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

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION

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.

NOTICE to all participants: Pursuant to state law, RCW 42.17A.555, campaigning for any ballot measure or candidate in City Hall and/or during any portion of the council meeting, including the audience comment portion of the meeting, is PROHIBITED.

APPROVE CONSENT AGENDA
C-1. Minutes: October 8, 2019 Special & Regular Meetings (Scott)
C-2. Vouchers (Parker)
C-3. Authorize City Manager to Execute Agreement with Puget Sound Energy Regarding the Installation of Street Lights for the 164th Avenue SE Pedestrian Improvement Project (Vondran)
C-4. Authorize City Manager to Execute an Amendment to Agreement with Environmental Science Associates that Provides Wetland Mitigation Monitoring Services Related to the Covington Community Park Phase 2 Project (Newton)

PUBLIC HEARING
1. Receive Testimony from the Public Regarding Proposed Fiscal Year 2020 Budget (Parker)

NEW BUSINESS
2. Consider Appointment to Arts Commission (Council)
3. Consider Ordinance Creating New Article III to Chapter 3.10 of the Covington Municipal Code Relating to Establishing a Sales and Use Tax for Affordable and Supportive Housing in Accordance with Substitute House Bill (SHB) 1406 (Parker)
4. Adopt 2020 Legislative Agenda (Bolli)
5. 2019 Third Quarter Financial Reports (Parker)

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).
Consent Agenda Item C-1
Covington City Council Meeting
Date: November 12, 2019

SUBJECT: APPROVAL OF MINUTES: OCTOBER 8, 2019 CITY COUNCIL SPECIAL MEETING-JOINT STUDY SESSION WITH HUMAN SERVICES COMMISSION MINUTES AND OCTOBER 8, 2019 CITY COUNCIL REGULAR MEETING 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 ______ Motion ______ Other

Councilmember ______ moves, Councilmember ______ seconds, to approve the October 8, 2019 City Council Special Meeting-Joint Study Session with Human Services Commission and October 8, 2019 City Council Regular Meeting Minutes.

1 of 44
The Special Meeting - Joint Study Session with Human Services Commission was called to order in the City Council Chambers, 16720 SE 271st Street, Suite 100, Covington, Washington, Tuesday, October 8, 2019, at 6:02 p.m., with Mayor Wagner presiding.

COVINGTON COUNCILMEMBERS PRESENT:
Jeff Wagner, Joseph Cimaomo, Jennifer Harjehausen, Margaret Harto (via telephone), Fran Hollums, Marlla Mhoon, and Sean Smith.

HUMAN SERVICES COMMISSIONERS PRESENT:
Leslie Hamada, Dawn Allen, Alayna Galfo, Catherine Williams, and Lydia Faitalia.

HUMAN SERVICES COMMISSIONERS ABSENT:
Karson Humiston and Debbie Jacobson.

COVINGTON STAFF PRESENT:
Regan Bolli, City Manager; Noreen Beaufrere, Personnel Manager; Julie Johnston, Personnel & Human Services Planner; and Sharon Scott, City Clerk/Executive Assistant.

CALL TO ORDER:
Mayor Wagner called the special meeting to order at 6:02 p.m.

ITEMS FOR DISCUSSION:
1. Recap of 2019. Human Services Commission Chair Leslie Hamada gave the presentation on this item.

2. Future Plans for 2020. Chair Leslie Hamada also gave the presentation on this item.

ADJOURNMENT:
There being no further business, the special meeting was adjourned at 6:46 p.m.

Prepared by:      Submitted by:
__________________________________      ____________________________________
Joan Michaud      Sharon Scott
Sr. Deputy City Clerk      City Clerk
The Regular Meeting of the City Council of the City of Covington was called to order in the City Council Chambers, 16720 SE 271st Street, Suite 100, Covington, Washington, Tuesday, October 8, 2019, at 7:00 p.m., with Mayor Wagner presiding.

COUNCILMEMBERS PRESENT:
Jeff Wagner, Joe Cimaomo, Jennifer Harjehausen, Margaret Harto (via telephone), Fran Hollums, Marlla Mhoon, and Sean Smith.

STAFF PRESENT:
Regan Bolli, City Manager; Andrew McCurdy, Covington Police Chief; Ethan Newton, Parks & Recreation Director; Don Vondran, Public Works Director; Gina Estep, Community Development Director; Casey Parker, Finance Director; Kathy Hardy, City Attorney; and Sharon Scott, City Clerk/Executive Assistant.

Mayor Wagner opened the meeting with the Pledge of Allegiance.

APPROVAL OF AGENDA:
The agenda was approved as presented.

PUBLIC COMMUNICATION:
• US Navy Proclamation

PUBLIC COMMENT:
Mayor Wagner called for public comments.

Elizabeth Porter, Covington resident, thanked Council for purchasing the old Covington Elementary School property.

Rick Medeiros, Covington resident, voiced his concerns about King County Metro’s plan to eliminate a Covington bus route and asked Council for assistance in convincing Metro to retain the route.

There being no further comments, Mayor Wagner closed the public comment period.

APPROVE CONSENT AGENDA:
C-1. Minutes: City Council September 10, 2019 Special (Tour), and Special (Interview), and Regular Meeting Minutes.

C-2. Vouchers: Vouchers #39674 - #39734, including ACH payments in the amount of $328,954.26, dated September 13, 2019; Paylocity Payroll Vouchers #1011032362 - #1011032379 inclusive, plus employee direct deposits and wire transfers, in the amount of $241,795.13, dated September 20, 2019.
C-3. Award Proposal for Automated Pavement Condition Assessment Project and Authorize City Manager to Execute Agreement with Transmap Corporation.

C-4. Accept Lake at Winterwood Drainage Ditch Repair and Shoulder Regrading Project.

C-5. Resolution Authorizing City Manager to Execute Interlocal Agreement with South Correctional Entity for Inmate Housing.

RESOLUTION NO. 2019-14


C-6. Authorize City Manager to Execute a Real Estate Purchase and Sale Agreement and Other Closing Documents to Acquire Parcel #362205-9098 for Use as a Public Park.

RESOLUTION NO. 2019-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, AUTHORIZING THE CITY MANAGER TO EXECUTE A REAL ESTATE PURCHASE AND SALE AGREEMENT AND OTHER CLOSING DOCUMENTS FOR ACQUISITION OF PARK PROPERTY FOR SOCO PARK.

C-7. Interfund Loan from the General Fund to the Capital Investment Program Fund for the SoCo Park Project (CIP 1019).

RESOLUTION NO. 2019-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, TO APPROVE AN INTERFUND LOAN UP TO $725,000 FROM THE GENERAL FUND TO CAPITAL INVESTMENT PROGRAM FUND FOR THE SOCO PARK PROJECT (CIP 1019).

The consent agenda was approved as presented.

PUBLIC HEARING:
Community Development Director Gina Estep gave the staff report on this item.

Mayor Wagner called for public comments for the public hearing.

Elizabeth Porter, Covington resident, noted that fees may not be stringent enough to support growth.

There being no further comments, Mayor Wagner closed the public comment period for the public hearing.

Councilmembers provided comments and asked questions, and Ms. Estep provided responses.

**ORDINANCE NO. 12-2019**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, ADOPTING THE KENT SCHOOL DISTRICT SIX-YEAR CAPITAL FACILITIES PLAN FOR 2018-19 TO 2024-25 AND ASSOCIATED 2020 KENT SCHOOL DISTRICT IMPACT FEE SCHEDULE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

Council Action: Councilmember Mhoon moved and Councilmember Cimaomo seconded to adopt Ordinance No. 12-2019, in substantial form as that provided in the agenda packet, adopting the updated Kent School District Six-Year Capital Facilities Plan for 2018-19 through 2024-25, including the 2020 School Impact Fee Schedule. Vote: 7-0. Motion carried.

2. Receive Public Comment and Presentation from Staff Regarding 2020 Revenue Sources and Possible Increase in Property Tax Revenues.

Finance Director Casey Parker gave the staff report on this item.

Mayor Wagner called for public comments for the public hearing.

Elizabeth Porter, Covington resident, spoke in support of the property tax increase.

There being no further comments, Mayor Wagner closed the public comment period for the public hearing.

**NEW BUSINESS:**

3. Consider Resolution Declaring Intent to Adopt Legislation to Authorize a Sales and Use Tax for Affordable and Supportive Housing in Accordance with Substitute House Bill (SHB) 1406.

Finance Director Casey Parker gave the staff report on this item.
Councilmembers provided comments and asked questions, and Ms. Parker provided responses.

RESOLUTION NO. 2019-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DECLARING INTENT OF THE CITY OF COVINGTON TO ADOPT LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406.

Council Action: Councilmember Cimaomo moved and Councilmember Mhoon seconded to pass Resolution No. 2019-17, in substantial form as that provided in the agenda packet, declaring intent to adopt legislation to authorize a sales and use tax for affordable and supportive housing in accordance with Substitute House Bill 1406. Vote: 7-0. Motion carried. Vote: 7-0. Motion carried.

4. Discuss 2020 Legislative Agenda.

City Manager Regan Bolli gave the staff report on this item.

Councilmembers provided comments and asked questions, and Mr. Bolli provided responses.

5. City Manager Presents 2020 Budget Message.

City Manager Regan Bolli gave the presentation.

FUTURE AGENDA ITEMS:
Councilmembers reviewed future meeting agendas.

COUNCIL/STAFF COMMENTS:
Councilmembers and staff made comments.

PUBLIC COMMENT:
Mayor Wagner called for public comments.

There being no comments, Mayor Wagner closed the public comment period.

ADJOURNMENT:
There being no further business, the meeting was adjourned at 8:05 p.m.

Prepared by: Submitted by:
__________________________________  ________________________________
Joan Michaud  Sharon Scott
Senior Deputy City Clerk  City Clerk
SUBJECT: APPROVAL OF VOUCHERS

RECOMMENDED BY: Casey Parker, Finance Director

ATTACHMENT(S): (Provided under separate cover.) Vouchers: Vouchers #39862 - #39911, including ACH payments in the amount of $1,151,820.94, dated October 25, 2019; and Paylocity Payroll Vouchers #1011173808 - #1011173822 inclusive, plus employee direct deposits and wire transfers, in the amount of $240,217.93, dated October 18, 2019.

PREPARED BY: Casey Parker, Finance Director

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

Councilmember _________ moves, Councilmember _________ seconds, to approve for payment Vouchers: Vouchers #39862 - #39911, including ACH payments in the amount of $1,151,820.94, dated October 25, 2019; and Paylocity Payroll Vouchers #1011173808 - #1011173822 inclusive, plus employee direct deposits and wire transfers, in the amount of $240,217.93, dated October 18, 2019.
SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE A STREET LIGHTING ORDER – SCHEDULE 51 WITH PUGET SOUND ENERGY REGARDING THE 164TH AVENUE SE PEDESTRIAN IMPROVEMENT PROJECT (CIP 1086).

RECOMMENDED BY: Don Vondran, Public Works Director

ATTACHMENT(S):
1. Exhibit A – Custom Street Lighting Order – Schedule 51

PREPARED BY: Bob Lindskov, City Engineer

EXPLANATION:
The existing construction contract with Rino Construction provides for the construction of new ADA compliant sidewalk along 164th Avenue SE, from approximately SE 269th Street to SE 264th Street. Improvements include, but not limited to, excavation, grading, cement concrete curb and gutter, cement concrete sidewalk, storm drainage improvements, water system improvements, retaining walls, minor asphalt paving, channelization, traffic control and other related work items.

As a separate item we would like Puget Sound Energy to install lighting along the corridor. PSE was not able to give us the final design and cost until just recently. This work will follow the construction project and should be done by the end of the year.

As part of the construction project with Rino Construction, they will also be installing all the conduit and junction boxes for the new street lights. Puget Sound Energy will be installing the wire and street lights.

ALTERNATIVES:
1. The Council could choose not to enter into the Custom Street Lighting Order Agreement with PSE and opt to not have lighting along the 164th Avenue SE Pedestrian Improvement Project.

FISCAL IMPACT:
There are additional costs associated with this agreement. The City’s actual cost for the lighting installation will be $51,840.51. Ongoing monthly charges will be $79.24 a month. This is composed of a facilities charge and an energy charge. This will be paid for by a transfer from the General Fund.

CITY COUNCIL ACTION: ___Ordinance ___Resolution ___X__Motion ___Other

Council member moves, Council member seconds, to authorize the City Manager to enter into an agreement between the City of Covington and Puget Sound Energy regarding the installation of street lights for the 164th Avenue SE Pedestrian Improvement Project.

REVIEWED BY: City Manager, City Attorney, Finance Director
EXHIBIT A

Form of Custom Street Lighting Order

PROJECT NAME: City of Covington 164th Ave SE Rd Imp       Order #: 105088142
LOCATION: 26459 164th Ave SE

CUSTOM STREET LIGHTING ORDER – SCHEDULE 51

This Custom Street Lighting Order (this “Order”), dated October 17, 2019, is made and entered into by and between PUGET SOUND ENERGY, INC. (“PSE”) and City of Covington (“Customer”) (each a “Party,” and collectively the “Parties”) under and pursuant to the terms of that certain Master Lighting Services Agreement No. 0045, dated April 4th 2018, between the Parties (the “Agreement”). This Order covers certain Lighting and Construction Services authorized by this Order and is, along with the associated Schedule, incorporated into and made a part of the Agreement. Unless specifically defined otherwise herein, terms used in this Order with initial letters capitalized have the meanings given them in the Agreement. The Parties agree as follows:

ASSOCIATED SCHEDULE:

This Order is also entered into between the Parties in accordance with PSE’s Schedule 51, Electric Tariff G, and any future modifications of or changes to such Schedule as may be approved by the WUTC.

LIGHTING SERVICES DESCRIPTION:

The installation charge of the listed lighting units was estimated to be $51,840.51.

Description:
Install 13 green fiberglass 30' mounting height poles with green 6' arms and green 111W Type II 4K LED cobraheads

CONSTRUCTION SERVICES DESCRIPTION:
1. In the area where we are placing our cables and equipment, it is assumed finished grade is established.
2. Developer is responsible for pole & tube locations, which are to be 18” x 5’. Mounting tubes are to be black corrugated plastic.
3. PSE will provide pole, luminaire, and circuitry. Customer is responsible for trenching, conduit, backfilling and pole holes to the depth of 5’.
4. If Permits or Flaggers are required for present construction it is your responsibility to reimburse PSE these costs.
5. Unforeseen soil or pavement conditions are not included and it is your responsibility to reimburse PSE for these costs.

BILLING:

Billing under this Order will be in accordance with the terms and conditions contained in the terms & conditions of Schedule 51, Electric Tariff G, and the Agreement, and any future modifications of or changes to such Schedule as may be approved by the WUTC.
The basis of the monthly energy charge for the Lighting Services as currently constituted under Rate Schedule 51 is as follows:

Monthly facilities cost is equal to the Value of the System (VOS) x facilities rate. VOS is the estimated installation cost less applicable taxes. Monthly energy cost is equal to the energy rate x number of Units. Energy rate is determined by wattage of unit as currently constituted under the rate schedule.

Value of System: $46,825.50   Facilities Rate: .0074

Units and Wattage breakdown:
13 x (111W) $3.43 = 44.59

The total monthly charge for this installation is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly facilities charge</td>
<td>$34.65</td>
</tr>
<tr>
<td>Monthly energy charge</td>
<td>$44.59</td>
</tr>
<tr>
<td>Total monthly charge</td>
<td>$79.24</td>
</tr>
</tbody>
</table>

For Construction Services and Costs, these costs will be billed as follows:

Upon completion of the Construction Services, PSE shall provide the Customer with an invoice for the Construction Costs incurred by PSE. Customer shall remit payment to PSE for the Construction Costs within thirty (30) days of receiving the invoice.

SERVICE TERM/REMOVAL AND SALVAGE COSTS:

Service under this Order is effective for a minimum of fifteen (15) years from the date of this Order (the “Base Term”) unless earlier terminated as provided for in the Agreement. If this Order is terminated for any reason during the Base Term, the Customer shall be responsible for all costs of removal of any Facilities associated with the Services, as well as any costs associated with PSE’s efforts to salvage the removed Facilities, as set forth in the applicable Schedule. After the expiration of the Base Term, this Order shall continue on a year-to-year basis until terminated by either Party upon at least one (1) year’s notice in writing (each, an “Extended Term” and, together with the Base Term, the “Term”) unless earlier terminated as provided for elsewhere in this Agreement. The Term may be adjusted by PSE in writing for existing systems purchased by PSE, based on the estimated remaining life and purchase price. If this Order is terminated during any Extended Term, the Customer shall not be responsible for the costs of removal of any Facilities associated with the Services, or any costs associated with PSE’s efforts to salvage the removed Facilities.

ADDITIONAL TERMS:

1. To transfer the energy and maintenance monthly billing, the new billing party must contact PSE in writing.

2. Non-standard facilities are not kept in PSE inventory for the purpose of maintenance; therefore replacement of non-standard components may not be within the same time as replacement of standard components.

   Are non-standard components included in this Order? Yes ☐ No ☒

3. The monthly billing party for the energy and maintenance will be: City of Covington

This Order, executed by Customer’s duly authorized representative as of the date first written above, is for the Lighting Services described above delivered under PSE’s Schedule 51.
Customer: City of Covington

Signature: ________________________________ Date: ________________
Printed Name: ________________________________
Title: ______________________________

Company: Puget Sound Energy, Inc.

Signature: ________________________________ Date: ________________
Printed Name: ________________________________
Title: ______________________________
SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE AN AMENDMENT TO CAG #057-2018 WITH ENVIRONMENTAL SCIENCE ASSOCIATES TO PROVIDE WETLAND MITIGATION MONITORING SERVICES RELATED TO THE COVINGTON COMMUNITY PARK PHASE 2 PROJECT.

RECOMMENDED BY: Ethan Newton, Parks and Recreation Director

ATTACHMENTS:
1. Amendment to Consultant Services Agreement with Environmental Science Associates

PREPARED BY: Ethan Newton, Parks and Recreation Director

EXPLANATION:
The Army Corps of Engineers permit (NWS-2016-944) for the Covington Community Park Phase 2 project contains requirements for wetland mitigation monitoring for 10 years. The original agreement allows for Environmental Science Associates (ESA) to provide this monitoring through the first 5 years. The amendment provides support for work associated with completing the as-built report that was not anticipated or included in the original agreement but required to comply with the Army Corps of Engineers permit. Because the finalizing of the as-built report is occurring a year later than originally anticipated, the contract end date is being extended by the amendment by 1-year to December 31, 2024.

ALTERNATIVES:
None.

FISCAL IMPACT:
The amendment increases the contract by $3,932 for a total cost of $43,848. Funding is available for this increased amount in the approved 2019 budget allocated to the Covington Community Park Phase 2 project.

CITY COUNCIL ACTION: _____Ordinance _____Resolution  X  Motion  _____Other

Council member ___________ moves, Council member ____________ seconds, to authorize the City Manager to execute an amendment to CAG #057-2018 with Environmental Science Associates that provides wetland mitigation monitoring services related to the Covington Community Park Phase 2 project.

REVIEWED BY: Finance Director, City Attorney, City Manager
CONSULTANT SERVICES AGREEMENT
between the City of Covington and
Environmental Science Associates

Amendment #1

Contract No. 057-2018 between the City of Covington and DCI Engineers, entered into by the parties on the 5th day of July, 2018, is amended pursuant to Section XIII (E) of said Agreement, as follows:

1. DESCRIPTION OF WORK. Section I of the Agreement shall be amended to include wetland mitigation monitoring services as described in the new Exhibit “A” attached hereto and incorporated herein by this reference.

2. TERM OF AGREEMENT. Section II of the Agreement shall be amended to complete the work by December 31, 2024.

3. COMPENSATION. Section III of the Agreement shall be amended to include the additional services for a total compensation amount not to exceed $43,848.

All other provisions of the contract shall remain in full force and effect.

IN WITNESS, the parties below execute this Agreement, which shall become effective on the last date entered below. All acts consistent with the authority of this Agreement and prior to its effective date are ratified and affirmed, and the terms of the Agreement shall be deemed to have applied.

CONTRACTOR:

By: ____________________________
(signature)
Print Name: ____________________________
Its: ____________________________
(title)
DATE: ____________________________

CITY OF COVINGTON:

By: ____________________________
(signature)
Print Name: Regan Bolli
Its: City Manager
DATE: ____________________________

NOTICES TO BE SENT TO:

CONTRACTOR:

Ethan Newton
City of Covington
16720 SE 271st Street, Suite 100
Covington, WA  98042
(253) 480-2481
enewton@covingtonwa.gov
The City of Covington (City) has requested an amendment to the Scope of Work that the City and Environmental Science Associates (ESA) agreed upon for conducting wetland mitigation monitoring for Phase 2 of the Covington Community Park (CCP) project. Construction of the wetland mitigation for Phase 2 of the CCP project began in 2016 and planting of the mitigation areas was largely completed in February-March 2018. The Corps of Engineers permit (NWS-2016-944) requirements are slightly different than those for Phase 1 and state that Year 1 monitoring is to start at least one year after completion of the mitigation construction, which would be 2019. The permit requirements include an as-built report and plan for Year 0, and monitoring in Years 1, 2, 3, 5, 7, and 10. To support this effort, the City and Environmental Science Associates (ESA) entered into an agreement for ESA to conduct monitoring for Years 0, 1, 2, 3, and 5.

Recently, the City requested additional ESA support in finalizing the as-built report once re-planting and weed maintenance activities within the Phase 2 wetland mitigation planting areas have been completed. Our proposed scope of services for this additional assistance is described in the following subtask.

**Subtask 1A. Final As-Built Report and Plan**

ESA previously completed an As-Built memorandum for the Phase 2 wetland mitigation planting areas and submitted it to the City on June 7, 2019. Under this subtask, ESA will build upon the memorandum to complete a Final As-built Report and Plan that will incorporate an additional site inspection of the Phase 2 wetland mitigation planting areas where re-planting and weed maintenance activities have been completed. ESA will also mark approximate locations for vegetation monitoring plots and photo points at each of the wetland creation areas on the as-built to guide monitoring efforts and provide documentation of vegetation development.

**Assumptions:**

- ESA will make one 8-hour site visit to inspect re-planting and weed maintenance actions, and note general site conditions.

**Cost Task: $3,932**
SUBJECT: PUBLIC HEARING TO RECEIVE TESTIMONY FROM THE PUBLIC REGARDING PROPOSED FISCAL YEAR 2020 BUDGET [FIRST OF TWO PUBLIC HEARINGS].

ATTACHMENT(S):

COUNCILMEMBERS AND STAFF: PLEASE REMEMBER TO BRING YOUR PRELIMINARY 2020 BUDGET WORKBOOK BINDERS TO THE MEETING. THANK YOU!

RECOMMENDED BY: Casey Parker, Finance Director

EXPLANATION:
This is the first of two public hearings to receive testimony from the public on the 2020 proposed operating and capital budget. This hearing is required to be held by RCW 35.33.057. A second public hearing will be held at the council’s November 26, 2019, regular meeting.

ALTERNATIVES:
N/A

FISCAL IMPACT:
N/A

CITY COUNCIL ACTION: _____Ordinance _____Resolution _____Motion  X Other

HOLD PUBLIC HEARING TO RECEIVE TESTIMONY ON THE 2020 PROPOSED OPERATING AND CAPITAL BUDGET.
SUBJECT: CONSIDER APPOINTMENT TO OPENING ON THE ARTS COMMISSION

RECOMMENDED BY: Pat Patterson, Recreation & Cultural Arts Manager

ATTACHMENTS: See Interview Schedule and application provided separately.

PREPARED BY: Joan Michaud, Senior Deputy City Clerk

EXPLANATION:
The Arts Commission currently has two vacant positions. An application has been received from Jessica Breeden. Ms. Breeden resides within the Covington city limits and interviewed with the City Council on November 12 for a position on the Arts Commission.

Current Arts Commission Rules state:

2.70.020 Membership, terms, residence requirements.
(1) Membership. The Arts Commission shall consist of seven members appointed by the City Council, two of which may be youth members who must be between the ages of 14 and 18 at the start of their terms. Up to two of the members may reside outside the City, but those outside must reside within a three-mile radius of the City limits. The remaining five members must work or reside within the City limits.

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 _____X_____ Motion _____ Other

Councilmember ______________ moves, Councilmember ______________ seconds, to appoint ______________ to fill Position No. 6 on the Arts Commission with a remaining term expiring May 31, 2021.

REVIEWED BY: Recreation & Cultural Arts Manager, City Manager
SUBJECT: CONSIDER PROPOSED ORDINANCE CREATING NEW ARTICLE III TO CHAPTER 3.10 OF THE COVINGTON MUNICIPAL CODE RELATING TO ESTABLISHING A SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL (SHB) 1406.

ATTACHMENT(S):
1. Ordinance

RECOMMENDED BY: Casey Parker, Finance Director

EXPLANATION:
On October 8, 2019 Council adopted a resolution declaring the City’s intent to adopt legislation to authorize a sales and use tax for affordable and supportive housing in accordance with SHB 1406 and incorporated into Chapter 82.14 Revised Code of Washington (RCW). Implementation of SHB 1406 does not raise any new taxes or fees, it simply authorizes a participating city or county to receive a small portion of the state’s current sales tax revenue for certain housing purposes.

Covington has taken the first step to become a participating city by adopting a resolution of intent. The next step is to adopt an ordinance that authorizes imposing the state sales tax credit. By adopting this ordinance, our city would receive approximately 0.0073 percent or $42,860 annually in revenue for each of the 20 years.

Under SHB 1406, The City could qualify for a greater amount of tax credit, an additional 0.0073 percent or an additional $42,860 annually, but only if the City Council adopted a qualifying new tax, subject to voter approval. The City of Covington does not currently have a qualifying local tax, which includes an affordable housing levy authorized under RCW 84.52.105; a sales and use tax for housing and related services authorized under RCW 82.14.530; a sales tax for chemical dependency and mental health treatment services or therapeutic courts authorized under RCW 82.14.460; or a property tax levy authorized under RCW 84.55.050 if used solely for affordable housing. According to Municipal Research Services Center (MRSC), there are only six cities in the State that have implemented at least one of these qualifying local taxes: Bellingham, Ellensburg, Olympia, Seattle, Tacoma, and Vancouver. If the City of Covington wanted to enact a qualifying local tax, it would need to do so prior to July 27, 2020 (i.e., at a special election in February or April 2020).

State law allows the sales tax credit to be used for: acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; or funding the operations and maintenance costs of new units of affordable or supportive housing; and rental assistance to tenants with incomes at or below 60 percent of the City median income. The legislation also authorized local governments to pool their funds through an interlocal agreement.
For example, the City could use its share as a partner with the South King Housing and Homeless Partners (SKHHP) or with another combination of nearby cities. The City, by itself or with other partners, may also choose to bond against the revenue.

To be eligible for the state funds, an ordinance must be adopted by July 27, 2020. However, the sooner the city acts on the ordinance, the sooner it will qualify to be able to start receiving the state funds. The credit would take effect on the first day of the month following the 30-day waiting period after the City adopts the enabling legislation. For instance, if adopted tonight, the tax credit will take effect on January 1, 2020 with the City receiving its first distribution in March 2020.

FISCAL IMPACT:
The City is currently eligible for a 0.0073 percent tax credit rate. The tax credit is in place for up to 20 years. AWC estimates it would generate $42,860 annually for the City. If a qualifying local tax is pursued and passed, the city would be eligible for an additional 0.0073 percent for a total of 0.0146 percent or $85,720 total annually. This would not increase the sales tax rate of Covington but shift funds from existing State collections to the City.

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

Councilmember _______________ moves, Councilmember __________________ seconds, to pass an Ordinance authorizing the creation of a new article III to chapter 3.10 of the Covington Municipal Code relating to establishing a sales and use tax for affordable and supportive housing in accordance with Substitute House Bill 1406.

REVIEWED BY: City Manager, City Attorney, Finance Director
AN ORDINANCE OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON ADOPTING LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND OTHER MATTERS RELATED THERETO AND ADDING A NEW ARTICLE III TO CHAPTER 3.10 OF THE COVINGTON MUNICIPAL CODE.

WHEREAS in the 2019 Regular Session, the Washington State Legislature approved Substitute House Bill 1406 to implement a local sales and use tax to fund affordable and supportive housing (Chapter 338, Laws of 2019) (“SHB 1406”); and

WHEREAS, under the new law, a “qualifying local tax” is defined as any of the following:
- the affordable housing levy (RCW 84.52.105),
- the sales and use tax for housing and related services (RCW 82.14.530),
- the sales and use tax for chemical dependency and mental health treatment services or therapeutic courts (RCW 82.14.460), or
- a voter-approved property tax levy used solely for affordable housing (RCW 84.55.050); and

WHEREAS, under the new law, the maximum rate of 0.0146 percent is available only to a city levying a qualifying local tax; and

WHEREAS, a county may not levy the tax within the limits of a city imposing the tax at 0.0146 percent;

WHEREAS, the City of Covington does not presently have a qualifying local tax and this Ordinance would not impose a qualifying local tax; and

WHEREAS, the City of Covington could still obtain the maximum rate of 0.0146 percent under the new law if a qualifying local tax is instated in Covington no later than July 27, 2020 (this would require separate additional action beyond the scope of the Ordinance); and

WHEREAS, under the new law, the rate of 0.0073 percent is available to a city, like Covington, without a qualifying local tax; and

WHEREAS, to impose the tax under the new law, a city legislative authority must adopt a resolution of intent by January 31, 2020, and impose the tax by July 27, 2020; and

WHEREAS, the City Council adopted a resolution of intent on October 8, 2019; and

WHEREAS, the tax imposed by this Ordinance is deducted against the state sales tax collected in the jurisdiction, so it does not increase the total sales and use tax paid by the final consumer or end user; and

WHEREAS, under this new tax, the amount a city may collect in any fiscal year is limited based on taxable retail sales in the jurisdiction for state fiscal year 2019; and
WHEREAS, a city may bond against the revenue by this tax; and

WHEREAS, the revenue collected or bonds issues may only be used for: 1) acquiring, rehabilitating, or constructing affordable housing, including new units of affordable housing within an existing structure or facilities providing supportive housing services; or 2) operations and maintenance costs of new units of affordable or supportive housing; and

WHEREAS, cities with a population of 100,000 or less may also use the revenue to provide rental assistance to tenants; and

WHEREAS, housing and services may only be provided to persons whose income is at or below 60 percent of the city median income; and

WHEREAS, a city may enter into an interlocal agreement with one or more other counties, cities, or other housing partners to provide affordable or supportive housing; and

WHEREAS, cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce; and

WHEREAS, the City Council desires, by this Ordinance to levy and impose the tax authorized by Chapter 338, Laws of 2019;

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

Section 1. The City Council hereby adopts a new Article III to Chapter 3.10 of the Covington Municipal Code (CMC), entitled “Sales and Use Tax for Affordable and Supportive Housing” as attached hereto and hereby incorporated by reference as if fully set forth herein.

Section 2. This ordinance shall be in full force and effect five days (5) after 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 November 2019.

_________________________ PUBLISHED: November 15, 2019
Mayor Jeff Wagner

_________________________ EFFECTIVE: November 20, 2019
Sharon Scott, City Clerk

ATTESTED:

APPROVED AS TO FORM:

_________________________ Mayor Jeff Wagner
Kathy Hardy, City Attorney
Article III
Sales and Use Tax for Affordable and Supportive Housing

Sections:
3.10.090 Imposition of Sales and Use Tax for Affordable and Supportive Housing as authorized by SHB 1406.
3.10.100 Purpose of Tax.
3.10.110 Administration - Collection.
3.10.120 Inspection of Records – Agreement with Department of Revenue.
3.10.130 Violation - Penalty.

3.10.090 Imposition of Sales and Use Tax for Affordable and Supportive Housing.

1. Imposition. There is imposed a sales and use tax as authorized by Washington State Legislature Chapter 338, Laws of 2019, upon every taxable event, as defined in Chapter 82.14 RCW, as the same exists or may hereafter be amended, which occurs within the City limits. The tax shall be imposed upon and collected from those persons from whom the State sales and/or use tax is collected pursuant to Chapter 82.08 and 82.12 RCW, as the same now exists or may hereafter be amended.

2. Tax Rate. The rate of the tax imposed by subsection (1) of this section shall be the maximum rate permitted to cities under Chapter 338, Laws of 2019 and shall expire twenty years after the date on which the tax is first imposed.

3. Calculation. The maximum amount to be received by the City from the tax each year shall be equal to the taxable retail sales within the City limits of Covington in State fiscal year 2019 multiplied by the tax rate. The tax imposed subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue (DOR) under Chapter 82.08 or 82.12 RCW, as the same now exists or may hereafter be amended. DOR shall collect and administer the tax on behalf of the City of Covington at no cost to the City. In the event that the amount of tax exceeds the maximum amount allowed to the City under SHB 1406, any excess shall be remitted to the State Treasurer in accordance with SHB 1406.

3.10.100 Purpose of Tax.
The City may use the moneys collected by the tax imposed under CMC section 3.10.090 or bonds issued only for the following purposes:

1. Acquiring, rehabilitating, constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; and

2. Providing the operations and maintenance costs of new units of affordable or supportive housing; and

3. Providing rental assistance to tenants.
The housing and services provided under CMC Section 3.10.100 may only be provided to persons whose income is at or below 60 percent of the median income of the City.

3.10.110 Administration – Collection.
The administration and collection of tax imposed by this chapter shall be in accordance with the provisions of Washington State Legislature Chapter 338, Laws of 2019, which shall be codified in Chapter 82.14 RCW.

3.10.120 Inspection of Records – Agreement with the Department of Revenue.
The City consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330, as the same now exists or may hereafter be amended. The City Manager is authorized to enter into an agreement with the Department of Revenue for the administration of the tax.

3.10.130 Inspection of Records – Agreement with the Department of Revenue.
It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, whether direct or indirect, or for any buyer to refuse to pay any tax due under the provisions of this chapter. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to State law or City ordinance.
SUBJECT: 2020 LEGISLATIVE PRIORITIES AND POLICIES

RECOMMENDED BY: Regan Bolli, City Manager

ATTACHMENT(S):
1. Legislative Priorities
2. Legislative Policies
3. SR 516 Briefing Sheet
4. Friendship Park Briefing Sheet

PREPARED BY: Sharon Scott, City Clerk

EXPLANATION:
At the October 8, 2019 council meeting the council reviewed the draft legislative priorities and policies. The attached proposed documents include edits made by staff and the city’s lobbyist.

Following council approval staff will review our 2020 Legislative Priorities and Policies with our 47th District Legislators.

ALTERNATIVES:
Make additional edits.

FISCAL IMPACT:

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

Councilmember __________ moves, Councilmember ____________ seconds to adopt the 2020 Legislative Priorities and Policies.

REVIEWED BY: City Manager, City Clerk
TRANSPORTATION FUNDING

Highway 18
The City of Covington joins the South East Area Legislative Transportation Coalition (SEAL TC) to request that $285 million be included in the next transportation package to widen Highway 18 from the Issaquah Hobart Road to Raging River. This stretch of Highway 18 experiences lane reductions causing increased congestion and safety concerns, including an increased likelihood of head-on collisions.

The current Transportation Budget appropriates $8.9 million in 2019-21 and $18 million in 2021-23 for a total of $25 million allocated to advance the project to “construction ready” status. However, construction remains unfunded. WSDOT estimates that construction will cost approximately $285 million.

State Route 516
State Route 516 bisects Covington’s downtown, and carries regional traffic from Maple Valley, Black Diamond, and Covington to Highway 18. As these communities have grown, this two-lane regional arterial has reached capacity. The Legislature previously recognized the need to widen this arterial and allocated $13.2 million in the 2015 Connecting Washington funding package to widen SR 516 between Jenkins Creek and 185th. However, the 1.7-mile section of the corridor from 185th to the east city limits at 212th remains unfunded. The City requests that $30.8 million be included in the next transportation revenue package to widen this regional state highway to a 5-lane urban arterial standard.

Local Transportation Preservation & Maintenance Funding
In addition to improving the state routes that run through the City of Covington, the City is responsible for maintaining the City’s network of roads that are the first and last mile for any trip a Covington resident makes. The Joint Transportation Committee recently completed a study indicating that there is over $1 billion in unmet local transportation needs. The City supports legislation that provides cities with the funding and tools to better meet these local needs.

CAPITAL FUNDING: FRIENDSHIP PARK
The City of Covington requests $250,000 to complete Friendship Park improvements to address outdated equipment, update amenities and improve infrastructure for the community that continues to grow and develop around this park.

ECONOMIC DEVELOPMENT
The City of Covington supports legislation providing more tools to cities to support economic development in downtown centers, such as the Covington Town Center. The City joins the Association of Washington Cities in advocating for increment financing tools.

*The City supports the efforts of the Association of Washington Cities and Sound Cities Association.
In addition to the City’s 2020 adopted legislative priorities, the city has adopted the following policies. The policy document provides direction to city staff and the city lobbyist. These are issues that the city will monitor and support along with AWC and other stakeholders, but are secondary to the 2020 legislative priorities of the City.

**STATE-SHARED REVENUES**
The City of Covington requests that the Legislature continue to fully fund local-state shared revenues, including liquor revolving account revenues, liquor profit revenues, marijuana excise tax revenues, and others.

**PROPERTY TAX**
The City of Covington supports lifting the 1% property tax ceiling to allow city revenues to increase with inflation/increasing costs.

**HIGHER EDUCATION**
The City will monitor any legislative proposals that would assist the Covington community in attaining higher education.

**INFRASTRUCTURE FUNDING**
The City of Covington supports continued and increased funding for the Public Works Assistance Account to meet local infrastructure needs, including redirecting Real Estate Excise Tax revenues and Utility Tax revenues back into the Public Works Assistance Account.

**REGIONAL TRANSPORTATION NEEDS**
The cities of Covington, Maple Valley, and Black Diamond will continue to advocate jointly for federal and state funding for State Route 169 and State Route 516 improvements and for transit alternatives in the three rapidly growing communities.

**UNFUNDED MANDATES**
Oppose unfunded and under-funded mandates on local government. Support funding for existing mandates including comprehensive plan updates, Shoreline Management Act updates and National Pollution Discharge Elimination System (NPDES) requirements.

*CONTINUED ON BACK*
LOCAL CONTROL
The City of Covington supports legislation that provides greater local control of city regulatory issues, particularly around fireworks, marijuana lounges, liquor establishments, etc.

AFFORDABLE HOUSING & HOMEOWNERSHIP TOOLS
The City of Covington joins housing advocates in requesting funding tools for affordable housing, funding for the Housing Trust Fund, and other creative solutions to funding or incentivizing affordable housing.

STORMWATER & CULVERT FUNDING
The City of Covington has significant stormwater and culvert funding needs. The City requests funding for current and new grant programs for local stormwater and culvert projects.

* The City supports the efforts of the Association of Washington Cities and Sound Cities Association.
The City of Covington respectfully requests $30.8 million to fund State Route 516 improvements from 185th Avenue SE to 192nd Avenue SE. This project will provide a regional benefit, also serving residents in Maple Valley, Black Diamond and beyond.

**PROJECT HIGHLIGHTS**

Improving SR 516 from 185th to the East City Limits (approximately 1.75 miles) will spur economic and residential development in eastern Covington and address the “Covington crawl” by improving traffic delays coming into downtown Covington. The project will complete the widening of SR 516 to five lanes through the Covington City Limits.

**PROJECT BENEFITS**

- Widens SR 516 from a two-lane rural section to a five-lane urban arterial to address traffic delays.
- Adds sidewalks along the state highway to accommodate pedestrians and facilitate a walking community.
- Improves the safety and visibility of the roadway with new street lighting.
- Medians and U-turns will control access, improve safety, and maintain access to businesses.
- Landscaping strips between the curb and sidewalk will separate pedestrians from motorists.
- Bike lanes will support and encourage alternative modes of transportation.

**FUNDING PARTNERSHIP**

The City of Covington respectfully requests that the state contribute $30.8 million to improve SR 516 from 185th Avenue SE to the East City Limits. This funding would allow for the completion of SR 516 being upgraded from a two-lane rural roadway to a five-lane arterial through the entire Covington City limits. Recognizing the positive impact that SR 516 improvements have on the city, Covington has already invested $2.5 million of local funding to improve SR 516. As a state highway, SR 516 would traditionally be the state’s responsibility to maintain and improve. The City has chosen to share this obligation with the state, and is now asking the state to contribute funding to move the project forward.
PROJECT HIGHLIGHTS
Friendship Park improvements will replace outdated equipment, update amenities, revamp landscaping and improve infrastructure for the community that continues to grow and develop around this park.

PROJECT DETAILS
Friendship Park functions as one of Covington’s first and only neighborhood-based playspaces, located among an expanding, underserved, urban neighborhood. Its largest and most critical feature is an open circular field that desperately needs irrigation in order to meet demonstrated need for greenspace and to be maintained as a functional lawn. New water lines and infrastructure will activate the park along with new amenities such as a water fountain and a water play feature like a push-button mister. These improvements are also in line with a need to update the water catch basins around the circular path to remove tripping hazards in anticipation of new levels of activity and enjoyment year-round.

PROJECT BENEFITS
• Health: In a neighborhood with limited outdoor spaces, Friendship Park will provide opportunities for physical activity to improve and reduce the risk of diseases such as heart disease, hypertension, colon cancer, and diabetes. The park will empower active lifestyles that provide psychological benefits, improve mental health, and alleviate symptoms of depression and anxiety.

• Economic: Access to parks such as Friendship Park can increase property values, foster job creation, and provide a foundation for place-based economic development.

• Environmental: Friendship Park helps protect air/water quality, provides carbon-reducing sustainable landscapes and preserves open space for current and future generations.

• Social and equity: Friendship Park provides equal access to all citizens regardless of age, gender, socioeconomic status, ethnicity, or ability. The park will foster community pride, bring people together, and connect people to each other and nature.
SUBJECT: 2019 THIRD QUARTER FINANCIAL REPORTS

RECOMMENDED BY: Casey Parker, Finance Director

ATTACHMENT(S):
1. 2019 Third Quarter Report
2. Quarterly Performance Reports by Fund

PREPARED BY:
Casey Parker, Finance Director

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

ALTERNATIVES:
N/A

FISCAL IMPACT:
None.

CITY COUNCIL ACTION: _____Ordinance _____Resolution _____Motion  _X_ Other

ASK QUESTIONS OF STAFF

REVIEWED BY: City Manager
United States
- U.S. forecast similar to the June forecast; personal income slightly higher than June.
- U.S. forecast for real GDP growth in September was 2.3% down from 2.5% in June.
- U.S. baseline forecast has slowing growth but no recession.

Washington
- Washington’s unemployment rate was 4.6% in August, remaining near its all-time low of 4.4%.
- Personal income rose 4.3% and was the 15th largest among the states.
- Washington exports declined 27.6% over 2018.

Upside
- Baseline forecast has slowing growth but no recession.
- Strong U.S., WA labor markets.

Downside
- Impact of trade disputes and a slowing global economy.
- Relative to GDP, Federal debt is expected to reach levels last seen just after WW II.

Quarterly Summary
Major revenues such as property, utility, and REET taxes continue to do well and are meeting or exceeding budget estimates. Sales tax collections continue to be down again for 3rd quarter due to an anticipated decrease in construction, but other categories have been lessening the gap. Development services revenues, as well as aquatics and athletics and recreation revenues, have continued to come in strong and are almost at budget for the year. As of the writing of this report, the elections have not taken place, if Initiative 976 passes, a major portion of our street funding will be eliminated beginning in December and our Transportation Benefit District abolished. This would result in an estimated $362,000 loss which would most likely force the City to make cuts. If needed, we will discuss options at the upcoming budget workshop on November 16th.

- Casey Parker, Finance Director

<table>
<thead>
<tr>
<th>Inside this issue:</th>
<th>Public Works</th>
<th>Development Services</th>
<th>Parks, Aquatics, Recreation, and Athletics</th>
<th>Cash and Investments</th>
<th>Capital Investment Program</th>
</tr>
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<tbody>
<tr>
<td>Property Tax</td>
<td>2</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate Excise Tax</td>
<td>2</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Retail Sales and Use Tax</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Utility Tax</td>
<td>3</td>
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<tr>
<td>General Fund</td>
<td>4</td>
<td></td>
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</tbody>
</table>
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 30 and October 31 each year, the major distributions are realized in early May and November.

Through 3rd quarter the city received $1,520,343 or 54.6% of budget. This is 3.8% or $56,406 above 2018 3rd 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 2018 levy for 2019 collection is $2,803,177 and the levy rate is $1.02/$1,000 assessed value. The legal cap for property tax collections is $2.10/$1,000 assessed value.

The city’s assessed valuation is $2.7 billion—an increase of $281.7 million or 11.5% 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 September, collections are $925,986 or 94.2% of the $982,517 budget. This is $77,352 or 7.7% lower than 2018 due to a large commercial sale that took place in 2018.

There were 48 new home sales, 315 existing home sales, 5 commercial, and 18 lot sales through 3rd quarter.
Sales and use tax is the largest revenue source available to the city. The 3rd quarter is below 2018 levels by $157,393 or 4.%. Total collections are at $3,756,293 or 73.6%. The budget for 2019 is $5,100,000. Cumulatively comparing each category to the 3rd quarter of 2018 shows that retail came in ahead at 3.6% and construction is negative –43.8%. Food services is up 8.4% for the quarter while all other categories were up 20.1%.

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 3rd quarter y/y is up by $334,646 or 23.3%. Total collections are $1,768,548 or 76.2% of budget.

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>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>$484,433</td>
<td>$570,810</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>242,425</td>
<td>254,945</td>
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<tr>
<td>Solid Waste</td>
<td>118,198</td>
<td>213,738</td>
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<tr>
<td>Cable</td>
<td>261,704</td>
<td>334,299</td>
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<tr>
<td>Telephone</td>
<td>220,681</td>
<td>202,592</td>
</tr>
<tr>
<td>SWM</td>
<td>106,461</td>
<td>192,164</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,433,902</strong></td>
<td><strong>$1,768,548</strong></td>
</tr>
</tbody>
</table>
Operating revenues are 73.8% of budget or $9.96 million. This exceeds 2018 levels by $373,769. Sales, utility, and property tax collections are detailed on pages 2 and 3 and parks revenue is reviewed on page 5.

Total expenditures excluding transfers out are $8,546,232. This is an increase in spending of 6.1% or $495,063 over the same period last year.

Overall, 73.3% of the budget was spent. Beginning fund balance is $9,554,072 – an increase of $22,968.

### GENERAL FUND DEPARTMENT BUDGET UPDATE

<table>
<thead>
<tr>
<th>Department</th>
<th>YTD - 2018</th>
<th>% of Budget</th>
<th>YTD - 2019</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Council</td>
<td>$ 122,163</td>
<td>66.5%</td>
<td>$ 188,759</td>
<td>88.9%</td>
</tr>
<tr>
<td>Municipal Court</td>
<td>278,210</td>
<td>50.1%</td>
<td>421,004</td>
<td>73.7%</td>
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<tr>
<td>Executive</td>
<td>809,229</td>
<td>71.6%</td>
<td>770,884</td>
<td>68.0%</td>
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<tr>
<td>Finance</td>
<td>549,020</td>
<td>78.6%</td>
<td>473,272</td>
<td>65.1%</td>
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<tr>
<td>Legal</td>
<td>126,343</td>
<td>62.1%</td>
<td>137,174</td>
<td>63.7%</td>
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<tr>
<td>Human Resources</td>
<td>298,795</td>
<td>71.1%</td>
<td>298,942</td>
<td>67.4%</td>
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<tr>
<td>Central Services</td>
<td>583,886</td>
<td>74.6%</td>
<td>638,602</td>
<td>76.4%</td>
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<tr>
<td>Law Enforcement</td>
<td>2,726,935</td>
<td>65.0%</td>
<td>3,016,045</td>
<td>64.9%</td>
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<tr>
<td>Community Development</td>
<td>284,227</td>
<td>53.3%</td>
<td>333,430</td>
<td>70.4%</td>
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<tr>
<td>Parks Maintenance</td>
<td>396,241</td>
<td>65.8%</td>
<td>397,609</td>
<td>74.7%</td>
</tr>
<tr>
<td>Aquatics</td>
<td>1,064,104</td>
<td>75.0%</td>
<td>996,630</td>
<td>64.5%</td>
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<tr>
<td>Recreation &amp; Cultural Arts</td>
<td>553,479</td>
<td>66.9%</td>
<td>623,945</td>
<td>72.0%</td>
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<tr>
<td>Parks</td>
<td>258,537</td>
<td>64.4%</td>
<td>249,936</td>
<td>69.6%</td>
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<tr>
<td>Operating Transfers Out</td>
<td>185,432</td>
<td>6.4%</td>
<td>1,557,451</td>
<td>127.7%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 8,236,601</strong></td>
<td><strong>44.5%</strong></td>
<td><strong>$ 10,103,683</strong></td>
<td><strong>73.3%</strong></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 are just under budget at $191,804 or 74.1% and are down 3.3% from 2018.

Total operating revenues are $829,332 or 77.2% for the 3rd quarter.

Gas taxes are below estimates at 72.2% or $310,369. Statewide projections are 10% lower than 2018.

Motor vehicle license fees are at $265,855 or 80.6% of budget.

Total expenditures excluding transfers out are at 74% or $1,038,965.

Street operating revenues are less than operating expenditures by $209,633. Operating transfers of $242,890 from the general fund help offset that deficit.

Beginning fund balance for Streets is $300,020 a decrease of $106,603.

SWM is primarily funded through drainage fees collected by King County and distributed to the city. Collections through June are $1,403,973 or 54.4% of budget. Total operating revenues are at 54.1% or $1,437,421.

Total expenditures excluding transfers out are at 66.6% of budget or $1,762,731.

**DEVELOPMENT SERVICES**

Total revenue is at $1,556,717 or 96.4% of forecast. This is a 2.3% decrease over 2018. All categories besides investment earnings have seen a decrease.

The number of permits for single family residences are at 69 compared to 57 in 2018.

There are no multi-family permits and 1 commercial permit year-to-date.

Operational expenditures came in at 66.3% or $1,242,858.

Beginning fund balance for 2019 was $5,019,681 an increase of $477,903.

**AQUATICS, RECREATION and CULTURAL ARTS**

Parks is divided into four divisions: aquatics, maintenance, recreation and cultural arts, and parks administration. Two divisions bring in revenue: aquatics, and recreation and cultural arts.

First quarter budget-to-actual aquatics revenue is $639,388 or 86.1%; and recreation and cultural arts is $319,737 or 93.4%.

Total year-to-date attendance for aquatics is 98,274-4,622 more than 2018 for the same time period. Athletics had 1,910 participants and recreation 1,668. 2018 had 1,842 and 1,388 participants respectively y/y.

Operating expenditures for the two divisions total $1,620,575 which exceeds corresponding revenue by $661,450. The individual expenditure breakdown is as follows: aquatics is $996,630; and recreation and cultural arts is $623,945.
CASH & INVESTMENTS

Cash and investments total $23,511,082. This is a decrease from June 2018 of $1,019,359. The largest gainers are the Development Services Fund and Equipment Replacement Fund. The General Fund and SWM decreased as money is being utilized to fund new capital projects.

The Local Government Investment Pool (LGIP) earned 2.12% in September 2019. The City has $18,931,320 invested with the LGIP (as of 3rd Qtr). Investments outside the LGIP total $4,477,108 (market value). They are currently all US Government Agencies. 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>
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<tbody>
<tr>
<td><strong>INVESTMENTS</strong></td>
</tr>
<tr>
<td>GENERAL FUND</td>
</tr>
<tr>
<td>STREET FUND</td>
</tr>
<tr>
<td>CONTINGENCY FUND</td>
</tr>
<tr>
<td>CUMULATIVE RESERVE FUND</td>
</tr>
<tr>
<td>REET 1st 1/4% FUND</td>
</tr>
<tr>
<td>REET 2nd 1/4% FUND</td>
</tr>
<tr>
<td>DEVELOPMENT SERVICES FUND</td>
</tr>
<tr>
<td>LID 99.01 FUND</td>
</tr>
<tr>
<td>CAPITAL IMPROVEMENT PROGRAM</td>
</tr>
<tr>
<td>CUSTODIAL FUND</td>
</tr>
<tr>
<td>SURFACE WATER MANAGEMENT</td>
</tr>
<tr>
<td>UNEMPLOYMENT INSURANCE</td>
</tr>
<tr>
<td>EQUIPMENT REPLACEMENT</td>
</tr>
<tr>
<td>TOTAL ALL FUNDS</td>
</tr>
</tbody>
</table>
The city has collected $421,688 in GMA mitigation fees, $106,736 in interest earnings and $163,765 in parks fees-in-lieu.

Please see the chart below for current CIP activity.

<table>
<thead>
<tr>
<th>Project #</th>
<th>Project Description</th>
<th>YTD Revenues</th>
<th>YTD Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1145</td>
<td>SE 256th St Culvert</td>
<td>95,011</td>
<td>102,369</td>
</tr>
<tr>
<td>1201</td>
<td>204th Connector</td>
<td>49,046</td>
<td>181,252</td>
</tr>
<tr>
<td></td>
<td>Maintenance Facility</td>
<td>998,185</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>Town Center</td>
<td>595,750</td>
<td>3,951,647</td>
</tr>
<tr>
<td></td>
<td>Public Art</td>
<td>20,080</td>
<td>9,050</td>
</tr>
<tr>
<td>1010</td>
<td>Covington Community Park Phase 2</td>
<td>$36,330</td>
<td>$214,827</td>
</tr>
<tr>
<td>1019</td>
<td>SoCo Park</td>
<td>23,367</td>
<td>15,784</td>
</tr>
<tr>
<td>1086</td>
<td>164th AV SE</td>
<td>273,000</td>
<td>151,787</td>
</tr>
<tr>
<td>1127</td>
<td>SR 516 Widening at Jenkins Creek</td>
<td>168,545</td>
<td>237,448</td>
</tr>
</tbody>
</table>

**BOND WATCH**

As of June 30, the balance of the 2016 Refunded Bonds is $7,330,000. Payoff for these bonds is 11/1/2027. The next principal payment of $730,000 will be 11/1/2019.

The Public Works Trust Fund Loan balance is $1,074,479. The payoff for this loan is 6/1/2024. The next principal payment will be 6/1/2020 for $214,895.

**IMPACT FEES**

The total balance of traffic impact fees at the end of 2018 is $3,565,602. 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.

**CITY OF COVINGTON**
**FINANCE DEPARTMENT**

Casey Parker – Finance Director
Lindsay Hagen – Senior Accountant
Staci Cles – Accountant I
Shelley Wells – Accounting Technician
2019 Revenues by Category

- Taxes: 75.4%
- IntGov Rev: 3.7%
- Licenses & Permits: 0.7%
- Supplies: 2.3%
- Miscellaneous: 1.5%
- Interest: 2.0%
- Other Services & Charges: 59.2%
- Capital: 1.4%
- Salaries & Wages: 27.1%

2019 Expenditures by Category

- Salaries & Wages: 27.1%
- Benefits: 9.9%
- Supplies: 2.3%
- Other Services & Charges: 59.2%
- Capital: 1.4%
- IntGov Rev: 3.7%
- Chgs for Goods & Svcs: 16.0%
- Fines & Forfeits: 0.7%

Rev & Exp - YTD 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Budget</th>
<th>2019 Actual</th>
<th>% Rem</th>
<th>% Coll/Spent YTD Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$10,731.5</td>
<td>$7,510.3</td>
<td>$3,221.2</td>
<td>70.0%</td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>81.8</td>
<td>70.6</td>
<td>11.2</td>
<td>86.3%</td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>451.9</td>
<td>364.6</td>
<td>87.3</td>
<td>80.7%</td>
</tr>
<tr>
<td>Charges for Goods &amp; Svcs</td>
<td>1,897.0</td>
<td>1,590.0</td>
<td>307.0</td>
<td>83.8%</td>
</tr>
<tr>
<td>Fines &amp; Forfeits</td>
<td>91.2</td>
<td>73.5</td>
<td>17.7</td>
<td>80.6%</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>88.8</td>
<td>199.0</td>
<td>(110.2)</td>
<td>224.1%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>152.8</td>
<td>151.3</td>
<td>1.5</td>
<td>99.0%</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>13,495.0</td>
<td>9,959.3</td>
<td>3,535.7</td>
<td>73.8%</td>
</tr>
<tr>
<td>Operating Transfer In</td>
<td>54.9</td>
<td>449.1</td>
<td>(394.2)</td>
<td>818.1%</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$13,549.9</td>
<td>$10,408.4</td>
<td>$3,141.5</td>
<td>76.8%</td>
</tr>
</tbody>
</table>

Salaries & Wages

- 2019: $3,579.6
- 2019 Actual: $2,397.2
- % Rem: $1,182.4
- 70.0%
- 67.0%
- 2,243.9

Benefits

- 2019: $1,279.0
- 2019 Actual: $879.2
- % Rem: $399.8
- 68.7%
- 815.8

Supplies

- 2019: $313.2
- 2019 Actual: $207.0
- % Rem: $106.2
- 66.1%
- 187.3

Other Services & Charges

- 2019: $7,569.7
- 2019 Actual: $5,229.6
- % Rem: $2,340.1
- 69.1%
- 1,722.6

Intergovernmental

- 2019: $313.2
- 2019 Actual: $579.2
- % Rem: $0.0
- 0.0%
- 3,063.9

Capital

- 2019: $192.4
- 2019 Actual: $127.4
- % Rem: $65.0
- 66.2%
- 283.2

Total Operating Expenses

- 2019: $12,933.9
- 2019 Actual: $8,840.6
- % Rem: $4,093.3
- 68.4%
- 8,316.7

Other Financing Uses

- 2019: $847.6
- 2019 Actual: $1,263.1
- % Rem: (415.5)
- 149.0%
- (80.1)

Total Uses

- 2019: $13,781.5
- 2019 Actual: $10,103.7
- % Rem: $3,677.8
- 73.3%
- $8,236.6

Athletic Program Registrations

- Winter: 681
- Spring: 1,023
- Summer: 206
- Fall: 37 of 44
City of Covington - Quarterly Performance Report - Street Fund
as of 9/30/2019

2019 Revenues by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Budget</th>
<th>2019 Actual</th>
<th>$ Rem</th>
<th>% Coll/</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle License Fee</td>
<td>$ 330.0</td>
<td>$ 265.9</td>
<td>$ 64.1</td>
<td>80.6%</td>
<td>$ 172.9</td>
</tr>
<tr>
<td>Cable TV Franchise</td>
<td>259.0</td>
<td>191.8</td>
<td>67.2</td>
<td>74.1%</td>
<td>133.2</td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>457.7</td>
<td>331.2</td>
<td>126.5</td>
<td>72.4%</td>
<td>222.1</td>
</tr>
<tr>
<td>Charges for Goods &amp; Svcs</td>
<td>24.0</td>
<td>36.1</td>
<td>(12.1)</td>
<td>150.3%</td>
<td>12.2</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>4.0</td>
<td>3.8</td>
<td>0.2</td>
<td>94.5%</td>
<td>1.9</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>0.6</td>
<td>(0.6)</td>
<td>0.0%</td>
<td>2.5</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>1,074.7</td>
<td>829.3</td>
<td>245.4</td>
<td>77.2%</td>
<td>544.8</td>
</tr>
<tr>
<td>Operating Transfer In</td>
<td>723.1</td>
<td>882.2</td>
<td>(159.1)</td>
<td>122.0%</td>
<td>81.2</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$ 1,797.8</strong></td>
<td><strong>$ 1,711.5</strong></td>
<td><strong>$ 86.3</strong></td>
<td><strong>95.2%</strong></td>
<td><strong>$ 626.0</strong></td>
</tr>
</tbody>
</table>

2019 Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Budget</th>
<th>2019 Actual</th>
<th>$ Rem</th>
<th>% Coll/</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 426.4</td>
<td>$ 332.2</td>
<td>$ 94.2</td>
<td>77.9%</td>
<td>$ 280.6</td>
</tr>
<tr>
<td>Benefits</td>
<td>174.7</td>
<td>138.0</td>
<td>36.7</td>
<td>79.0%</td>
<td>127.4</td>
</tr>
<tr>
<td>Supplies</td>
<td>64.7</td>
<td>47.0</td>
<td>17.7</td>
<td>72.7%</td>
<td>24.6</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>738.2</td>
<td>520.2</td>
<td>218.0</td>
<td>70.5%</td>
<td>384.6</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>65.9</td>
</tr>
<tr>
<td>Capital</td>
<td>-</td>
<td>1.5</td>
<td>(1.5)</td>
<td>0.0%</td>
<td>14.4</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,404.0</td>
<td>1,039.0</td>
<td>365.0</td>
<td>74.0%</td>
<td>897.4</td>
</tr>
<tr>
<td>Other Financing Uses</td>
<td>419.3</td>
<td>650.1</td>
<td>(230.8)</td>
<td>155.0%</td>
<td>20.2</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$ 1,823.3</strong></td>
<td><strong>$ 1,689.1</strong></td>
<td><strong>$ 134.2</strong></td>
<td><strong>92.6%</strong></td>
<td><strong>$ 917.5</strong></td>
</tr>
</tbody>
</table>

Sidewalk Repair Hours

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>53</td>
</tr>
<tr>
<td>2016</td>
<td>26</td>
</tr>
<tr>
<td>2017</td>
<td>126</td>
</tr>
<tr>
<td>2018</td>
<td>16</td>
</tr>
<tr>
<td>2019</td>
<td>22</td>
</tr>
</tbody>
</table>
City of Covington - Quarterly Performance Report - Development Services Fund
as of 9/30/2019

2019 Revenues by Category

- Licenses and Permits: 47.5%
- Charges for Goods & Services: 46.4%
- Other Services & Charges: 37.8%
- Salaries & Wages: 31.6%
- Benefits: 16.3%
- Supplies: 0.7%
- Fines & Forfeits: 0.0%
- Interest: 6.0%
- Miscellaneous: 0.1%

2019 Expenditures by Category

- Licenses and Permits: 47.5%
- Charges for Goods & Services: 46.4%
- Other Services & Charges: 37.8%
- Salaries & Wages: 31.6%
- Benefits: 16.3%
- Supplies: 0.7%
- Fines & Forfeits: 0.0%
- Interest: 6.0%
- Miscellaneous: 0.1%

Rev & Exp - YTD

<table>
<thead>
<tr>
<th></th>
<th>2019 Budget</th>
<th>2019 Actual</th>
<th>$ Rem</th>
<th>% Coll/</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses and Permits</td>
<td>$ 863.2</td>
<td>$ 739.5</td>
<td>$ 123.7</td>
<td>85.7%</td>
<td>$ 556.2</td>
</tr>
<tr>
<td>Charges for Goods &amp; Svcs</td>
<td>721.3</td>
<td>722.3</td>
<td>(1.0)</td>
<td>100.1%</td>
<td>504.4</td>
</tr>
<tr>
<td>Fines &amp; Forfeits</td>
<td>0.6</td>
<td>0.3</td>
<td>0.3</td>
<td>55.0%</td>
<td>0.3</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>30.0</td>
<td>93.2</td>
<td>(63.2)</td>
<td>310.6%</td>
<td>15.1</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>1.3</td>
<td>(1.3)</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>1,615.1</td>
<td>1,556.7</td>
<td>58.4</td>
<td>96.4%</td>
<td>1,076.0</td>
</tr>
<tr>
<td>Operating Transfer In</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$ 1,615.1</td>
<td>$ 1,556.7</td>
<td>$ 58.4</td>
<td>96.4%</td>
<td>$ 1,076.0</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 761.2</td>
<td>$ 558.7</td>
<td>$ 202.5</td>
<td>73.4%</td>
<td>$ 492.3</td>
</tr>
<tr>
<td>Benefits</td>
<td>267.4</td>
<td>205.3</td>
<td>62.1</td>
<td>76.8%</td>
<td>173.2</td>
</tr>
<tr>
<td>Supplies</td>
<td>11.7</td>
<td>8.9</td>
<td>2.8</td>
<td>76.3%</td>
<td>15.9</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>834.2</td>
<td>469.9</td>
<td>364.3</td>
<td>56.3%</td>
<td>366.0</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Capital</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,874.5</td>
<td>1,242.9</td>
<td>631.6</td>
<td>66.3%</td>
<td>1,104.6</td>
</tr>
<tr>
<td>Other Financing Uses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Uses</td>
<td>$ 1,874.5</td>
<td>$ 1,242.9</td>
<td>$ 631.6</td>
<td>66.3%</td>
<td>$ 1,104.6</td>
</tr>
</tbody>
</table>

Single Family Residential - Cumulative Permit Activity

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>February</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>March</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>April</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>May</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>June</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>July</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>August</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>September</td>
<td>69</td>
<td>69</td>
</tr>
</tbody>
</table>
City of Covington - Quarterly Performance Report - SWM Fund
as of 9/30/2019

### 2019 Revenues by Category

- Chgs for Goods & Svcs: 99.0%
- Interest: 0.9%
- Misc.: 0.0%
- Grants: 0.1%

### 2019 Expenditures by Category

- Salaries & Wages: 27.1%
- Benefits: 12.5%
- Other Svcs & Chgs: 49.6%
- Supplies: 2.2%
- Capital: 8.6%

### 2019 Revenues by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 Budget</th>
<th>2019 Actual</th>
<th>$ Rem</th>
<th>% Coll/ Spent YTD</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for Goods &amp; Svcs</td>
<td>2,632.5</td>
<td>1,422.5</td>
<td>1,210.0</td>
<td>54.0%</td>
<td>1,251.1</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>22.0</td>
<td>13.1</td>
<td>8.9</td>
<td>59.5%</td>
<td>11.0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>0.4</td>
<td>(0.4)</td>
<td>0.0%</td>
<td>0.5</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>1.4</td>
<td>(1.4)</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>2,654.5</td>
<td>1,437.4</td>
<td>1,217.1</td>
<td>54.1%</td>
<td>1,262.6</td>
</tr>
<tr>
<td>Operating Transfer In</td>
<td>-</td>
<td>180.0</td>
<td>(180.0)</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$ 2,654.5</td>
<td>$ 1,617.4</td>
<td>$ 1,037.1</td>
<td>60.9%</td>
<td>$ 1,262.6</td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>$ 741.0</td>
<td>$ 478.0</td>
<td>263.0</td>
<td>64.5%</td>
<td>$ 433.0</td>
</tr>
<tr>
<td>Benefits</td>
<td>300.5</td>
<td>220.8</td>
<td>79.7</td>
<td>73.5%</td>
<td>189.8</td>
</tr>
<tr>
<td>Supplies</td>
<td>40.6</td>
<td>38.0</td>
<td>2.6</td>
<td>93.5%</td>
<td>36.5</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>1,353.7</td>
<td>873.6</td>
<td>480.1</td>
<td>64.5%</td>
<td>757.0</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service Interest</td>
<td>2.0</td>
<td>0.9</td>
<td>1.2</td>
<td>42.5%</td>
<td>0.9</td>
</tr>
<tr>
<td>Capital</td>
<td>206.7</td>
<td>151.5</td>
<td>55.2</td>
<td>73.3%</td>
<td>244.3</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>2,644.5</td>
<td>1,761.9</td>
<td>882.6</td>
<td>66.6%</td>
<td>1,727.6</td>
</tr>
<tr>
<td>Other Financing Uses</td>
<td>499.5</td>
<td>541.3</td>
<td>(41.8)</td>
<td>108.4%</td>
<td>310.3</td>
</tr>
<tr>
<td>Total Uses</td>
<td>$ 3,144.0</td>
<td>$ 2,303.1</td>
<td>$ 840.9</td>
<td>73.3%</td>
<td>$ 2,037.9</td>
</tr>
</tbody>
</table>

### Hours of Catch Basin Repair

- 2017: 6 hours
- 2018: 50 hours
- 2019: 130 hours
DISCUSSION OF FUTURE AGENDA ITEMS:

8:00 a.m., Saturday, November 16, 2019 Special Meeting  
Budget Workshop

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

(Draft Agendas Attached)
CITY OF COVINGTON
SPECIAL MEETING AGENDA
CITY COUNCIL BUDGET WORKSHOP
Council Chambers – 16720 SE 271st Street, Suite 100, Covington
www.covingtonwa.gov

Saturday, November 16, 2018 – 8:00 a.m.
(Council & Leadership Team Breakfast beginning @ 7:30 a.m.)

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

CALL CITY COUNCIL WORKSHOP TO ORDER

APPROVAL OF AGENDA

ITEM(S) FOR DISCUSSION
1. Review Budget Strategies (Bolli)
2. Department 2019 Budget Presentations
   - Executive (Bolli)
   - Finance (Parker)
   - Police (McCurdy)
   - Community Development (Estep)
   - Public Works (Vondran)
   - Parks & Recreation (Newton)
3. Review Budget Forecast (Parker)
4. Budget Deliberations (Council)

ADJOURN

Americans with Disabilities Act – reasonable accommodations provided upon request a minimum of 24 hours in advance (253-480-2400).
CALL CITY COUNCIL REGULAR MEETING TO ORDER

ROLL CALL/PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMUNICATION

• Presentation on Expanded Property Tax Reduction Program (Assessor John Wilson)
• Presentation on Green River College Small Business Administration Grant (Kevin Grossman)

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.

NOTICE to all participants: Pursuant to state law, RCW 42.17A.555, campaigning for any ballot measure or candidate in City Hall and/or during any portion of the council meeting, including the audience comment portion of the meeting, is PROHIBITED.

APPROVE CONSENT AGENDA
C-1. Minutes: October 22, 2019 Special & Regular Meetings and November 12, 2019 Special & Regular Meetings (Scott)
C-2. Vouchers (Parker)
C-3. Authorize City Manager to Execute Grant Agreement with Washington State Department of Commerce for $100,000 to Develop Form-Based Zoning Code (Estep)
C-4. Authorize City Manager to Execute Agreement with Transpo for Covington Way Design (Vondran)
C-5. Appoint Voting Delegate to Sound Cities Association’s Annual Business Meeting (Council)

REPORTS OF COMMISSIONS

• Economic Development Council
• Parks & Recreation Commission
• Planning Commission
• Youth Council
• Human Services Commission
• Arts Commission

PUBLIC HEARING
1. To Receive Public Testimony on Proposed FY2020 Operating and Capital Budget (Parker)
NEW BUSINESS
2. Consider Ordinance Setting the 2020 Property Tax Levy for Collection in 2020 (Parker)
3. Consider Ordinance Authorizing a Property Tax Increase in Terms of Both Dollars and Percentages to be Collected in the 2020 Tax Year (Parker)
4. Adopt 2020 Fee Resolution (Thompson)

FUTURE AGENDA ITEMS

COUNCIL/STAFF COMMENTS

PUBLIC COMMENT See guidelines above in first public comment section

EXECUTIVE SESSION – if needed

ADJOURN

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