited to a total of two consecutive terms. The Executive Board will adopt procedures for the convening and administration of the Advisory Board. A member may be removed from the Advisory Board by the Executive Board with or without cause on a majority vote of membership of the Executive Board.

9. **MEETINGS OF ADVISORY BOARD.**

    a. **Frequency.** The Advisory Board will meet as often as it deems necessary, but not less often than quarterly.

    b. **Quorum.** A quorum at any meeting of the Advisory Board will consist of the Board members who represent a simple majority of the Board's membership. Advisory Board members may participate in any meeting by phone or video conferencing for all purposes, including but not limited to voting and establishing a quorum.

    c. **Action.** No action may be taken except at a meeting where a quorum exists. Action by the Advisory Board requires an affirmative vote by a majority of those members attending a Board meeting where a quorum exists. Official action by the Advisory Board may be conducted by motion, resolution, declaration, or other means as determined to be necessary by the Advisory Board. Proxy voting is not allowed. To the extent applicable to meetings of the Advisory Board, the Advisory Board will comply with applicable requirements of the Washington State Open Public Meetings Act (chapter 42.30 RCW).

10. **AGREEMENT DURATION.** This Agreement will be in full force and effect for a period commencing as provided in Section 34 and ending December 31 2020. This Agreement will automatically renew for successive two-year terms, unless sooner terminated under the provisions of this Agreement.
11. **TERMINATION OF AGREEMENT.** This Agreement may be terminated at any time by affirmative vote of a majority of the legislative bodies of the Parties to this Agreement.

Upon termination of this Agreement, all property acquired during the life of the Agreement will be disposed of in the following manner:

- a. all property contributed without charge by any Party will revert to the contributing Party;

- b. all property purchased on behalf of SKHHP after the effective date of this Agreement will be distributed to the Parties based on each Party's pro rata contribution to the overall budget at the time the property was purchased;

- c. except as provided in Subsection d. below, all unexpended or reserve funds will be distributed to the Parties based on each Party's pro rata contribution to the overall budget in effect at the time the Agreement is terminated;

- d. all uncommitted monies in the Housing Capital Funds Account will be distributed to the Parties by remitting the total uncommitted amounts remaining in each Party’s Individual Account (as described in Section 14) to that Party; and

- e. each Party that has funded a project through the Housing Capital Funds Account will be substituted for the Administering Agency with regard to all project financing documents, and the Administering Agency will be released from further obligations with respect thereto.

12. **WITHDRAWAL.** If a Party wishes to withdraw from participation in this Agreement, it may do so after the initial two year term if it first gives three months advance written notice to the Executive Board of its intention to withdraw, which notice will be due on or before October 1, 2020. If notice of an intent to withdraw is timely received, withdrawal will be effective as of 11:59 p.m. on December 31, 2020. The initial members of SKHHP agree they will participate for at least the first two years of the collaboration.

After January 1, 2021, an opportunity is provided once per year for a Party to withdraw from this Agreement. Under this provision, advance written notice must be provided to the Executive Board on or before July 1, of its intention to withdraw from participation in the Agreement, effective as of 11:59 p.m. on December 31st of that current year.
Any Party withdrawing from this Agreement will remain legally and financially responsible for any obligation incurred by the Party pursuant to the terms of this Agreement, including but not limited to any project financing documents executed by the Administering Agency on behalf of that Party, during the time the withdrawing Party was a member of SKHHP. A notice of withdrawal may be revoked by the Party that submitted the notice only by approval of a majority of the Executive Board to accept the revocation. Any Party that provides written notice of its intent to withdraw may continue to vote on all matters before the Executive Board prior to the effective date of its withdrawal, except the budget and work plan for the following year.

13. BUDGET. The fiscal year for SKHHP will be January 1 to December 31 of any year. The first year budget and anticipated second year budget for SKHHP are attached to this Agreement as Exhibit B and incorporated herein by this reference. Approval of this Agreement by the legislative body of each Party includes approval of the first year SKHHP budget. For subsequent years, on or before June 1st of each year, a recommended operating budget and work plan for SKHHP for the next budget year will be prepared, reviewed and recommended by the Executive Board and transmitted to each Party. The recommended operating budget will contain an itemization of all categories of budgeted expenses and will contain an itemization of the amount of each Party's contribution, including in-kind services, toward that budget. Contributions to the SKHHP annual budget may also come from other public or private entities. The Executive Board will approve acceptance of those contributions.

a. No recommended budget or work plan will become effective until approved by the legislative body of each Party and adopted by the Executive Board, except for SKHHP’s first year (2019). For the first year, the budget will be approved as part of the approval of this Agreement, and the first year work plan must be approved by the Executive Board. Once the legislative body of each Party has approved its contribution to SKHHP, either separately or through its budget process, and the SKHHP budget has been adopted by the Executive Board, each Party will be obligated to make whatever contribution(s) is budgeted for that Party. If a Party does not approve the work plan or budget in a timely manner, the Executive Board may adopt the annual budget and work plan with a two-thirds majority vote.

b. Each Party’s contribution(s) will be transmitted to SKHHP on a quarterly basis at the beginning of each quarter unless
otherwise provided in the budget document. Each Party will specify the amount of its contribution to be deposited by the Administering Agency into the SKHHP Operating Account, as well as the amount, if any, to be deposited into the Party’s Individual Account within the SKHHP Housing Capital Funds Account established by Section 14.

c. If any Party is delinquent by more than three months in the payment of its approved operating budget contribution to the SKHHP Operating Account, that Party will not be entitled to vote on matters before the Executive Board until the delinquency has been paid. A Party’s decision not to contribute funds to its Individual Account, or its delinquency in funding the same will not affect that Party’s voting rights on the Executive Board.

14. HOUSING CAPITAL FUNDS ACCOUNT ESTABLISHED; PROCEDURES FOR ADMINISTERING HOUSING CAPITAL FUNDS ACCOUNT CONTRIBUTIONS. If authorized by resolution of the Executive Board, the Administering Agency may establish and maintain an account within the SKHHP Fund for the purpose of administering the contributions of Parties, or other public or private entities, to affordable housing projects and programs, to be known as the SKHHP Housing Capital Funds Account. The amounts in the Housing Capital Funds Account will be held and disbursed by the Administering Agency as described in this Agreement.

a. Within the Housing Capital Funds Account, a sub-account will be established for each Party to this Agreement that chooses to contribute to the Housing Capital Funds Account. Such sub-accounts are collectively referred to as the “Individual Accounts.” Contributions to an Individual Account from a Party may be released only upon, and in accordance with, the written direction of that Party.

b. A subaccount will be established within each Individual Account for each project or program funded in whole or part by a Party from its Individual Account. Such sub-accounts are referred to as “Project Accounts.”

c. The Administering Agency will maintain records sufficient to separately track the deposits, withdrawals and interest earnings, within each Individual Account and each Project Account, and will provide quarterly reports to all Parties as to the status of funds in each Individual Account and Project Account. The Administering Agency’s responsibilities under this Section may be delegated to the SKHHP Program Manager to the extent consistent with applicable law and as the Administering Agency and Executive Board may agree.
d. Funds transmitted to SKHHP for deposit in the Housing Capital Funds Account will be held by the Administering Agency on behalf of SKHHP until directed for application to a specific project or program by the contributing Party. Uncommitted funds in an Individual Account will be remitted to the contributing Party within 45 days of receipt of written request from the Party signed by its chief executive officer, or upon the Party’s withdrawal from SKHHP in accordance with the terms of Section 12, or on the dissolution of SKHHP per Section 11.

e. Funds held by the Administering Agency on behalf of SKHHP will be subject to laws applicable to public funds, including but not limitations on investments for public funds as provided in State law and the State constitutional limitations on the gifting of public funds. Investment earnings will be credited to each Individual Account and Subaccount on a pro rata basis.

f. The Executive Board will develop standard forms of approvals and agreements to be used in the application of funds contributed to the Housing Capital Funds Account (collectively referred to as “project financing documents”), consistent with the following goals and procedures:

i. Each Party choosing to participate in funding a project or program through the Housing Capital Funds Account will by action of its legislative body authorize the application of a specified amount of its Individual Account monies to such project or program, and will authorize and direct the SKHHP Executive Board, the SKHHP Program Manager, and the Administering Agency to take such actions as necessary to accomplish this. The Executive Board will recommend to the individual legislative bodies various terms to accompany their authorizations, and the legislative body authorizations will at a minimum include terms related to:
1. amount of funds allocated;
2. project description, including minimum affordability requirements, if any;
3. nature of the funding commitment (loan, grant, or other);
4. in the event the funding commitment is provided as a loan, the general repayment terms including but not limited to the term of the loan and applicable, interest rate(s); and
5. a general description of the security interests, if any, to be recorded in favor of the Party.

ii. For each individual housing project or program to be funded through the Housing Capital Funds Account, the developer, owner or administrator of such project or program (generally referred to as the “developer”), will enter into the necessary set of agreements (project financing documents) with the Administering Agency. The project financing documents will specify that the Administering Agency is acting as administering agency on behalf of each Party that is providing Housing Capital Funds Account funding to the project or program pursuant to this Agreement and RCW 39.34.030(4), and will identify each participating funding Party. The project financing documents will be consistent with general forms of agreement approved by the Executive Board and the terms and conditions approved by the legislative bodies of the funding Parties. To the extent permitted by law, the project financing agreements will incorporate all terms and conditions relative to the use and (if applicable) repayment of such funds, and provide for transfer of the Housing Capital Funds Account monies from the funding Parties to the developer.

iii. Funding contributions to, and repayments (if any) from, specific projects and programs will be recorded by the Administering Agency, including recording of monies deposited and withdrawn from each Party’s Individual Account and Project Accounts. Repayments (if any) under any project financing agreement will be applied pro rata to the funding Parties’ Individual Accounts based on the ratio of funding contributed to the project by each Party, unless the funding Parties otherwise agree.

iv. Unless the Parties funding a project or program through the Housing Capital Funds Account otherwise agree, a default, termination or other action against a developer or other third party may be declared only after securing approval in writing of the chief executive officers of funding Parties which together have contributed not less than 51% of the total SKHHP member funding to the project. The Administering Agency will provide reasonable
notice and information regarding the status of projects as necessary to each funding Party’s chief executive officer to allow them to make a timely decision in this regard. Funding Parties not consenting to such default, termination or other action will be bound by the decision of the majority. All funding Parties will be obligated on a pro rata basis (based on their contributions to the project) to pay to the Administering Agency its reasonable costs and expenses incurred as a result of declaring a default, terminating an agreement or taking other action against a developer or other third party. Any funds recovered through such enforcement proceedings will be allocated to the funding Parties Individual Accounts pro rata based on their respective funding contributions to a project.

v. The Executive Board may from time to time authorize the Administering Agency to administer housing project agreements entered into before the effective date of this Agreement, upon terms consistent with this Agreement and subject to the consent of the Administering Agency and the Parties to such agreements.

15. DUES, ASSESSMENTS AND BUDGET AMENDMENTS. Contributions to the SKHHP Operating fund will be based on groupings of like-sized cities (based on population), or whatever contribution methodology is approved by a two-thirds majority of the Executive Board. Funding for the activities of SKHHP will be provided solely through the budgetary process. Unless otherwise specified in this Agreement, no dues, charges or assessments will be imposed or required of the Parties except upon unanimous vote of the membership of the Executive Board and ratification by the legislative body of each Party subject to the dues, charges or assessments. An approved budget (the overall revenues and expenditures) will not be modified until approved by the legislative body of each Party and finally adopted by the Executive Board. If a Party agrees to totally fund an additional task to the work program, not currently approved in the budget, the task may be added to the work plan and the budget amended to reflect the funding of the total cost of such task by the requesting Party, upon approval by a majority of the membership of the Executive Board without approval by the individual Parties. Notwithstanding the foregoing, contributions by a Party to its Individual Account within the Housing Capital Funds Account will be solely within the
discretion of that Party and are not considered “dues or assessments.”

16. PUBLIC RECORDS REQUESTS. Records of SKHHP will be held by the Administering Agency, in addition to any records the Parties themselves may retain concerning their participation in SKHHP. These records may include meeting agendas, meeting summaries, reports, plans, budgets, and other documents.

When a Party receives a request for records that may be held by the Administering Agency, the Party will refer the request to its own Executive Board member. The Party’s Executive Board member will then work with the Administering Agency to gather all responsive records. The Party receiving the request should work with its own public records staff (if any) to describe the request with sufficient specificity to allow the Administrative Agency to identify and provide the records being sought. If any clarification of the request is required, the Party receiving the request will obtain that clarification from the requester. All communication with the requester will be by the Party to whom the request was submitted.

In consultation with the Administering Agency, it will be the responsibility of the Party to whom the request for records was made to estimate the time it will need to produce responsive records, determine which records are responsive to the request, and address any redactions permitted by law. The Party that receives the request will bear the responsibility of complying with the Public Records Act in relation to its public records.

Nothing in this Section is intended to require a Party to collect or produce records that are not prepared, owned, used, or retained by that Party as contemplated by the Public Records Act.

17. INDEMNIFICATION AND HOLD HARMLESS.

a. Each Party will indemnify, defend and hold other Parties (including without limitation the Party serving as, and acting in its capacity as, SKHHP’s Administering Agency), their officers, officials, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of that Party’s wrongful acts or omissions in connection with the performance of its obligations under this Agreement, except to the extent the injuries or damages are caused by another Party. If there is any recovery under this Section, the Party responsible for any wrongful acts or omissions will pay any judgment or lien arising from the acts or omissions, including all
costs and other Parties’ reasonable attorney’s fees. If more than one Party is held to be at fault, the obligation to indemnify and to pay costs and attorney’s fees, will be only to the extent of the percentage of fault allocated to each respective Party by a final judgment of the court.

b. If a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of a Party (including without limitation the Party serving as, and acting in its capacity as, SKHHP’s Administering Agency), its officers, officials, employees, and volunteers, the Party’s liability hereunder will be only to the extent of the Party’s negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Party’s waiver of immunity under Industrial Insurance Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the Parties. The provisions of this Section will survive the expiration or termination of this Agreement.

c. Each Party (including without limitation the Party serving as, and acting in its capacity as, SKHHP’s Administering Agency) will give the other Parties proper notice of any claim or suit coming within the purview of these indemnities.

18. INSURANCE. The Executive Board, SKHHP Program Manager and the Administering Agency will take such steps as are reasonably practicable to minimize the liability of the Parties associated with their participation in this Agreement, including but not limited to the utilization of sound business practice. The Executive Board will determine which, if any, insurance policies may be reasonably practicably acquired to cover the operations of SKHHP and the activities of the Parties pursuant to this Agreement (which may include general liability, errors and omissions, fiduciary, crime and fidelity insurance), and will direct the acquisition of same.

19. AMENDMENTS. Any amendments to this Agreement must be in writing. This Agreement may be amended upon approval of at least two-thirds of the legislative bodies of all Parties to this Agreement, evidenced by the authorized signatures of those Parties as of the effective date of the amendment. However, any amendment to this Agreement affecting the terms and conditions of membership on the Executive Board, powers of the Executive Board, voting rights of Executive Board members, Party contribution
responsibilities, hold harmless and indemnification requirements, provisions regarding duration, termination or withdrawal, or the conditions of this Section will require consent of the legislative authorities of all Parties. This Section will not be construed to require amendment of this Agreement for the addition of a new Party contemplated under Section 20 or for any related revision to Executive Board membership authorized in Section 5(a).

20. ADDITIONAL PARTIES. Municipalities, local governments and public agencies within the SKHHP Sphere of Influence may, on execution of the Agreement and approval of the budget and work plan by its legislative body, become a Party to this Agreement on affirmative vote of a two-thirds majority of the membership of the Executive Board. The Executive Board will determine by a vote of majority of its membership what, if any, funding obligations the additional Party will commit to as a condition of becoming a Party to this Agreement.

21. SEVERABILITY. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this Agreement, will not affect the validity of the remaining provisions of the Agreement.

22. CONFLICT RESOLUTION. Whenever any dispute arises between the Parties or between a Party or Parties, the Executive Board, or the Administering Agency (referred to collectively in this Section as the “Parties”) under this Agreement which is not resolved by routine meetings or communications, the parties agree to seek resolution of such dispute in good faith by meeting, as soon as feasible. The meeting will include the Chair of the Executive Board, the SKHHP Program Manager, and the representative(s) of the Parties involved in the dispute. If the parties do not come to an agreement on the dispute, any party may pursue mediation through a process to be mutually agreed to in good faith between the parties within 30 days, which may include binding or nonbinding decisions or recommendations. The mediator(s) will be individuals skilled in the legal and business aspects of the subject matter of this Agreement. The parties to the dispute will share equally the costs of mediation and assume their own costs.

23. SURVIVABILITY. Notwithstanding any provision in this Agreement to the contrary, the provisions of Section 10 (Agreement Duration), Section 11 (Termination of Agreement), Section 12 (Withdrawal), Section 16 (Public Records Requests), and Section 17 (Indemnification and Hold Harmless) will remain operative and in full force and effect, regardless of the withdrawal or termination of any Party or the termination of this Agreement.
24. **WAIVER.** No term or provision of this Agreement will be deemed waived and no breach excused unless that waiver or consent is in writing and signed by the Party claimed to have waived or consented.

25. **SUBSEQUENT BREACH.** Waiver of any default will not be deemed a waiver of any subsequent default. Waiver of breach of any provision of this Agreement will not be deemed to be a waiver of any other or subsequent breach and will not be construed to be a modification of the terms of the Agreement unless stated to be such through written approval of all Parties.

26. **NOTICE.** Any notice to the Executive Board will be in writing and will be addressed to the Chair of the Executive Board and to the SKHHP Program Manager. In the absence of a SKHHP Program Manager, notice will be given to the chief executive officer of the Administering Agency. Any notice to an Officer or Party will be sent, to the address specified by the chief executive officer of the Party.

27. **ASSIGNMENT.** No Party may sell, transfer or assign any of its rights or benefits under this Agreement without Executive Board approval.

28. **APPLICABLE LAW AND VENUE.** This Agreement and any rights, remedies, or obligations provided for in this Agreement will be governed, construed, and enforced in accordance with the substantive and procedural laws of the State. The Parties agree that the venue for any legal action under this Agreement is in the County in which a project is located, provided that the venue for any legal action against King County may be filed in accordance with RCW 36.01.050.

29. **RETAINED RESPONSIBILITY AND AUTHORITY.** Parties retain the responsibility and authority for managing and maintaining their own internal systems and programs related to affordable housing activities.

30. **INDEPENDENT CONTRACTORS.** Each Party to this Agreement is an independent contractor with respect to the subject matter of this Agreement. No joint venture or partnership is formed as a result of this Agreement.

Nothing in this Agreement will make any employee of one Party an employee of another party for any purpose, including, but not limited to, for withholding of taxes, payment of benefits, worker’s
compensation pursuant to Title 51 RCW, or any other rights or privileges accorded by virtue of their employment. No Party assumes any responsibility for the payment of any compensation, fees, wages, benefits or taxes to or on behalf of any other Party’s employees. No employees or agents of one Party will be deemed, or represent themselves to be, employees of another Party.

31. NO THIRD PARTY BENEFICIARIES. This Agreement is for the benefit of the Parties only, and no third party will have any rights under this agreement.

32. NONDISCRIMINATION. The Parties will comply with the nondiscrimination requirements of applicable federal, state and local statutes and regulations.

33. COUNTERPARTS. This Agreement may be signed in counterparts and, if so signed, will be deemed one integrated Agreement.

34. FILING AND EFFECTIVE DATE; PRIOR AGREEMENTS. This Agreement will become effective January 1, 2019, subject to its approval by the legislative bodies of all jurisdictions who are members of SKHHP as of January 1, 2019, and, pursuant to RCW 39.34.040, upon recording this Agreement or posting this Agreement on a Party’s web site or other electronically retrievable public source. Although this Agreement may be approved and signed by a Party after the Agreement’s effective date, all acts consistent with the authority of this Agreement that occur on or after January 1, 2019, are hereby ratified and affirmed, and the terms of this Agreement will be deemed to have applied.

(Signature Page Follows)
Approved and executed this ___ day of ____________, 2019

Name of Party:______________  Approved as to form

________________________________________

By: ___________________________  Its City Attorney
### EXHIBIT B

#### FIRST YEAR SKHHP BUDGET
9 cities & King County
Year 1: 10 months of Operations

**Annual Expense Budget**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time manager with salary/taxes/benefits</td>
<td>$130,000</td>
</tr>
<tr>
<td>Administrative &amp; low-level policy support with salary/taxes/benefits</td>
<td>$90,000</td>
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<tr>
<td>Expenses - travel, phone, postage, and start-up costs</td>
<td>$19,000</td>
</tr>
<tr>
<td>Space</td>
<td>$12,000</td>
</tr>
<tr>
<td>SubTotal</td>
<td>$251,000</td>
</tr>
<tr>
<td>10% Fiscal Administration Fee</td>
<td>$25,100</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$276,100</strong></td>
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Cost for 10 months of Operations: **$230,083**

**Revenue Budget**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside sources* (County, philanthropy, aligned organizations)</td>
<td>$68,000</td>
</tr>
<tr>
<td>Office Space (in-kind donation) [Pro-rated]</td>
<td>$10,000</td>
</tr>
<tr>
<td>Shared among participating cities (see below)</td>
<td>$152,083</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$230,083</strong></td>
</tr>
</tbody>
</table>

**Shares for participating cities:**

<table>
<thead>
<tr>
<th>City</th>
<th>Population (OFM 2018 est)</th>
<th>% of Population</th>
<th>Grouped by Size**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn</td>
<td>80,615</td>
<td>12%</td>
<td>$20,236</td>
</tr>
<tr>
<td>Burien</td>
<td>51,850</td>
<td>8%</td>
<td>$11,675</td>
</tr>
<tr>
<td>Covington</td>
<td>20,080</td>
<td>3%</td>
<td>$5,837</td>
</tr>
<tr>
<td>Des Moines</td>
<td>31,340</td>
<td>5%</td>
<td>$5,837</td>
</tr>
<tr>
<td>Federal Way</td>
<td>97,440</td>
<td>15%</td>
<td>$20,236</td>
</tr>
<tr>
<td>Kent</td>
<td>128,900</td>
<td>20%</td>
<td>$26,463</td>
</tr>
<tr>
<td>Normandy Park</td>
<td>6,700</td>
<td>1%</td>
<td>$3,113</td>
</tr>
<tr>
<td>Renton</td>
<td>104,100</td>
<td>16%</td>
<td>$26,463</td>
</tr>
<tr>
<td>Tukwila</td>
<td>19,800</td>
<td>3%</td>
<td>$5,837</td>
</tr>
<tr>
<td>Unincorporated SKC</td>
<td>111,000</td>
<td>17%</td>
<td>$26,463</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>651,825</strong></td>
<td></td>
<td><strong>152,161</strong></td>
</tr>
</tbody>
</table>

*Outside sources

**Grouped by Size Ranges**

<table>
<thead>
<tr>
<th>Group</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10,000</td>
<td>$3,113</td>
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<tr>
<td>10,001-35,000:</td>
<td>$5,837</td>
</tr>
<tr>
<td>35,001-65,000:</td>
<td>$11,675</td>
</tr>
<tr>
<td>65,001-100,000:</td>
<td>$20,236</td>
</tr>
<tr>
<td>100,001+:</td>
<td>$26,463</td>
</tr>
</tbody>
</table>

***King County has committed $75,000; including covering the share for unincorporated
(In Year 1, the accrual from the unincorporated SKC share is used for $7K in startup costs)
## SECOND YEAR SKHHP DRAFT BUDGET

9 cities & King County  
Year 2: Full Year of Operations

### Annual Expense Budget
- Full-time manager with salary/taxes/benefits: $130,000  
- Administrative & low-level policy support with salary/taxes/benefits: $90,000  
- Expenses - travel, phone, postage: $12,000  
- Space: $12,000  
- SubTotal: $244,000  
- 10% Fiscal Administration Fee: $24,400  
- **TOTAL**: $268,400

### Revenue Budget
- Outside sources* (County, philanthropy, aligned organizations): $61,000  
- Office Space (in-kind donation): $12,000  
- Shared among participating cities (see below): $195,400  
- **TOTAL**: $268,400

### Shares for participating cities:

<table>
<thead>
<tr>
<th>City</th>
<th>Population (OFM 2018 est)</th>
<th>% of Population</th>
<th>Grouped by Size**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn</td>
<td>80,615</td>
<td>12%</td>
<td>$26,000</td>
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<td>Renton</td>
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<tr>
<td>Unincorporated SKC</td>
<td>111,000</td>
<td>17%</td>
<td>$34,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>651,825</td>
<td></td>
<td><strong>195,500</strong></td>
</tr>
</tbody>
</table>

*Outside sources  
**Grouped by Size Ranges

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Grouped by Size Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>KC Housing Authority</td>
<td>15,000</td>
<td>&lt;10,000: $4,000</td>
</tr>
<tr>
<td>Enterprise</td>
<td>5,000</td>
<td>10,001-35,000: $7,500</td>
</tr>
<tr>
<td>King County***</td>
<td>41,000</td>
<td>35,001-65,000: $15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>61,000</td>
<td>65,001-100,000: $26,000</td>
</tr>
</tbody>
</table>

***King County has committed $75,000; including covering the share for unincorporated
SUBJECT:  REVIEW THE 2019 SUMMIT ACTION ITEMS LIST

RECOMMENDED BY:  Regan Bolli, City Manager

ATTACHMENT(S):
1. 2019 Summit Action Items List

PREPARED BY:  Regan Bolli, City Manager

EXPLANATION:
On January 26, 2019 the Covington City Council and Leadership Team held their annual summit to discuss ongoing and new projects and policies for the coming year. After the summit a summary was drafted by facilitator Jim Reid and adopted by Council. From that summary this action item list was created to track the work completed on each action item from the summit.

ALTERNATIVES:

FISCAL IMPACT:

CITY COUNCIL ACTION: ___Ordinance ___Resolution ___Motion ___Other

This item is for discussion purposes only.

REVIEWED BY:  City Manager
<table>
<thead>
<tr>
<th>Item</th>
<th>Task</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>Present to council sustainable revenue options that would allow us to hire additional police officers.</td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td>Hire a consultant to study and develop a plan that educates the public on the need for additional public safety and parks and their associated funding. Finalize the plan and present it to council. (Amended at the 2/26/19 council meeting from the original action item to conduct a community wide survey.)</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>Develop an inclusive communications plan to educate the public on city services and operations using multiple forms of communication platforms.</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>Provide Councilmembers with talking points that would ensure the Council is on the same page when messaging to the public the importance of parks and recreation.</td>
<td></td>
</tr>
<tr>
<td>Parks</td>
<td>Monitor the parks maintenance needs as parks continue to grow. If preferred levels of service exceed current levels, then staff will present the budget levels that would be required to support preferred levels of service.</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Consider leveraging “Make a Difference” day or another civic engagement/community service day for cleanup efforts in parks and for sidewalks.</td>
<td></td>
</tr>
<tr>
<td>MPD</td>
<td>Consider creating a Regional Parks District (Metro Parks District) with the cities of Maple Valley and Black Diamond to construct and operate a regional community center that includes a pool.</td>
<td></td>
</tr>
<tr>
<td>Parks</td>
<td>Evaluate the feasibility of implementing an “Adopt-a-Park” program as a means of increasing funding support.</td>
<td></td>
</tr>
</tbody>
</table>
| Streets | Add street maintenance costs, labor hours, and trends data to the City’s website.  
|---------|-----------------------------------------------------------------------------------------------------------------|
|         | - Provide the public with more information about how funds are being spent.  
|         | - Illustrate to the public the need for new revenue streams to support transportation projects and street maintenance, including asphalt overlays.  
|         | - Provide context, such as explaining how patch repair hours are a result of no funding for asphalt overlays. |
| Adopt a Street | Maintain our current Adopt a Street program. |
| Gateway Sign | The Council agreed that a temporary gateway banner should be placed at the Soos Creek property using the same sign design as the Covington Community Park sign. The City will then informally assess the appropriateness of the spot for a potential permanent sign. |
| Muckleshoot Tribe | Identify Cultural Interests of the Community for future events (e.g. storytelling): An idea was suggested that Covington work with Muckleshoot Tribe representatives to discuss the interest in incorporating the Tribe’s culturally important stories into Covington Days. |
SUBJECT: DISCUSS AND APPROVE PROCESS TO FILL VACANCY ON COUNCIL POSITION NO. 2

RECOMMENDED BY: Regan Bolli, City Manager

ATTACHMENT(S):
1. Covington City Council Policies and Procedures 3.4, Filling a Council Vacancy
2. Blue Sheet dated June 14, 2016 Consider Appointment of New Councilmember to Position No. 6

PREPARED BY: Sharon Scott, City Clerk

EXPLANATION:
Due to the recent passing of Councilmember Paul Selland, Council Position No. 2 is now vacant. According to RCW 42.12.070 (1) “Where one position is vacant, the remaining members of the governing body shall appoint a qualified person to fill the vacant position”. RCW 42.12.070 (4) states “If a governing body fails to appoint a qualified person to fill a vacancy within ninety days of the occurrence of the vacancy, the authority of the governing body to fill the vacancy shall cease and the county in which all or the largest geographic portion of the city, town, or special district is located shall appoint a qualified person to fill the vacancy.

Furthermore, RCW 42.12.070 (6) states, “as provided in chapter 29A.24 RCW, each person who is appointed shall serve until a qualified person is elected at the next election at which a member of the governing body normally would be elected. The person elected shall take office immediately and serve the remainder of the unexpired term.

According to your Policies and Procedures, section 3.4.3, the procedure by which the vacancy will be filled requires a majority vote of the council prior to publishing the notice of vacancy.

Attached is the blue sheet from 2016, which outlines the process the Council used to fill the vacancy left when Councilmember Jim Scott stepped down. Council may wish to approve the same process or suggest any alternatives

ALTERNATIVES:

FISCAL IMPACT:

CITY COUNCIL ACTION: __Ordinance __Resolution ___Motion ___Other

Council member ____________ moves, Council member ___________________ seconds, to approve the process to fill the vacancy on Council position No. 2 as outlined in Attachment 2.

REVIEWED BY: City Manager, City Attorney
Excerpt

3.4 Filling a Council Vacancy.

3.4.1 Resignation Process. A written resignation must be submitted to the city council.

- The notice of resignation should provide for an effective date and the resignation will be effective as of that selected date.

- The council accepts the resignation by a motion and majority vote of the whole council.

3.4.2 Procedure. If a vacancy occurs in the office of a councilmember, the council will follow the procedures outlined in RCW 42.12.070 in addition to those included in these Rules.

3.4.3 Vacancy Notice and Application. In order to fill the vacancy with the most qualified person available until an election is held, the council will widely distribute and publish a notice of the vacancy, the procedure by which the vacancy will be filled (which shall be agreed upon by a majority vote of the council prior to publishing the notice of vacancy), and how to apply.

3.4.4 Interview Process. Those candidates selected by the council to be interviewed will be interviewed during a regular or special council meeting open to the public, pursuant to the interview process included in the vacancy notice. The interview process will be designed to be fair and consistent. Since this is not a campaign, comments and responses about other applicants will not be allowed.

3.4.5 Deliberation and Selection. The council may recess into executive session to discuss the qualifications of all candidates. Nominations, voting, and selection of a person to fill the vacancy must be conducted during an open public meeting. Nominations will follow the process outlined in Section 3.2 herein. Appointment of the new councilmember requires a majority vote of the entire city council (four votes).
SUBJECT: CONSIDER APPOINTMENT OF NEW COUNCIL MEMBER TO POSITION NO. 6

RECOMMENDED BY: Regan Bolli, City Manager
Sara Springer, City Attorney

ATTACHMENT(S): None.

PREPARED BY: Sara Springer, City Attorney

EXPLANATION:

Councilmember Jim Scott stepped down from the city council effective May 31, 2016. Council directed staff to advertise the vacant council position and to accept applications (in the form of letters of interest) through June 10, 2016. At tonight’s council meeting, the council will have the opportunity to interview the applicants for Covington City Council Position No. 6, discuss the qualifications of the applicants (in executive session), and then make an appointment to the council, if so desired.

State law gives wide latitude to the council regarding the process for appointing a council member. The only state statute the council must comply with is the Open Public Meeting’s Act requirement that any interviews of candidates must be performed in an open public meeting, and the appointment of a candidate must take place in an open public meeting. The council may discuss the qualifications of the candidates in executive session.

The current City Council Rules of Procedure do not specify a specific process to follow for interviews and appointments of vacant council positions. However, the proposed new Council Policies and Procedures, on this meeting’s agenda for adoption, does address the process to be used for appointments to vacant council positions; therefore, staff recommends for the council to follow the process in the proposed new Council Policies and Procedures. Accordingly:

**Interview Process:**

- The order of the interviews will be determined by drawing the names.

- All applicants will be interviewed together by the council in a panel format, wherein each applicant, in turn, will be asked to answer questions posed by each councilmember. The interview process will be designed to be fair and consistent.

- Each candidate will then be allowed two (2) minutes for closing comments. Since this is not a campaign, comments and responses about other applicants will not be allowed.
Deliberation and Selection:

- The council may recess into executive session to discuss the qualifications of all candidates.

- Nominations, voting, and selection of a person to fill the vacancy will be conducted during an open session.

- The nomination process will follow the regular nomination process wherein the chair opens nominations, each council member is allowed to nominate one individual, and no second is required.

- Voting shall commence in the order nominations were made. Council members will be asked for a voice vote and a raise of hands. As soon as one of the nominees receives a majority vote of the whole city council (four votes), then the chair will declare him/her appointed. No votes will be taken on the remaining nominees.

- A tie vote results in a failed nomination and the chair will call for nominations again and repeat the process until a single nominee receives a majority vote of the whole city council.

- If none of the nominees receives a majority vote, the chair will call for nominations again and repeat the process until a single nominee receives a majority vote of the whole city council.

ALTERNATIVES:

1. Continue the deliberation and selection process to a future council meeting.
2. Not appoint a council member at this time and direct staff to continue to advertise for additional candidates.

CITY COUNCIL ACTION: _____ Ordinance _____ Resolution _____ Motions _____ Other

Interview candidates for Covington City Council Position No. 6
and move to appoint a candidate, if so desired.

REVIEWED BY: City Manager, City Attorney, City Clerk
SUBJECT: DISCUSS CITY GATEWAY SIGN OPTIONS

RECOMMENDED BY: Karla Slate, Communications and Marketing Manager

ATTACHMENT(S): None

PREPARED BY: Karla Slate, Communications and Marketing Manager

EXPLANATION:
The city has been considering placing gateway signs that welcome people to Covington when they enter city limits. There are various possible locations for a gateway sign, with the Soos Creek Water and Sewer District property at the corner of 272nd and 156th as one possibility and the corner of 272nd and Covington Way, next to the Airstream dealership property, as another possibility.

At the January 2019 Annual City Council Summit, council discussed the potential design of a gateway sign and came to consensus that a sign similar to the new Covington Community Park entry signs would be the best option for a gateway sign design.

The Soos Creek Water and Sewer District has offered the city a potential easement on their property for a gateway sign. Council directed staff to erect a temporary banner sign on that potential easement to be able to assess what a gateway sign might look like there. Because the property is on the north side of 272nd, there is concern that the placement may not be visible enough to the eastbound traffic entering the city limits. Staff erected a temporary banner sign on Thursday, Feb. 28 to allow several days of viewing.

Staff is seeking direction from council on whether to proceed with a gateway sign at either or both locations (Soos Creek property and/or the corner property in front of the Airstream dealership). If given the green light, the next step would be to work with a consultant on design and pursuing the easement agreement with Soos Creek Water and Sewer.

ALTERNATIVES:
A. Decide not to proceed with any gateway signage at this time.

FISCAL IMPACT:
Costs of constructing and installing a gateway sign will not be fully known until we seek proposals. For comparison, the Covington Community Park entry signs cost around $25,000 for four signs, including design construction and installation.

CITY COUNCIL ACTION: _____ Ordinance _____ Resolution  X  Motion  ____ Other

Councilmember _____________ moves, Councilmember _____________ seconds, to ________________________________.
SUBJECT: PRESENT 2018 YEAR END FINANCIALS

PREPARED BY: Rob Hendrickson, Finance Director

ATTACHMENT(S):
1. 2018 Fourth Quarter and Annual Report
2. Quarterly Performance Report Charts for All Funds
3. Major Revenue Comparison
4. Investment Listing

EXPLANATION:
Attached are reports and charts that provide both summary and detailed information on revenues and expenditures for each of the city’s operational funds.

It is the policy of the City of Covington and a requirement of state law (RCW 35A.34.240) to provide financial reports to the governing body on a quarterly basis.

FISCAL IMPACT:
No impact. This is an update on 2018 operational activity through fourth quarter as compared to budget.

CITY COUNCIL ACTION: _____Ordinance _____Resolution _____Motion  X Other

ASK QUESTIONS OF STAFF

REVIEWED BY: City Manager
December 31, 2018

Economic & Revenue Summary*
~WA State Economic & Revenue Forecast Council

United States
- Consumer and business confidence dipped late in the year.
- The U.S. labor market added 304,000 net new in January.
- U.S. economic growth will slow but the baseline forecast does not contain a recession.

Washington
- Washington’s unemployment rate hit an all-time low in October.
- The comprehensive revision of personal income raised the level of Washington personal income.

Upside
- Elevated consumer, business confidence could translate into stronger growth.
- Strong U.S., WA labor markets.

Downside
- Slowing global economic growth.
- Impact of rising interest rates.
*(Some year end data is missing due to the government shut down)

Quarterly Summary

The year wraps up with a stellar operating revenue performance. Sales tax collections exceeded the five million dollar mark for the first time. REET came in well above the million dollar threshold again reflecting a strong housing and building economy. Expenditures were well within tolerance and budget limits. On the national front, economic signals continue to be strong but closer to home, there are signs that the economy may be cooling somewhat. Housing prices have pulled back and consumer confidence dipped slightly. All in all, still a very positive year for the city. 2019 looks to be a promising year as well. Rob out.

Rob Hendrickson, Finance Director

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| Development Services | 5 |
| Parks, Aquatics, Recreation, and Athletics | 5 |
| Cash and Investments | 6 |
| Capital Investment Program | 7 |

Property Tax | 2 |
Real Estate Excise Tax | 2 |
Retail Sales and Use Tax | 3 |
Utility Tax | 3 |
General Fund | 4 |
Property Tax*

Property tax is collected by King County and distributed on a daily basis to all taxing agencies within the county. Since taxes are due on April 31 and October 31 each year, the major distributions are realized in early May and November.

Through 4th quarter the city received $2,731,742 or 99.6% of budget. This is 4.9% or $126,861 ahead of 2017 4th quarter collections.

Property tax is the most stable source of revenue the city has. It is one leg of the “three legged” stool which the general fund relies on for revenue. The other two legs are sales tax and utility tax.

Property tax revenues are unrestricted. As such they may be used to pay for any need within the city.

Currently, property taxes are allocated 100% to the general fund.

The 2017 levy for 2018 collection is $2,748,267 and the levy rate is $1.12/$1,000 assessed value. The legal cap for property tax collections is $2.10/$1,000 assessed value.

The city’s assessed valuation is $2.5 billion—an increase of $256.9 million or 11.6% over the previous year.

Real Estate Excise Tax (REET)

REET is a restricted revenue dedicated to paying debt service on the 2007 transportation bonds (through 2027) which paid for 168th Place SE/165th Place SE and loans from the Public Works Trust Fund (through 2024). This tax is levied by the city on all sales of real estate at the rate of one-half percent which is divided into two quarter percents.

Through December, collections are $1,271,446 or 18.6% of the $700,000 budget. This is $193,629 or 18.0% higher than 2017 due to a large number of lot sales and rising home prices.

There were 67 new home sales, 415 existing home sales, 1 commercial, 1 building, and 4 lot sales through 4th quarter.
Retail Sales & Use Tax

Sales and use tax is the largest revenue source available to the city. The 4th quarter is above 2017 levels by $442,322 or 9.3%. Total collections are at $5,193,112 or 123.6%.

The budget for 2018 is $4,200,000. Cumulatively comparing each category to the 4th quarter of 2018 shows that retail came in ahead at 17.7% and construction is negative -21.9%. Food services is up 7.1% for the quarter while the “all other” category was up 45.8%.

Utility Tax

The city imposes a utility tax on electrical energy, natural gas, brokered natural gas, and telephone at the rate of 6.0%. Solid waste, cable TV, and SWM are taxed at an 8.0% rate.

Utility tax supports the general fund, debt service and streets.

The 4th quarter y/y is down by $111,990 or 20.0%. Total collections are $1,886,010 or 82.0% of budget. Due to changes in collection frequency (now quarterly versus monthly), comparisons to the prior year are not possible.

The AT&T audit is in its infancy stages. Staff will keep council informed as information is received.

<table>
<thead>
<tr>
<th>Utility</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$777,846</td>
<td>$660,110</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>336,607</td>
<td>273,183</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>196,074</td>
<td>176,467</td>
</tr>
<tr>
<td>Cable</td>
<td>473,177</td>
<td>374,630</td>
</tr>
<tr>
<td>Telephone</td>
<td>359,735</td>
<td>293,692</td>
</tr>
<tr>
<td>SWM</td>
<td>166,475</td>
<td>107,928</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,309,915</strong></td>
<td><strong>$1,886,010</strong></td>
</tr>
</tbody>
</table>

DECEMBER 31, 2018
GENERAL FUND

Operating revenues are 108.6% of budget or $13.5 million. This exceeds 2017 levels by $477,148. Sales, utility, and property tax collections are detailed on pages 2 and 3 and parks revenue is reviewed on page 5.

Total expenditures including transfers out are $11,593,854. This is an increase in spending of 8.5% or $908,239 over the same period last year. Aquatics and finance have seen increases this quarter.

Overall, 80.0% of the budget was spent. Beginning fund balance is $6,948,025—an increase of $1,903,028.

GENERAL FUND DEPARTMENT BUDGET UPDATE

<table>
<thead>
<tr>
<th>Department</th>
<th>YTD - 2017</th>
<th>% of Budget</th>
<th>YTD - 2018</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Council</td>
<td>$123,984</td>
<td>71.8%</td>
<td>$140,948</td>
<td>76.8%</td>
</tr>
<tr>
<td>Municipal Court</td>
<td>476,669</td>
<td>95.4%</td>
<td>461,166</td>
<td>83.1%</td>
</tr>
<tr>
<td>Executive</td>
<td>964,149</td>
<td>91.1%</td>
<td>1,119,484</td>
<td>99.0%</td>
</tr>
<tr>
<td>Finance</td>
<td>605,549</td>
<td>97.1%</td>
<td>701,168</td>
<td>100.4%</td>
</tr>
<tr>
<td>Legal</td>
<td>164,963</td>
<td>82.0%</td>
<td>178,802</td>
<td>87.9%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>427,969</td>
<td>94.0%</td>
<td>406,055</td>
<td>96.7%</td>
</tr>
<tr>
<td>Central Services</td>
<td>788,234</td>
<td>101.8%</td>
<td>756,225</td>
<td>96.6%</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>3,789,174</td>
<td>96.3%</td>
<td>4,096,251</td>
<td>97.7%</td>
</tr>
<tr>
<td>Community Development</td>
<td>321,998</td>
<td>75.2%</td>
<td>425,853</td>
<td>77.6%</td>
</tr>
<tr>
<td>Parks Maintenance</td>
<td>352,943</td>
<td>87.1%</td>
<td>547,412</td>
<td>91.0%</td>
</tr>
<tr>
<td>Aquatics</td>
<td>1,078,483</td>
<td>95.1%</td>
<td>1,422,337</td>
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</tr>
<tr>
<td>Recreation &amp; Cultural Arts</td>
<td>609,630</td>
<td>85.8%</td>
<td>714,417</td>
<td>86.3%</td>
</tr>
<tr>
<td>Parks</td>
<td>309,812</td>
<td>82.2%</td>
<td>338,888</td>
<td>84.4%</td>
</tr>
<tr>
<td>Operating Transfers Out</td>
<td>672,058</td>
<td>17.5%</td>
<td>284,848</td>
<td>11.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$10,885,615</td>
<td>73.1%</td>
<td>$11,593,854</td>
<td>80.0%</td>
</tr>
</tbody>
</table>
PUBLIC WORKS

Public Works consists of street operations and surface water management (SWM).

Street operations is funded by franchise fees received from Comcast, a motor vehicle fuel excise tax, and motor vehicle license fees.

Comcast franchise fees lag behind the forecast at $260,465 or 97.2% and are down 4.0% from 2017.

Total operating revenues are $1,098,688 and other financing sources are $162,702. At $1,261,390 this puts total revenue sources at 104.1% for the 4th quarter.

Gas tax is virtually on target at 101.0% at $434,556. This is higher than 2017 by $28,196 or 6.9%.

Motor vehicle license fees are at $345,973 or 111.6% of budget.

Total expenditures came in below budget at 89.1% or $1,269,627.

Street operating revenues are less than operating expenditures by $150,766. Operating transfers of $162,702 from the general fund help offset that deficit.

Ending fund balance for Streets is $537,854 a decrease of $63,856.

SWM is primarily funded through drainage fees collected by King County and distributed to the city. Collections through December are $2,296,704 or 104.4% of budget. Total revenues are at 104.0% or $2,505,589.

Total expenditures are at 87.2% of budget or $2,796,231—$565,004 above 2017 due to increased capital project costs.

DEVELOPMENT SERVICES

Total revenue is at $2,075,748 or 183.9% of forecast. This is a $250,297 decrease over 2017. Both permit revenue and charges for services have declined.

The number of permits for single family residences are at 65 compared to 85 in 2017. There are no multi-family permits and 5 commercial permits year-to-date.

Operational expenditures came in at 89.6% or $1,542,708.

Ending fund balance for 2017 was $3,625,856 an increase of $558,731.

AQUATICS, RECREATION and CULTURAL ARTS

Parks’ activities now reside within the general fund. Parks is divided into three divisions: aquatics, maintenance, recreation and cultural arts, and parks administration. Two divisions bring in revenue: aquatics, and recreation and cultural arts.

Fourth quarter budget-to-actual aquatics revenue is $767,199 or 103.8%; and recreation and cultural arts is $354,785 or 131.0%.

Total year-to-date attendance for aquatics is 120,683—7,632 less than 2017 for the same time period.

Operating expenditures for the two divisions total $2,136,660 which exceeds corresponding revenue by $1,014,676. A portion of this deficit is a one-time charge of $231,000 for fall protection.

The individual expenditure breakdown is as follows: aquatics is $1,422,243; and recreation and cultural arts is $714,417.
CASH & INVESTMENTS

Cash and investments total $25,262,077. This exceeds December 2017 by $2,600,676. The largest gainers are the general fund and development services. Streets, SWM and Capital decreased as money is being utilized to fund new capital projects.

The Local Government Investment Pool (LGIP) earned 2.37% in December 2018. The City has $17,634,248 invested with the LGIP. (as of Dec 2018)

Investments outside the LGIP total $5,486,419 (market value). They are currently all US Government Agencies.

The weighted yield of the portfolio with the state pool is 2.09% and without the pool is 1.33%. Average days to maturity with the pool is 91 days or 0.25 years and without the pool is 338 days or 0.93 years.

Cash on hand is kept at US Bank and various petty cash funds throughout the City. Investment securities are kept with US Bank Safekeeping.

The chart below reflects the amount of cash and investments allocated to each fund within the City. This is reconciled and updated on a monthly basis.

<table>
<thead>
<tr>
<th>TOTAL GENERAL LEDGER CASH ACCOUNTS</th>
<th>INVESTMENTS</th>
<th>CASH</th>
<th>TOTAL</th>
<th>2017</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL FUND</td>
<td>$2,203,143.36</td>
<td>$8,261,897.39</td>
<td>10,465,040.75</td>
<td>$5,487,983.14</td>
<td>$4,977,057.61</td>
</tr>
<tr>
<td>STREET FUND</td>
<td>315,269.28</td>
<td></td>
<td>315,269.28</td>
<td>352,416.08</td>
<td>(37,146.80)</td>
</tr>
<tr>
<td>CONTINGENCY FUND</td>
<td>395,714.40</td>
<td>20,803.59</td>
<td>416,517.99</td>
<td>411,964.39</td>
<td>4,553.60</td>
</tr>
<tr>
<td>CUMULATIVE RESERVE FUND</td>
<td>1,384,308.40</td>
<td>92,823.69</td>
<td>1,477,132.09</td>
<td>1,432,871.36</td>
<td>44,260.73</td>
</tr>
<tr>
<td>REET 4th 1/4% FUND</td>
<td>53,466.87</td>
<td></td>
<td>53,466.87</td>
<td>0</td>
<td>53,466.87</td>
</tr>
<tr>
<td>REET 4th 1/4% FUND</td>
<td>53,466.87</td>
<td></td>
<td>53,466.87</td>
<td>0</td>
<td>53,466.87</td>
</tr>
<tr>
<td>DEVELOPMENT SERVICES FUND</td>
<td>1,503,252.61</td>
<td>3,660,721.29</td>
<td>5,163,973.90</td>
<td>5,076,080.40</td>
<td>87,893.50</td>
</tr>
<tr>
<td>LID 99.01 FUND</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CAPITAL IMPROVEMENT PROGRAM</td>
<td>4,481,122.23</td>
<td></td>
<td>4,481,122.23</td>
<td>7,331,406.29</td>
<td>(2,850,284.06)</td>
</tr>
<tr>
<td>SURFACE WATER MANAGEMENT</td>
<td>1,814,903.65</td>
<td></td>
<td>1,814,903.65</td>
<td>2,028,311.07</td>
<td>(213,407.42)</td>
</tr>
<tr>
<td>UNEMPLOYMENT INSURANCE</td>
<td>450,462.62</td>
<td></td>
<td>450,462.62</td>
<td>383,630.40</td>
<td>66,832.22</td>
</tr>
<tr>
<td>EQUIPMENT REPLACEMENT</td>
<td>570,720.75</td>
<td></td>
<td>570,720.75</td>
<td>594,608.44</td>
<td>(23,887.69)</td>
</tr>
<tr>
<td>TOTAL ALL FUNDS</td>
<td>$5,486,418.77</td>
<td>$19,775,658.23</td>
<td>$25,262,077.00</td>
<td>$22,661,401.04</td>
<td>$2,600,675.96</td>
</tr>
</tbody>
</table>
The city has collected $425,934 in GMA mitigation fees, $94,481 in interest earnings and $3,922 in parks fees-in-lieu.

Please see the chart below for current CIP activity.

**BOND WATCH**

As of Dec 31, the balance of the 2016 Refunded Bonds is $7,330,000. Payoff for these bonds is 11/1/2027. The next principal payment of $710,000 will be 11/1/2019.

The Public Works Trust Fund Loan balance is $1,289,375. The payoff for this loan is 6/1/2024. The next principal payment will be 6/1/2019 for $214,895.

**IMPACT FEES**

The total balance of traffic impact fees at the end of 2017 is $3,322,485. These are collected throughout the year and distributed to projects as needed. Transportation impact fees are restricted and can only be used for public streets and roads. They must be used in conjunction with other funding sources but may not be used to correct existing deficiencies.

**GRANTS**

Through Sep, grant awards totaled $36.2 million. Only $33.3 million is under contract. The amount requested is $7.3 million.

CITY OF COVINGTON

FINANCE DEPARTMENT

Rob Hendrickson—Finance Director
Casey Parker—Senior Accountant
Lindsay Hagen—Accountant I
Staci Clees—Senior Accounting Clerk
Shelley Wells—Finance Assistant
City of Covington
Quarterly Performance Report - General Fund
as of 12/31/2018

Chart 1
Total Revenue Bud v Act

Chart 2
Total Rev v Exp

Chart 3
Year over Year Revenue Comparison

Chart 4
Total Exp Bud v Act

Chart 5
Total Rev & Exp Bud v Act

Chart 6
Cash & Investment Balance

Chart 7
Revenues by Category

Chart 8 & 9
Expenditures by Category

Legend

<table>
<thead>
<tr>
<th></th>
<th>Cur Year</th>
<th>Budget</th>
<th>Actual</th>
<th>Data in Thousands of $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rec and Cilt, Events</td>
<td>2.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chgs for Goods, &amp; Svs</td>
<td>7.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aquatics Revenue</td>
<td>5.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IntGov Rev</td>
<td>3.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Tax</td>
<td>5.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>14.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prop Tax</td>
<td>20.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc</td>
<td>0.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>38.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Percentages may not equal 100% due to rounding.

Revenues by Category

<table>
<thead>
<tr>
<th></th>
<th>2018 Budget</th>
<th>2018 Actual</th>
<th>% Rem</th>
<th>% Coll/ Spent YTD</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$ 2,743.0</td>
<td>$ 2,731.7</td>
<td>11.3</td>
<td>99.6%</td>
<td>$ 2,904.9</td>
<td></td>
</tr>
<tr>
<td>Sales Tax</td>
<td>4,200.0</td>
<td>5,193.1</td>
<td>(992.1)</td>
<td>123.6%</td>
<td>4,750.9</td>
<td></td>
</tr>
<tr>
<td>Utility Tax</td>
<td>2,299.0</td>
<td>1,886.0</td>
<td>413.0</td>
<td>82.0%</td>
<td>2,309.9</td>
<td></td>
</tr>
<tr>
<td>Other Tax</td>
<td>592.7</td>
<td>697.8</td>
<td>(105.1)</td>
<td>117.7%</td>
<td>510.2</td>
<td></td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>79.4</td>
<td>81.8</td>
<td>(2.4)</td>
<td>103.0%</td>
<td>79.4</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Re</td>
<td>309.5</td>
<td>434.3</td>
<td>(124.8)</td>
<td>118.4%</td>
<td>343.3</td>
<td></td>
</tr>
<tr>
<td>Aquatics Revenue</td>
<td>739.3</td>
<td>787.2</td>
<td>(47.9)</td>
<td>103.8%</td>
<td>831.8</td>
<td></td>
</tr>
<tr>
<td>Recreation and Cultural Events</td>
<td>270.9</td>
<td>358.4</td>
<td>(88.5)</td>
<td>131.0%</td>
<td>296.6</td>
<td></td>
</tr>
<tr>
<td>Charges for Goods &amp; Svs</td>
<td>934.3</td>
<td>568.5</td>
<td>(365.8)</td>
<td>102.6%</td>
<td>893.3</td>
<td></td>
</tr>
<tr>
<td>Fines &amp; Penalties</td>
<td>97.7</td>
<td>99.7</td>
<td>(2.0)</td>
<td>102.0%</td>
<td>95.1</td>
<td></td>
</tr>
<tr>
<td>Investment Interest</td>
<td>52.7</td>
<td>70.6</td>
<td>(179.9)</td>
<td>323.8%</td>
<td>78.0</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>51.6</td>
<td>119.9</td>
<td>(68.3)</td>
<td>232.4%</td>
<td>124.9</td>
<td></td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>12,427.5</td>
<td>13,495.3</td>
<td>(1,067.8)</td>
<td>108.6%</td>
<td>13,018.2</td>
<td></td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>3,022.5</td>
<td>30.6</td>
<td>3,001.9</td>
<td>1.0%</td>
<td>32.5</td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td>$ 15,489.9</td>
<td>$ 13,526.0</td>
<td>1,954.0</td>
<td>87.5%</td>
<td>$ 13,050.7</td>
<td></td>
</tr>
</tbody>
</table>

Salaries & Wages $ 3,319.5 $ 3,114.4 $ 205.2 93.8% $ 2,807.9

Benefits 1,153.1 1,057.7 95.4 91.7% 951.9

Supplies 309.1 254.6 54.6 82.3% 289.1

Charges for Services 2,309.0 2,235.7 73.4 96.8% 1,903.2

Intergovernmental Svcs 4,850.9 4,628.9 231.0 95.2% 4,218.4

Capital 341.6 341.4 0.2 99.9% 72.3

Total Operating Expenses 12,293.3 11,833.8 659.5 94.6% 10,322.8

Other Financing Uses 2,549.4 (35.7) 2,585.1 -1.6% 302.8

Total Uses $ 14,842.7 $ 11,583.9 $ 3,258.8 78.1% $ 10,685.6

Percentages may not equal 100% due to rounding.
City of Covington
Quarterly Performance Report - Street Operations
as of 12/31/2018

Chart 1

Budget Rev v Act

Thousands $

Chart 2

Rev v Exp

Thousands $

Chart 3

Year over Year Revenue Comparison

Chart 4

Budget Exp v Act

Thousands $

Chart 5

YTD Budget v Actual Rev & Exp

Less: Operating Transfers and Other Financing Uses

Thousands $

Chart 6

Cash Balance

Chart 7

Revenues by Category

Chart 8 & 9

Expenditures by Category
# City of Covington
## Quarterly Performance Report - Development Services
### as of 12/31/2018

### Chart 1
- Bud v Act Revenue
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18
  - 0 100 200 300

### Chart 2
- Rev v Exp
  - REV  EXP
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18
  - 0 100 200 300

### Chart 3
- Year over Year Revenue Comparison
  - Operating Transfer In
  - Misc
  - Inv Int
  - Chgs for Goods & Svcs
  - IntGov Rev
  - Permits
  - Licenses
  - Thousands of $  
  - 2017 2018

### Chart 4
- Bud v Act Expenditures
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18
  - 0 100 200 300

### Chart 5
- Budget v Actual Rev & Exp
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18
  - 0 100 200 300

### Chart 6
- Cash & Investment Balance
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18
  - Cash
  - Investments

### Chart 7
- # of SFR Permits - YTD
  - 2018

### Chart 8
- SFR Cumulative Permit Activity
  - # of Permits: 11 18 32 44 57 85 82 60

### Chart 9
- SFR Permit Valuation - YTD
  - Thousands of $  
  - 12 1 2 3 4 5 6 7 8 9 10 11 12 18

### Chart 10
- Revenues by Category
  - Cur Year
  - Budget
  - Actual
  - Data in Thousands of $  
  - Licenses: 5.3%
  - Permits: 39.7%
  - Chgs for Goods & Svcs: 51.6%
  - Inv Int: 3.7%
  - Supplies: 44.9%
  - Salaries: 44.9%

### Chart 11
- Expenditures by Category
  - IntGov Svcs: 5.9%
  - Salaries: 44.9%
  - Supplies: 1.1%
  - Benefits: 14.7%
  - Chgs for Svcs: 33.4%
  - Percentages may not equal 100% due to rounding.

### Table:

<table>
<thead>
<tr>
<th>Revenue/Expense Category</th>
<th>2018 Budget</th>
<th>2018 Actual</th>
<th>$ Rem (%)</th>
<th>% Coll</th>
<th>2017 Spent YTD</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses</td>
<td>$ 95.6</td>
<td>$ 105.2</td>
<td>(9.5)</td>
<td>110.0%</td>
<td>$ 106.8</td>
<td></td>
</tr>
<tr>
<td>Permits</td>
<td>519.0</td>
<td>823.5</td>
<td>(304.5)</td>
<td>168.7%</td>
<td>1,089.0</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Svcs</td>
<td>-</td>
<td>0.5</td>
<td>(0.5)</td>
<td>0.00%</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>465.9</td>
<td>1,070.7</td>
<td>(574.8)</td>
<td>215.9%</td>
<td>1,140.3</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>18.0</td>
<td>75.9</td>
<td>(57.9)</td>
<td>421.6%</td>
<td>31.1</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>0.1</td>
<td>(0.1)</td>
<td>0.00%</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>1,128.4</td>
<td>2,075.7</td>
<td>(947.3)</td>
<td>183.9%</td>
<td>2,325.0</td>
<td></td>
</tr>
<tr>
<td>Operating Transfer In</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Sources</td>
<td>$ 1,128.4</td>
<td>$ 2,075.7</td>
<td>(947.3)</td>
<td>183.9%</td>
<td>$ 2,325.0</td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 726.7</td>
<td>$ 983.0</td>
<td>33.6</td>
<td>95.4%</td>
<td>$ 614.5</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>224.1</td>
<td>226.3</td>
<td>(2.1)</td>
<td>101.0%</td>
<td>208.8</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>11.1</td>
<td>17.2</td>
<td>(6.0)</td>
<td>154.3%</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>693.1</td>
<td>515.6</td>
<td>143.6</td>
<td>78.2%</td>
<td>441.0</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>101.6</td>
<td>90.6</td>
<td>11.0</td>
<td>89.2%</td>
<td>93.7</td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,722.7</td>
<td>1,542.7</td>
<td>180.0</td>
<td>89.6%</td>
<td>1,363.0</td>
<td></td>
</tr>
<tr>
<td>Other Financing Uses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Uses</td>
<td>$ 1,722.7</td>
<td>$ 1,542.7</td>
<td>180.0</td>
<td>89.6%</td>
<td>$ 1,363.0</td>
<td></td>
</tr>
</tbody>
</table>
City of Covington
Quarterly Performance Report - SWM Operations
as of 12/31/2018

Chart 1

Chart 2

Chart 3

Chart 4

Legend

Cur Year
Budget
Actual
Data in Thousands of $

Chart 5

Chart 6

Chart 7

Chart 8

Revenues by Category

Expeditures by Category

R:\HHendrickson\Public\Quarterly Reports\Quarterly Charts\SWM Quarterly Charts\SWMReport

2/25/2019

73 of 79
## ATTACHMENT 3

### CITY OF COVINGTON
### MAJOR REVENUE REVIEW
### 2015 - Current

<table>
<thead>
<tr>
<th>Source/Data</th>
<th>Budget vs Actual</th>
<th>Revenue by Month (shown on a cash basis</th>
<th>High/Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Tax</strong></td>
<td>4Q-17 4Q-16 % Diff</td>
<td>6,000 5,000 1,000 0</td>
<td>1,000 2,000 3,000 4,000</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>4,750,790 4,193,112</td>
<td>9.3%</td>
<td>2018 Annual Revenues $4,200,000 5,193,112 123.6%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$4,200,000</td>
<td>5,193,112</td>
<td>123.6%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>2,800 2,000 1,200 400</td>
<td>1,000 1,500 2,000 2,500</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>2,604,881 2,731,742</td>
<td>4.9%</td>
<td>2018 Annual Revenues $2,745,000 2,731,742 99.9%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$2,745,000</td>
<td>2,731,742</td>
<td>99.9%</td>
</tr>
<tr>
<td>Utility Tax</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>2,500 1,000 500 100</td>
<td>1,000 1,500 2,000 2,500</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>2,309,914 1,886,009</td>
<td>18.4%</td>
<td>2018 Annual Revenues $2,258,980 1,886,009 82.7%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$2,258,980</td>
<td>1,886,009</td>
<td>82.7%</td>
</tr>
<tr>
<td>Aquatics Revenue/Attendance</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>1,000 0 0 0</td>
<td>1,000 2,000 3,000 4,000</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>837,832 767,200</td>
<td>-7.3%</td>
<td>2018 Annual Revenues $739,300 767,200 103.8%</td>
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<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$739,300</td>
<td>767,200</td>
<td>103.8%</td>
</tr>
<tr>
<td>Vehicle License Fees</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>321,103 345,973</td>
<td>7.7%</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>321,103 345,973</td>
<td>7.7%</td>
<td>2018 Annual Revenues $315,000 345,973 111.6%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$315,000</td>
<td>345,973</td>
<td>111.6%</td>
</tr>
<tr>
<td>Fuel Tax</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>408,071 434,287</td>
<td>6.5%</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>408,071 434,287</td>
<td>6.5%</td>
<td>2018 Annual Revenues $430,000 434,287 101.0%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$430,000</td>
<td>434,287</td>
<td>101.0%</td>
</tr>
<tr>
<td>Comcast Franchise Fees</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>271,340 260,466</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>271,340 260,466</td>
<td>-4.0%</td>
<td>2018 Annual Revenues $269,000 260,466 97.2%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$269,000</td>
<td>260,466</td>
<td>97.2%</td>
</tr>
<tr>
<td>Development Services Permitting Revenue/Activity</td>
<td>4Q-17 4Q-16 % Diff</td>
<td>1,538,174 823,496</td>
<td>-47.0%</td>
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<tr>
<td>Qtr - Qt Revenues</td>
<td>1,283,174 823,496</td>
<td>-20.7%</td>
<td>2018 Annual Revenues $518,970 823,496 158.7%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$518,970</td>
<td>823,496</td>
<td>158.7%</td>
</tr>
<tr>
<td>SWM Fees</td>
<td>4Q-17 4Q-18 % Diff</td>
<td>2,280,469 2,296,702</td>
<td>10.4%</td>
</tr>
<tr>
<td>Qtr - Qt Revenues</td>
<td>2,280,469 2,296,702</td>
<td>10.4%</td>
<td>2018 Annual Revenues $2,199,750 2,296,702 104.4%</td>
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<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$2,199,750</td>
<td>2,296,702</td>
<td>104.4%</td>
</tr>
<tr>
<td>SWM FUND</td>
<td>4Q-17 4Q-18 % Diff</td>
<td>720,469 1,371,446</td>
<td>88.0%</td>
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<tr>
<td>Qtr - Qt Revenues</td>
<td>900,246 1,371,446</td>
<td>88.0%</td>
<td>2018 Annual Revenues $700,000 1,371,446 191.6%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$700,000</td>
<td>1,371,446</td>
<td>191.6%</td>
</tr>
<tr>
<td>Real Estate Excise Tax (REET)/Avg Sales Price/Unit</td>
<td>4Q-17 4Q-18 % Diff</td>
<td>1,240,469 1,371,446</td>
<td>18.0%</td>
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<tr>
<td>Qtr - Qt Revenues</td>
<td>900,469 1,371,446</td>
<td>88.0%</td>
<td>2018 Annual Revenues $900,000 1,371,446 181.6%</td>
</tr>
<tr>
<td>Budget</td>
<td>Actual</td>
<td>% Collected</td>
<td>Jan</td>
</tr>
<tr>
<td>2018 Annual Revenues</td>
<td>$900,000</td>
<td>1,371,446</td>
<td>181.6%</td>
</tr>
<tr>
<td>Institution</td>
<td>Par/Shares</td>
<td>Maturity Date</td>
<td>Current Date</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------</td>
<td>---------------</td>
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</tr>
<tr>
<td>US Bank - Cash</td>
<td>$2,089,489.88</td>
<td>overnight</td>
<td></td>
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<tr>
<td>Forfeiture Account</td>
<td>51,920.16</td>
<td>overnight</td>
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<tr>
<td>Local Government Investment Pool</td>
<td>17,634,248.00</td>
<td>overnight</td>
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<td>US Government Agencies</td>
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<tr>
<td>FICO Strips</td>
<td>1,049,000.00</td>
<td>7/15/20</td>
<td>9/30/2018</td>
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<tr>
<td>RFCSP Strip Principal</td>
<td>1,058,000.00</td>
<td>10/15/20</td>
<td>9/30/2018</td>
</tr>
<tr>
<td>FNMA</td>
<td>1,000,000.00</td>
<td>8/28/19</td>
<td>9/30/2018</td>
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<tr>
<td>FNMA</td>
<td>1,000,000.00</td>
<td>11/27/19</td>
<td>9/30/2018</td>
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<tr>
<td>FHMLC</td>
<td>500,000.00</td>
<td>12/30/19</td>
<td>9/30/2018</td>
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<td>FHLB</td>
<td>1,000,000.00</td>
<td>3/20/20</td>
<td>9/30/2018</td>
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<tr>
<td>subtotal</td>
<td>5,607,000.00</td>
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</tbody>
</table>

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DISCUSSION OF FUTURE AGENDA ITEMS:

5:20 p.m., Tuesday, March 26, 2019 - Special Meeting
Interview Applicants for Parks & Recreation Commission

6:00 p.m., Tuesday, March 26, 2019 Special Meeting
Joint Study Session with Youth Council

7:00 p.m., Tuesday, March 26, 2019 Regular Meeting

(Draft Agenda Attached)
CITY OF COVINGTON
SPECIAL MEETINGS AGENDA

CITY COUNCIL INTERVIEWS FOR PARKS & RECREATION COMMISSION – 5:20 P.M. &
CITY COUNCIL JOINT STUDY SESSION WITH YOUTH COUNCIL – 6:00 P.M.
Council Chambers – 16720 SE 271st Street, Suite 100, Covington
www.covingtonwa.gov

Tuesday, March 26, 2019

Council will interview Parks & Recreation Commission applicants beginning at 5:20 p.m.

GENERAL INFORMATION:
The study session is an informal meeting involving discussion between and among the City Council, Commissioners, and city staff regarding policy issues. Study sessions may involve presentations, feedback, brainstorming, etc., regarding further work to be done by the staff on key policy matters.

CALL CITY COUNCIL JOINT STUDY SESSION TO ORDER

APPROVAL OF AGENDA

ITEM(S) FOR DISCUSSION
1. Report on Youth Council Trip to Olympia.

ADJOURN

Americans with Disabilities Act – reasonable accommodations provided upon request a minimum of 24 hours in advance (253-480-2400).

*Note* A Regular Council meeting will follow at approximately 7:00 p.m.
CALL CITY COUNCIL REGULAR MEETING TO ORDER – approximately 7:00 p.m.

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION
- State of the Chamber Presentation (Scott Beusch, Covington Chamber of Commerce)
- Sexual Assault Awareness Month Proclamation – Alix Compton, Director of External Relations (King County Sexual Assault Resource Center)

PUBLIC COMMENT Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.

APPROVE CONSENT AGENDA
C-1. Minutes: February 26, 2019 Special & Regular Meetings and March 12, 2019 Special & Regular Meetings (Scott)
C-2. Vouchers (Hendrickson)
C-3. Authorize City Manager to Execute an Amendment to Agreement with Freheit & Ho Architects for Aquatic Center Fall Protection Project (Newton)
C-4. Consider Resolution Authorizing City Manager to Execute an Addendum to the Interlocal Agreement between the City of Covington and Covington Water District regarding the SE 256th Street Culvert Replacement and Widening Project (CIP 1145) and Authorize City Manager to Execute Supplemental Number 1 with Gray & Osborne for the Design of the Water Improvements for the SE 256th Street Culvert Replacement and Widening Project (Lindskov)

REPORTS OF COMMISSIONS
- Economic Development Council Chair Josh Lyons
- Parks & Recreation Chair Laura Morrissey
- Planning Chair David Caudle
- Youth Council Member
- Human Services Chair Leslie Hamada
- Arts Chair Ed White
NEW BUSINESS
1. Consider Appointment to Parks & Recreation Commission (City Council)
2. Discuss Funding Options for Temporary Traffic Relief at I-90 and SR 18 Interchange (Bolli)

FUTURE AGENDA ITEMS

COUNCIL/STAFF COMMENTS

PUBLIC COMMENT See guidelines above in first public comment section

EXECUTIVE SESSION – if needed

ADJOURN

Americans with Disabilities Act – reasonable accommodations provided upon request a minimum of 24 hours in advance (253-480-2400).