



**WENATCHEE CITY COUNCIL**  
**Thursday, January 27, 2022**  
Wenatchee City Hall Council Chambers  
301 Yakima Street, 2<sup>nd</sup> Floor  
Wenatchee, WA 98801  
**AGENDA**

*"To create community through responsive leadership and services for the citizens and visitors of the Apple Capital of the World."*

Wenatchee City Hall is open for the public to attend Council meetings in person. The meetings are also broadcast live on the City's YouTube channel: [Wenatchee TV](#). The public may also participate in the meeting via phone by calling: (509) 888-3298, passcode 66516#.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Mayor's office at (509) 888-6204 (TTY 711). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title 1).

## **5:15 p.m. Regular Meeting**

### **1. Call to Order, Pledge of Allegiance, and Roll Call**

### **2. Consent Items:**

- *Motion to approve agenda, vouchers, and minutes from previous meetings.*

Vouchers:

Claim checks #201807 through #201827 in the amount of \$1,580,758.31 for January 11, 2022

Payroll distribution in the amount of \$341.13 for January 7, 2022

Claim checks #201828 through #201894 in the amount of \$198,000.59 for January 13, 2022

Payroll distribution in the amount of \$389,630.00 for January 20, 2022

Claim checks #201895 through #201932 in the amount of \$298,580.80

### **3. Citizen Requests/Comments**

The "Citizen Comments" period is to provide the opportunity for members of the public to address the Council on items either not on the agenda or not listed as a public hearing. The Mayor will ask if there are any citizens wishing to address the Council. When recognized, please step up to the microphone, give your name and mailing address, and state the matter of your interest. If your interest is an agenda item, the Mayor may suggest that your comments wait until that time. Citizen comments will be limited to three minutes.

### **4. Presentation**

- Heart Month Proclamation

## 5. Action Items

- A. City Project 1912 – South Miller Street/Montana Street Pedestrian Crossing – Final Acceptance  
Presented by Public Works Director Rob Jammerman and City Attorney Steve Smith  
**Action Requested:** *Motion for City Council to accept the work performed by the contractor, JM Pacific Construction, Inc. on City Project No. 1912, South Miller Street/Montana Street Pedestrian Crossing, and further authorize the Mayor to sign the Final Contract Voucher.*
- B. Wastewater Treatment Plant Digester #4 - Project No. 1810; Construction Inspection Contract with HDR Engineering, Inc.  
Presented by Senior Engineer-Utilities Jeremy Hoover  
**Action Requested:** *Motion for City Council to authorize the Mayor to negotiate and sign a contract on behalf of the City with HDR Engineering, Inc. for Construction Inspection services for the Wastewater Treatment Plant Digester #4 - Project No. 1810.*
- C. Resolution to update the Financial Policy and Procedure Manual  
Presented by Finance Director Brad Posenjak  
**Action Requested:** *Motion for City Council to approve Resolution No. 2022-04, adopting an amended and restated Financial Policy and Procedure Manual.*
- D. Remove outdated WCC Chapter 1.34 – Disposal of Surplus Personal Property  
Presented by Finance Director Brad Posenjak  
**Action Requested:** *Motion for City Council to adopt Ordinance No. 2022-01, repealing Chapter 1.34 WCC “Disposal of Surplus Property.”*
- E. Wenatchee City Hall Redevelopment Project No. 1716 – Change Order No. 7  
Presented by Facilities Manager Elisa Schafer  
**Action Requested:** *Motion for City Council to approve the contract change order with TW Clark Construction, LLC, in the amount of \$320,511.00 plus Washington State sales tax, and authorize the Mayor’s signature.*
- F. Second Addendum to Temporary Water Right Mitigation Agreement  
Presented by Deputy Public Works Director-Utilities Jessica Shaw  
**Action Requested:** *Motion for City Council to approve the Second Addendum to Temporary Water Right Mitigation with Crown Columbia Water Resources, LLC and authorize the Mayor’s signature on the agreement and the 2022 Seasonal Change Application.*

## **6. Reports**

- a. Mayor's Report
- b. Reports/New Business of Council Committees

## **7. Announcements**

## **8. Adjournment**



**WENATCHEE CITY COUNCIL MEETING**  
**Thursday, January 13, 2022**

Wenatchee City Hall Council Chambers  
301 Yakima Street, 2<sup>nd</sup> Floor  
Wenatchee, WA 98801

**MINUTES**

**Present:** Mayor Frank Kuntz; Councilmember Position 1 Jose Cuevas, Councilmember Position 2 Mike Poirier; Councilmember Position 3 Top Rojanasthien; Councilmember Position 4 Travis Hornby; Councilmember Position 5 Mark Kulaas; Councilmember At-Large "A" Linda Herald

**Staff Present:** Executive Services Director Laura Merrill; City Attorney Steve Smith; City Clerk Tammy Stanger; IS Support Tim McCord; Finance Director Brad Posenjak; Parks, Recreation & Cultural Services Director David Erickson; Parks, Recreation & Cultural Services Capital Projects Manager Charlotte Mitchell; Recreation Supervisor Caryl Andre; Parks, Recreation & Cultural Services Administrative Assistant Cammy Coble; Deputy Public Works Director Jessica Shaw; Community Development Director Glen DeVries; Operations Manager Aaron Kelly

**4:45 p.m. Executive Session**

The Mayor called the meeting to order at 4:45 p.m. for the purpose of meeting in executive session. Councilmember Keith Huffaker was absent.

*Motion by Councilmember Mark Kulaas to convene in executive session with legal counsel present for a time period not to exceed 25 minutes, to discuss matters of potential litigation to which the city is likely to become a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the city. Councilmember Travis Hornby seconded the motion. Motion carried (6-0).*

**5:15 p.m. Regular Meeting**

**1. Call to Order, Pledge of Allegiance, and Roll Call**

Mayor Frank J. Kuntz called the meeting to order at 5:15 p.m. Councilmember Top Rojanasthien led the Pledge of Allegiance. The excused absence of Councilmember Keith Huffaker was noted for the record.

## 2. Consent Items

Motion by Councilmember Mark Kulaas to amend the agenda by adding a new agenda item A for an emergency Ordinance No. 2022-02 for snow removal, vouchers and minutes from previous meetings, and to approve Resolution No. 2022-02, designating voting representatives on behalf of the City to various community boards, councils and organizations. Councilmember Travis Hornby seconded the motion. Motion carried (6-0).

## 3. Citizen Requests/Comments

Chelsea Mahuika, of 3524 Dianna Way, Wenatchee, Chelan County, Washington, addressed the Council with her concerns about the youth basketball program being canceled this past Fall.

## 4. Action Items

- A. Ordinance No. 2022-02 amending WCC 7.24 related to snow and ice removal from sidewalks

Operations Manager Aaron Kelly provided an update and power point presentation on the current snow removal efforts after the recent record-breaking snowfall event. City crews have been working long hours. The city has also hired additional contractors to assist with snow removal efforts, resulting in an extra \$200,000 cost to date.

Public Works Director Rob Jammerman and City Attorney Steve Smith presented the staff report. Council commented and asked questions.

Motion by Councilmember Mike Poirier for City Council to adopt Ordinance No. 2022-02 amending WCC 7.24 related to snow and ice removal from sidewalks. Councilmember Jose Cuevas seconded the motion. Motion carried (6-0).

- B. Lincoln Park Construction Contract Award

Parks, Recreation and Cultural Services Director David Erickson presented the staff report and a power point presentation. Council asked questions and commented. Finance Director Brad Posenjak also answered questions related to ARP funds being used for the project.

Motion by Councilmember Travis Hornby for City Council to authorize the Mayor to sign a standard construction agreement with KRCl in the amount of \$2,580,045.50 for the construction on the Lincoln Park Project. Councilmember Jose Cuevas seconded the motion. Motion carried (6-0).

C. Consider Acceptance of an RCO YAF Grant

Parks, Recreation and Cultural Services Director David Erickson presented the staff report and a power point presentation. Council commented and asked questions.

*Motion by Councilmember Linda Herald for City Council to accept the State of Washington Recreation Conservation Office Youth Athletic Facilities Program grant in the amount of \$350,000 for the Wenatchee City Pool Renovation Project (20-1238D) and authorize the Mayor to sign. Councilmember Top Rojanasthien seconded the motion. Motion carried (6-0).*

D. Arts, Recreation and Parks Commission Member Appointment

Parks, Recreation and Cultural Services Director David Erickson presented the staff report.

*Motion by Councilmember Mark Kulaas for City Council to approve Resolution 2022-03 appointing Kasey Koski to position seven of the Arts, Recreation and Parks Commission. Councilmember Linda Herald seconded the motion. Motion carried (6-0).*

E. Riverfront Park Master Plan

Parks, Recreation and Cultural Services Director David Erickson and Executive Services Director Laura Merrill presented the staff report and a power point presentation. Council commented and asked questions.

*Motion by Councilmember Linda Herald for City Council to approve the Riverfront Park Master Plan and incorporation of the plan into the City Parks, Recreation and Open Space Comprehensive Plan and related documents. Councilmember Travis Hornby seconded the motion. Motion carried (6-0).*

The Mayor called for a three-minute recess at 6:28 p.m. The meeting resumed at 6:31 p.m.

A short video of Parks, Recreation & Cultural Services Director David Erickson's snow removal efforts was shown and a good laugh was had by all.

F. Interlocal Agreement for Water Studies: Regional Water Second Source

Deputy Public Works Director-Utilities Jessica Shaw presented the staff report. Council asked questions.

*Motion by Councilmember Mark Kulaas for City Council to approve the Interlocal Agreement Funding Water Studies between the Chelan Douglas Regional Port Authority, City of Wenatchee, and Public Utility District No. 1 of Chelan County and authorize the*

Mayor's signature. Councilmember Travis Hornby seconded the motion. Motion carried (6-0).

**G. City Acquisition of Three Parcels Owned by Wenatchee Mining Partnership**

Capital Project Manager Charlotte Mitchell and City Attorney Steve Smith presented the staff report. Council asked questions.

Motion by Councilmember Top Rojanasthien for City Council to authorize the Mayor to sign a real estate purchase and sale agreement including one addendum with Wenatchee Mining Partners. Councilmember Mike Poirier seconded the motion. Motion carried (6-0).

**H. 2022 Mayor Pro Tempore**

The Mayor and Council discussed who would serve as the Mayor Pro Tem for 2022. It was the consensus of the Council that Councilmember Hornby would serve and he was agreeable.

Motion by Councilmember Mark Kulaas to approve Resolution 2022-01, appointing Travis Hornby as Mayor Pro Tempore for 2022. Councilmember Mike Poirier seconded the motion. Motion carried (6-0).

**5. Reports**

a. Mayor's Report. The Mayor reported on the following:

(1) This year's Social Justice Award nominees have been selected:

Organization: Pinnacles Prep  
Individual: Elvis Garcia

The Museum's annual Multi-Cultural Festival has been canceled due to the pandemic.

(2) The Mayor met with the PUD's new General Manager Kirk Hudson this week. Executive Services Director Laura Merrill continues to work with PUD staff through the Confluence environmental process, with a letter of concurrence before the Chelan County PUD Commissioners in the near future.

b. Reports/New Business of Council Committees

(1) Councilmember Top Rojanasthien attended the Community Action Council board meeting yesterday.

- (2) Councilmember Mike Poirier attended the Chelan Douglas Transportation Council meeting today and reported that Confluence Parkway remains at the top of the list. The Mayor added that he continues to watch Washington D.C. for additional grants for the Confluence Parkway bridge.
- (3) Councilmember Travis Hornby reported that he attended the Rivercom board meeting this week. He also reported that the Health District Board may be revising representative cities on the board.
- (4) Councilmember Jose Cuevas reported he will be meeting with Commissioner Overbay tomorrow concerning the South Mission/Terminal Streets intersection.

**7. Adjournment.** With no further business, the meeting adjourned at 6:52 p.m.

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Frank J. Kuntz, Mayor

Attest:

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Tammy L. Stanger, City Clerk



# PROCLAMATION

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**WHEREAS,** coronary heart disease is the number 1 killer of both American males and females; and

**WHEREAS,** 95% of cardiac arrest victims die before they reach a hospital; and

**WHEREAS,** 75% of cardiac arrests occur in the home setting; and

**WHEREAS,** lives can be saved through your help; and

**WHEREAS,** the City of Wenatchee Employee Health Promotion Committee and the American Heart Association are committed to employee and public education about heart disease and stroke and this year urge everyone to "Be A Heartsaver" by knowing the warning signs of a heart attack, calling 9-1-1 and giving CPR; and

**WHEREAS,** the City of Wenatchee encourages residents to adopt healthier lifestyles to reduce the risk of cardiovascular diseases and stroke; and

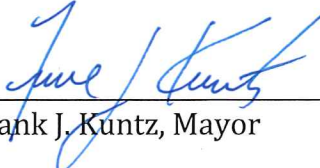
**WHEREAS,** the American Heart Association is the largest voluntary, not-for-profit organization whose mission is to reduce disability and death from cardiovascular diseases and stroke;

**NOW THEREFORE,** I, Frank J. Kuntz, Mayor of the City of Wenatchee do hereby proclaim February 2022, as

## "Wenatchee Heart Month"

and hereby urge all community members to become heartsavers and learn CPR.

**IN WITNESS WHEREOF,** I hereby set my hand and cause the seal of the City of Wenatchee to be affixed on this 27<sup>th</sup> day of January, 2022.

  
\_\_\_\_\_  
Frank J. Kuntz, Mayor





### CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Jacob Huylar, Engineering Services Manager *JH*  
Public Works Department

**MEETING DATE:** January 27, 2022

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**I. SUBJECT**

City Project 1912 – S. Miller Street/Montana Street Pedestrian Crossing  
Final Acceptance

**II. ACTION REQUESTED**

Staff recommends that the City Council accept the work performed by the contractor, JM Pacific Construction, Inc. on City Project No. 1912 and further authorize the Mayor to sign the Final Contract Voucher.

**III. OVERVIEW**

The City received a grant through the WSDOT “Highway Safety Improvement Program” to install curb bulb-outs, new ADA ramps, rectangular rapid flashing beacons (RRFB), and a new luminaire to enhance the marked crosswalk at the intersection of Miller Street and Montana Street.

The project was constructed in the summer of 2021 by JM Pacific Construction.

**IV. FISCAL IMPACT**

The table below shows the project budget (established as part of the 2021 City Budget) as well as the anticipated final expenses through the end of January 2022.

City Project No. 1912	Project Budget	Final Amount*
Fund 109 – Arterial Streets	\$5,000	\$5,630
HSIP Grant Funding	\$244,400	\$215,260
<b>Total</b>	<b>\$249,400</b>	<b>\$220,890</b>

\*The closeout process with WSDOT will be ongoing for the next several months. To date, the city has received \$142,858 in grant funds. The reimbursement request for the remaining eligible expenses will be submitted in the first quarter of 2022.

**V. REFERENCES**

1. Final Contract Voucher

**VI. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
Rob Jammerman, Public Works Director  
Gary Owen, City Engineer  
Steve Dobron, Project Engineer  
Natalie Thresher, Financial Analyst  
Anna Carr, Administrative Assistant

*City of Wenatchee*  
*S. Miller St./Montana St. Pedestrian Crossing*

*April 2021*  
*Contract Forms*



**City of Wenatchee**  
**Department of Public Works**

**Final Contract**  
**Voucher Certificate**

Contractor J.M. Pacific Construction Inc.			
Street Address 303 Northshore Dr.			
City Moses Lake	State WA	Zip 98837	Date January 7, 2022
City Project Number 1912	State Project Number HSIP-5817(003)	Highway Number N/A	
Job Title S. Miller St./Montana St. Pedestrian Crossing			
Date Work Physically Completed December 15, 2021		Final Amount \$138,673.84	

**Contractor's Certification**

I, The undersigned, having first been duly sworn, certify that I am authorized to sign for the claimant; that in connection with the work performed and to the best of my knowledge no loan, gratuity or gift in any form whatsoever has been extended to any employee of the City of Wenatchee nor have I rented or purchased any equipment or materials from any employee of the City of Wenatchee; I further certify that the attached final estimate is a true and correct statement showing all the monies due me from the City of Wenatchee for work performed and materials furnished under this contract; that I have carefully examined said final estimate and understand the same and that I hereby release the City of Wenatchee from any and all claims of whatsoever nature which I may have, arising out of the performance of said contract, which are not set forth in said estimate.



*[Handwritten Signature]*

Contractor Authorized Signature Required

*Gerardo 'Jerry' Moncada Jr*  
Type Signature Name

Subscribed and sworn to before me this 12<sup>th</sup> day of January 20 22

X Rosa E. Morris Notary Public in and for the State of Washington,

residing at Moses Lake, Washington

**City of Wenatchee**

City of Wenatchee hereby accepts the completed contract pursuant to Section 1-05.12 of the contract provisions.

\_\_\_\_\_  
Mayor/or Designee

\_\_\_\_\_  
Date of Acceptance



## CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Jeremy Hoover, P.E., Senior Engineer, Utilities  
Department of Public Works

A handwritten signature in blue ink, appearing to be "JH", is located to the right of the "FROM:" line.

**MEETING DATE:** January 27, 2022

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### **I. SUBJECT**

Wastewater Treatment Plant Digester #4 - Project No. 1810  
Construction Inspection Contract with HDR Engineering, Inc.

### **II. ACTION REQUESTED**

Staff recommends the City Council authorize the Mayor to negotiate and sign a contract on behalf of the City with HDR Engineering, Inc. for Construction Inspection services for the Wastewater Treatment Plant Digester #4 - Project No. 1810.

### **III. OVERVIEW**

The project was advertised and sealed bids were opened on November 10, 2021. Apollo, Inc. was the low bidder with a base bid of \$13,269,000, or \$14,410,134 after applicable sales tax. The construction contract with Apollo was signed on January 5, 2022. HDR Engineering is the lead design firm for the project.

HDR construction staff has extensive experience with vertical construction, electrical and mechanical process systems of this nature, and is familiar with the intricacies and challenges associated with the construction of the new facility. The City's current engineering workload is of sufficient magnitude so as to prohibit effective construction inspection work by in-house staff for this extensive of a project. It is therefore necessary to procure outside services for the construction inspection and materials testing efforts. The City desires to utilize HDR's services to perform and document the inspection activities for this project as well as assist in the commissioning and startup of the facility.

### **IV. FISCAL IMPACT**

This project, included in the 2018 through 2022 budgets, will also be programmed into the 2023 budget cycle. Project expenses will continue to be paid through fund 405-Sewer Utility and via a planned SRF loan. However, additional funds from fund 405 will likely be required contingent upon the final amount and structure of the SRF loan package. A formal budget amendment will be requested after the details of the SRF loan are finalized.

The adopted project budget is attached and the currently anticipated project expenditures are in the following table:

<b>Description</b>	<b>Amount</b>
Design	1,556,000
Construction	14,410,134
Consultant Inspection Contract	1,381,280
Construction Engineering / Management	139,000
Art Fund	144,101
<b>Project Total</b>	<b>17,630,515</b>

**V. PROPOSED PROJECT SCHEDULE**

Construction activities are anticipated to begin in February of 2022 having a duration of 385 working days with completion expected in late 2023.

**VI. REFERENCE(S)**

Project Budget Sheet  
Construction Management Contract  
Exhibit A - Scope of Services  
Exhibit B - Schedule  
Exhibit C - Compensation  
Updated Certificates of Insurance

**VII. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
Rob Jammerman, Public Works Director  
Jessica Shaw, Deputy Public Works Director  
Gary Owen, City Engineer  
Natalie Thresher, Financial Analyst  
Laura Merrill, Executive Services Director  
Brad Posenjak, Finance Director



## Capital Project Budget

Date: September 1, 2021 Project Number: 1810

Project Name: WWTP Digester 4 Dept/Category: Public Works - Sewer Project

**Project Description:** This project will add a new digester to the city's Wastewater Treatment Plant. The capacity and size of the new digester will be the same as existing Digester 3 and it will have the ability to operate independently of Digester 3. Structural and foundation design, gas handling improvements, boiler and heat exchanger upgrades, electrical and PLC system improvements, as well as mechanical system improvements for the digester system as a whole are all part of the project scope.

<b>Project Lead:</b>	Jeremy Hoover	<b>Start Year:</b>	2018
<b>Assigned Department:</b>	Public Works	<b>End Year:</b>	2023
<b>Original Project Budget:</b>	\$11,044,800	<b>Total City Funding:</b>	\$4,184,000
<b>Budget Amendment:</b>	\$2,599,200	<b>Other Funding:</b>	\$9,460,000

**Project Notes:**

The "Original Budget" is based on the adopted 2021 City Budget. The amended budget is based on current estimates and expenses to date.

Project Expenditures by Category	Original Budget	Amended Budget	Prior Years Spent	ESTIMATES			Project Total
				2022	2023	2024+	
Design Engineering	1,301,000	255,000	1,556,000				1,556,000
Right of Way Acquisition							
Construction Contract	9,460,000	1,308,000		7,179,000	3,589,000		10,768,000
Construction Engineering	189,200	1,022,800		808,000	404,000		1,212,000
Art Fund	94,600	13,400			108,000		108,000
<b>Total Project Expenditures</b>	<b>11,044,800</b>	<b>2,599,200</b>	<b>1,556,000</b>	<b>7,987,000</b>	<b>4,101,000</b>		<b>13,644,000</b>

Project Revenues by Category		Original Budget	Amended Budget	Prior Years	ESTIMATES			Project Total
					2022	2023	2024+	
Fund:	405 - Sewer Utility	1,584,800	2,599,200	1,556,000	1,680,000	948,000		4,184,000
Fund:								
Fund:								
Fund:								
Fund:								
GRANTS:								
	State Revolving Fund Loan	9,460,000			6,307,000	3,153,000		9,460,000
<b>Total Project Revenues</b>		<b>11,044,800</b>	<b>2,599,200</b>	<b>1,556,000</b>	<b>7,987,000</b>	<b>4,101,000</b>		<b>13,644,000</b>

Approved by City Council: \_\_\_\_\_  
Date: 11/18/2021



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**CITY OF WENATCHEE**

P.O. BOX 519 • WENATCHEE, WASHINGTON 98807-0519 • (509) 888-3202

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**DEPARTMENT OF PUBLIC WORKS**

**PROFESSIONAL SERVICES AGREEMENT**

Wastewater Treatment Plant Digester No. 4 – Project No. 1810 Construction Management

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The City of Wenatchee, Washington, a municipal corporation (“City”) and **HDR Engineering, Inc.**, whose address is **835 N. Post Street, Suite 101, Spokane, WA** (“Consultant”), agree and contract as follows:

**I. SERVICES BY CONSULTANT**

- A. The Consultant agrees to perform the services described in **“Exhibit A – Scope of Services”** to this Agreement, which attachment is incorporated herein by reference.
- B. All services and duties shall be conducted and performed diligently, completely and in accordance with professional standards of conduct and performance.

**II. COMPENSATION**

- A. The total compensation to be paid to Consultant for completion of these services shall not exceed **\$1,381,279.12**, as detailed in **“Exhibit C - Compensation.”**
- B. Payment to Consultant by the City in accordance with the payment ceiling specified above shall be the total compensation for all services performed under this Agreement and supporting documents hereto as well as all subcontractors’ fees and expenses, supervision, labor, supplies, materials, equipment or the use thereof, reimbursable expenses, and other necessary incidentals.
- C. The Consultant shall be paid monthly on the basis of invoices submitted. Invoicing will be on the basis of percentage complete or on the basis of time, whichever is applicable in accordance with the terms of this Agreement.
- D. The City shall have the right to withhold payment to Consultant for any services not completed in accordance with the requirements of this Agreement until such time as Consultant modifies such services to satisfy such requirements.
- E. Unless otherwise specified in this Agreement, any payment shall be considered timely if a warrant is mailed or is available within 30 days of the date of actual receipt by the City of an invoice conforming in all respects to the terms of this Agreement.

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### III. TERMINATION OF AGREEMENT

The City or the Consultant may terminate this Agreement at any time, with or without cause, by giving ten (10) days' notice to the other in writing, provided that neither party will terminate for cause without providing the other party written notice of the breach and a period of ten (10) days to cure. In the event of termination, all finished or unfinished reports, or other material prepared by the Consultant pursuant to this Agreement, shall be provided to the City. In the event the City terminates prior to completion without cause, consultant may complete such analyses and records as may be necessary to place its files in order. Consultant shall be entitled to receive just and equitable compensation for any satisfactory services completed on the project prior to the date of termination, not to exceed the payment ceiling set forth above.

### IV. OWNERSHIP OF WORK PRODUCT

- A. Ownership of the originals of any reports, data, studies, surveys, charts, maps, drawings, specifications, figures, photographs, memoranda, and any other documents which are developed, compiled or produced as a result of this Agreement, whether or not completed, shall be vested in the City. Any reuse of these materials by the City for projects or purposes other than those which fall within the scope of this Agreement or the project to which it relates, without written concurrence by the Consultant will be at the sole risk of the City.
- B. The City acknowledges the Consultant's plans and specifications as instruments of professional service. Nevertheless, the plans and specifications prepared under this Agreement shall become the property of the City upon completion of the services. The City agrees to hold harmless and indemnify consultant against all claims made against Consultant for damage or injury, including defense costs, arising out of any reuse of such plans and specifications by any third party without the written authorization of the Consultant.
- C. Methodology, materials, software, logic, and systems developed under this Agreement are the property of the Consultant and the City, and may be used as either the consultant or the City sees fit, including the right to revise or publish the same without limitation.

### V. GENERAL ADMINISTRATION AND MANAGEMENT

The Project Manager for the City of Wenatchee shall review and approve the Consultant's invoices to the City under this Agreement, shall have primary responsibility for overseeing and approving services to be performed by the Consultant, and shall coordinate all communications with the Consultant from the City.

### VI. COMPLETION DATE

The completion date for the Consultant's performance of the services specified in Section I shall be not later than **December 29, 2023.**

Consultant will diligently proceed with the services contracted for, but consultant shall not be held responsible for delays occasioned by factors beyond its control which could not reasonably have been foreseen at the time of the execution of this Agreement. If such a delay arises, Consultant shall forthwith notify the City.

### VII. SUCCESSORS AND ASSIGNS

The Consultant shall not assign, transfer, convey, pledge, or otherwise dispose of this Agreement or any part of this Agreement without prior written consent of the City.

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### **VIII. NONDISCRIMINATION**

Consultant shall, in employment made possible or resulting from this Agreement, ensure that there shall be no unlawful discrimination against any employee or applicant for employment in violation of RCW 49.60.180, as currently written or hereafter amended, or other applicable law prohibiting discrimination, unless based upon a bona fide occupational qualification as provided in RCW 49.60.180 or as otherwise permitted by other applicable law. Further, no person shall be denied or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this Agreement in violation of RCW 49.60.215 or other applicable law prohibiting discrimination.

### **IX. HOLD HARMLESS/INDEMNIFICATION**

To the greatest extent allowed by law the Consultant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from its negligence or breach of any of its obligations in performance of this Agreement.

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 the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

### **X. LIABILITY INSURANCE COVERAGE**

The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees. A failure to obtain and maintain such insurance or to file required certificates and endorsements shall be a material breach of this Agreement.

Consultant's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

#### **A. Minimum Scope of Insurance**

Consultant shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

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3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

**B. Minimum Amounts of Insurance**

Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

**C. Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

1. The Consultant's insurance coverage shall be primary insurance as respects the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.
2. The Consultant shall provide the City and all Additional Insureds for these services with written notice of any policy cancellation, within two business days of their receipt of such notice.

**D. Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

**E. Verification of Coverage**

Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the services.

**F. Failure to Maintain Insurance**

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

**G. City Full Availability of Consultant Limits**

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

**XI. COMPLIANCE WITH LAWS/BUSINESS LICENSE**

The Consultant shall comply with all applicable State, Federal, and City laws, ordinances, regulations, and codes. Consultant must obtain a City of Wenatchee business license or otherwise comply with Wenatchee Municipal Code.

**XII. FUTURE SUPPORT**

The City makes no commitment and assumes no obligations for the support of Consultant activities except as set forth in this Agreement.

**XIII. INDEPENDENT CONTRACTOR**

Consultant is and shall be at all times during the term of this Agreement an independent contractor and not an employee of the City. Consultant agrees that he or she is solely responsible for the payment of taxes applicable to the services performed under this Agreement and agrees to comply with all federal, state, and local laws regarding the reporting of taxes, maintenance of insurance and records, and all other requirements and obligations imposed on him or her as a result of his or her status as an independent contractor. Consultant is responsible for providing the office space and clerical support necessary for the performance of services under this Agreement. The City shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state industrial insurance of unemployment compensation programs or otherwise assuming the duties of an employer with respect to the Consultant or any employee of Consultant.

**XIV. EXTENT OF AGREEMENT/MODIFICATION**

This Agreement, together with all attachments and addenda, represents the final and completely integrated Agreement between the parties regarding its subject matter and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument properly signed by both parties.

**XV. ADDITIONAL WORK**

The City may desire to have the Consultant perform work or render services in connection with the project other than provided for by the express intent of this Agreement. Any such work or services shall be considered as additional work, supplemental to this Agreement. This Agreement may be amended only by written instrument properly signed by both parties.

**XVI. VENUE, APPLICABLE LAW AND JURISDICTION**

In the event that either party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this agreement, the parties hereto agree that any such action shall be initiated in the Chelan County Superior Court of the State of Washington. The parties hereto agree that all questions shall be resolved by application of Washington law and that the parties to such action shall have the right of appeal from such decisions of the Superior Court in accordance with the laws of the State of Washington. Consultant hereby consents to the personal jurisdiction of the Chelan County Superior Court of the State of Washington.

**XVII. DISPUTES**

Any dispute concerning questions of fact in connection with the work not disposed of by agreement between Consultant and the City shall be referred for determination to the City's Mayor, whose decision in the matter shall be the final administrative decision of the City. If Consultant disagrees with the decision, the dispute will be resolved in accordance with Section XVI of this Agreement.

**XVIII. CONSTRUCTION PROCEDURES**

Consultant's observation or monitoring portions of the work performed under construction contracts shall not relieve the contractor from its responsibility for performing work in accordance with applicable contract documents. Consultant shall not control or have charge of, and shall not be responsible for, construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the work and shall not manage, supervise, control or have charge of construction. Consultant shall not be responsible for the acts or omissions of the contractor or other parties on the project. City agrees to include Consultant as an indemnified party in City's construction contracts for the work, which shall protect Consultant to the same degree as City. Further, City agrees that Consultant shall be listed as an additional insured under the construction contractor's liability insurance policies.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates written below:

CONSULTANT:

CITY OF WENATCHEE:

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



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

Frank Kuntz, Mayor

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

1/10/2022

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

# **City of Wenatchee**

## **Digester 4 Construction Phase Services**

### **Exhibit A - Scope of Services**

**January 2022**



**835 North Post Street  
Suite 101  
Spokane, WA 99201-2126  
(509) 343-8490**



# Table of Contents

<b>Exhibit A – Scope of Services</b> .....	<b>1</b>
<b>Task 100 Coordination and Project Management</b> .....	<b>1</b>
Objective .....	1
HDR Services.....	1
City Responsibilities .....	1
Assumptions.....	1
Deliverables .....	2
<b>Task 200 Engineering Support during Construction</b> .....	<b>2</b>
Objective: .....	2
HDR Services:.....	2
Client Responsibilities:.....	3
Assumptions:.....	3
Deliverables: .....	4
<b>Task 300 Field Services</b> .....	<b>5</b>
Objective: .....	5
HDR Services:.....	5
Client Responsibilities: .....	7
Assumptions:.....	7
Deliverables: .....	9
<b>Task 400 Start-up and Commissioning</b> .....	<b>9</b>
Objective: .....	9
HDR Services:.....	9
Client Responsibilities: .....	9
Assumptions:.....	10
Deliverables: .....	10
<b>Task 500 Construction Close-Out</b> .....	<b>10</b>
Objective: .....	10
HDR Services:.....	10
Client Responsibilities: .....	11
Assumptions:.....	11
Deliverables: .....	11
<b>Task 600 Materials Testing and Special Inspection Services</b> .....	<b>11</b>
Objective: .....	11
Assumptions:.....	12
Deliverables: .....	12
<b>Task 700 Owner’s Reserve</b> .....	<b>12</b>
Objective .....	12
Approach .....	13
HDR Services.....	13
City Responsibilities .....	13
Assumptions.....	13
Deliverables .....	13



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**Exhibit B – Schedule..... 13**  
**Exhibit C – Compensation..... 14**



## Exhibit A – Scope of Services

### Background

In the fall of 2021, the City of Wenatchee (City) completed the design for the Wenatchee Digester No. 4 project. The final design will construct a new digester, upgrade air handling and plumbing within the existing solids handling facility and construct a new mechanical building to house new thickening equipment along with relocated instrumentation and controls equipment.

## Task 100 Coordination and Project Management

### Objective

The purpose of this task is to monitor the work of HDR and subconsultants, coordinate with City staff, and monitor scope, schedule, and budget as well as provide monthly status reporting, accounting, and invoicing services.

### HDR Services

1. Prepare a Project Management Plan outlining the scope, team organization, schedule, safety, and communications information.
2. At project initiation, HDR will conduct a quality assurance review (Project Approach and Resource Review) at project commencement to discuss technical approach, team resources, other available firm resources, and project management approach. Review will be by two (project independent) senior wastewater engineers not associated with the project.
3. Coordinate and manage the project team.
4. Coordinate project subconsultants.
5. Prepare monthly status reports describing the following:
  - Services completed during the month.
  - Services planned for the next month.
  - Needs for additional information.
  - Scope/schedule/budget issues.
  - Schedule update and financial status summary.
6. Prepare monthly invoices formatted in accordance with contract terms.
7. Project Manager will call in to project management meetings with the client Project Manager to review project scope, schedule, and budget issues.

### City Responsibilities

1. Attend project management meetings.
2. Timely processing and payment of invoices.
3. Review and process contract change requests and amendments, if needed.

### Assumptions

1. The project duration is assumed to be 15 months for construction.

2. One project management meeting will be held per month, with 1.5 hours of HDR's project manager time budgeted for each meeting (includes preparation, attendance, follow-up, and notes). Meetings will be held on a web-based platform.
3. Invoices will be HDR standard invoice format.

### **Deliverables**

1. Monthly reports and invoices (one copy with invoice can be mailed or e-mailed PDF file).
2. Monthly project schedule and budget updates included with invoice.
3. Project management meeting agenda and notes (e-mailed PDF files).

## **Task 200          Engineering Support during Construction**

### **Objective:**

HDR shall furnish a Project Manager and City approved field staff to administer the construction contract and observe construction of the project. HDR will administer the contract in accordance with the terms and conditions of the Construction Contract.

### **HDR Services:**

#### **Engineering Support during Construction**

1. *Schedule of Values Review*: Review Contractor's Schedule of Values (cost breakdown) by comparison to Engineer's Opinion of Probable Construction Cost to establish a reasonably balanced distribution of costs to the various elements of the total construction to serve as a basis for progress payments and determination of cost impact of changes.
2. *Submittal Review*: Review shop drawings, diagrams, illustrations, catalog data, schedules and samples, the results of tests and inspections, and other data which the Contractor is required to submit. These shall be reviewed for conformance to the design intent of the Project and for compliance with the information given in the Contract Documents.
3. *Request for Information (RFI)*: Provide responses to questions by the Contractor on the drawings, specifications, or other Contract documents.
4. *Change Proposal Requests*: Provide coordination and review to identify the need for changes to Work consistent with the design intent which require changes in Contract Price and/or Contract Time.
5. *Work Change Directives*: Provide a directive to Contractor when fair and reasonable pricing for a change item cannot be negotiated or when a change item is critical to the project schedule.
6. *Change Orders*: Coordinate the combining of change documentation into Change Orders for execution by Contractor and City.
7. *Pre-Construction Conference*: Attend a Pre-Construction Conference with the City and the Contractor. The purpose of this Conference is to establish a working understanding among parties as to the Work, discuss the construction schedule and activities, discuss the schedule of submittals, discuss the schedule of values, discuss procedures for handling shop drawings and other submittals, discuss procedures for processing applications for payment, discuss requirements for maintaining records, discuss impacts to existing utilities, establish dates for substantial and final completion, and discuss other requirements of the Contract Documents.
8. *Document Management System*: Maintain an internal electronic Document Management System (DMS) for receiving, logging and tracking project electronic files. Electronic files to be included are field reports of project activities, digital photographs, audio recordings of meetings and

conferences, meeting summary notes, material testing logs, work deficiency checklists, contractor payment certifications, submittals, RFIs, schedules, Field Orders, Change Proposal Requests, Work Change Directives, Change Orders, and correspondence between Consultant, Contractor, utility companies/agencies, other parties, and City.

### **Client Responsibilities:**

1. Attend initial construction conferences, construction progress and other job related meetings, and Substantial Completion and final payment inspections.
2. Review and authorize issuance of Change Proposal Requests, Work Change Directives and Change Orders.

### **Assumptions:**

1. Submittal Review
  - a. Contractor will prepare a listing of submittals and dates of expected submittal, coordinated with supply contract schedules to allow adequate time for review, resubmittal, and review to meet the construction schedule. If Contractor fails to provide the submittal schedule and/or does not provide documents in accordance with the schedule, Consultant may be provided with additional time to review the submittal.
  - b. Consultant will not review or comment on submittals related to temporary items and construction aides such as shoring, formwork, and dewatering. Receipt of these submittals is to confirm compliance with the contract requirements for submittal only and Consultant will not review for the content, compliance, or calculations. Consultant is not responsible for the content of the submittal.
  - c. Consultant has not included staff or sub-consultants to review geotechnical and hazardous material issues that arise during construction other than the materials testing describe in Task 600.
  - d. Reviews of requests for substitution are not included in this scope. If submitted by Contractor, the request will be sent to City for approval to proceed with review. Consultant's time to process, review, and respond to request will be billed to City as a separate, out-of-scope activity from which City can, at its direction, deduct the amount from Contractor's payment application(s).
  - e. Actual review time may vary depending upon the complexity of the shop drawing or submittal. It is estimated that, on average, each submittal item will take 4 hours of Consultant team member time to review and process and each re-submittal item will take 2 hours of Consultant team member time to review and process. Budget is based on 182 shop drawings or submittals (number derived from specifications) and 74 re-submittal events.
  - f. If a submittal is determined to be incomplete when compared against the requirements in Specification Section 01 33 00 – Submittals, it will be rejected.
  - g. Submittal reviews following 1 re-submittal will be billed to City as a separate, out-of-scope activity from which City can, at its discretion, deduct the amount from Contractor's payment application(s).
2. Request for Information
  - a. Consultant's review of RFIs regarding the design will be advisory and complementary to the design intent.
  - b. The fee for this sub-task is based upon receiving and responding up to 121 RFIs.

- c. Actual review and response time may vary depending upon clarity and complexity of the RFI. It is estimated that, on average, it will take 2 hours of Consultant team member time to review and respond to each RFI.
3. Change Proposal Requests
  - a. Negotiations between Consultant and Contractor are not binding until accepted by the City.
  - b. The fee for this sub-task is based upon preparing, processing, and negotiating pricing of 11 Change Proposal Requests.
  - c. Actual preparation, processing, and negotiating time may vary depending upon the complexity of the Change Proposal Requests. It is estimated that, on average, it will take 6 hours of Consultant team member time to prepare, process, and negotiate pricing for each Change Proposal Requests.
4. Work Change Directives
  - a. The fee for this task is based upon preparing and processing 20 Work Change Directives.
  - b. Actual preparation, processing, and review time may vary depending upon the complexity of the Change Directive. On average, it is estimated that it will take 2 hours of Consultant team member time to prepare, process, and review each Change Directive.
5. Change Orders
  - a. City has the sole responsibility to authorize any changes to the construction contract.
  - b. The fee for this task is based upon preparing and processing 11 Change Orders – 1 every other month through substantial completion and 1 finalizing Change Order. Actual preparation and processing response time may vary depending upon the complexity of the Change Order. It is estimated that, on average, it will take 6 hours of Consultant team member time to prepare and process each Change Order.
  - c. City will provide Consultant with copies of the fully executed Change Order after signed by City and Contractor.
6. Pre-Construction Conference
  - a. Pre-Construction Conference will occur at City conference facility.
  - b. Up to 10 hard copies of the Pre-Construction Conference agenda will be furnished by the consultant.
  - c. We have budgeted 10 hours for a consultant staff member for preparation, attendance and meeting note preparation.
7. Document Management System
  - a. Consultant will use Consultant's Newforma and Bentley ProjectWise for the Document Management System.
  - b. Consultant will not maintain a hard copy of documentation in addition to the Document Management System.
  - c. It is estimated that, on average, it will take 10 hours per week of Consultant team member time to maintain the Document Management System.
  - d. Consultant will provide City read access to the Document Management System.
8. Additional or extended services will be provided under a separate negotiated contract amendment during construction if necessary due to circumstances beyond the control of HDR.

## **Deliverables:**

1. Submittal Review

- a. Contractor's approved Shop Drawing Submittal Schedule transmitted to City and design team members via e-mail in .pdf format.
- b. Assembled comment sheets in each submittal file in the DMS.
- c. Shop drawing responses transmitted to Contractor and City via e-mail in .pdf format.
2. Request for Information
  - a. Response supporting information filed in the DMS.
  - b. RFI responses transmitted to Contractor, City, and Consultant's team members via e-mail in .pdf format.
3. Change Proposal Requests
  - a. Change Order Proposal supporting information filed in the DMS.
  - b. Change Order Proposal transmitted to Contractor and City via e-mail in .pdf format.
  - c. Engineer's Decision transmitted to Contractor and City via e-mail in .pdf format.
4. Work Change Directives
  - a. Change Directive supporting information filed in the DMS.
  - b. Work Change Directives transmitted to Contractor and City via e-mail in .pdf format.
5. Change Orders
  - a. Change Order supporting information filed in the DMS.
  - b. Change Order, including supporting information for each Change Order, transmitted to Contractor and City via e-mail in .pdf format.
6. Pre-Construction Conference
  - a. Draft Pre-Construction Conference agenda transmitted to City and Contractor via e-mail in .pdf format.
  - b. Final Pre-Construction Conference agenda transmitted to City and Contractor via e-mail in .pdf format and hard copies delivered at conference.
  - c. Pre-Construction Conference notes transmitted to City and Contractor via e-mail in .pdf format and filed in the DMS.
7. Document Management System
  - a. Filing system index transmitted to City via e-mail in .pdf format, if requested.
  - b. Tracking logs for shop drawing transmittals, Requests for Information, Field Orders, Change Proposal Requests, Change Orders, and work deficiency checklists transmitted to City and Contractor via e-mail in .pdf format.

## **Task 300      Field Services**

### **Objective:**

Determine substantial conformance of the completed construction with the requirements of the Contract Documents through observation of the Work.

### **HDR Services:**

This task includes services related to providing observation of field activities. Specific activities conducted by Consultant will include the following:

### **Construction Observation and Administration**

1. Provide general observation including:
  - a. Observe, record, and report Contractor's daily work progress to determine the Work observed is in general conformance with the requirements of the Contract Documents for work associated with the Project.
  - b. Document activities observed making note of deficiencies and any issues requiring resolution. Maintain work deficiency log in the DMS.
  - c. Create daily field reports defining specified work completed, Contractor work force figures, progress made on the controlling activity established by the approved construction schedule, job site visitors, and weather conditions.
  - d. Review approved shop drawings and apply them to the conducting of observations.
  - e. Photograph construction to document progress or deficiencies, and log photos in the DMS.
  - f. Monitor the prequalification of soils and concrete materials, and coordinate in-place moisture and density testing and the sampling and testing of concrete (see Task 600).
  - g. Observe and document pressure testing of interior and exterior piping systems.
  - h. Review tagging of equipment to verify conformance with approved registers for equipment, valves, and other items designated to be tagged by the Contract Documents.
  - i. Coordinate training activities between Contractor and City.
2. Conduct, or coordinate the conduct of, specified inspections and document results.
3. Notify Contractor when written verification from the Materials Testing sub-consultant representative has been obtained stating that acceptable subgrade preparation is provided for structures and is ready to receive concrete for foundations and structural slabs on grade.
4. Review stored materials and/or equipment for quantity determination for Contractor payment and to verify that equipment and/or materials are adequately protected until installed. Consultant will notify Contractor if additional measures are required to protect the equipment.
5. Develop and provide to Contractor an on-going list of items requiring correction to encourage correction of noted construction deficiencies, including:
  - a. Monitor and document construction throughout the project duration and identify deficient items.
  - b. Provide Contractor with an updated list of non-conforming items at construction progress meetings.
  - c. As deficiencies are corrected, revise the list by indicating corrected status.
  - d. Utilize the deficiencies list to aid in identifying appropriate retainage amounts near project completions.
  - e. Issue Non-Conformance Reports for deficiencies not being acknowledged or addressed by Contractor with corrective measures or corrective action plans.
  - f. Document any observations made of property damage or personal injury accidents within the project construction limit lines, and notify and provide a written report to the City
6. *Contractor's Application for Payment Review*: Review draft application for payment in comparison to progress of the work. Make notations of deficient work not recommended for payment until corrected; deletion of payment for stored materials and/or equipment which do not have approved shop drawings and/or proper invoices; reduction of value for partially completed items claimed as complete.
7. *Contractor's Baseline Schedule and Updates Review*: Review Contractor's Baseline Schedule in accordance with Contract Documents. Review Contractor's monthly schedule updates in

accordance with Contract Documents. Provide comments to Contractor through the Shop Drawing process.

8. *Field Orders*: Provide coordination and review to identify the need for minor changes in the Work consistent with the design intent which do not require a change in Contract Time or Contract Price.
9. *Weekly Construction Meetings*: Conduct weekly construction meetings with the Contractor's representative(s) and City's Representative to assist in implementing the construction process. Prepare and send out an agenda before the meetings and meeting minutes after the meetings. Project Engineer and other design personnel will participate in the meetings by teleconference as necessary.

### **Client Responsibilities:**

1. Attend initial construction conferences, design and construction progress and other job related meetings, and Substantial Completion and final payment inspections.
2. Provide HDR with the findings and reports generated by the entities providing laboratory, inspection, or monitoring services other than those being provided by HDR.
3. Additional or extended services will be provided under a separate negotiated contract amendment during construction if necessary do to circumstances beyond the control of HDR.

### **Assumptions:**

1. Consultant's observation of the work performed under the construction contract shall not relieve Contractor from responsibility for performing work in accordance with applicable contract documents.
2. Consultant shall not control or have charge of, and shall not be responsible for construction means, methods, techniques, sequences, procedures of construction, health or safety programs or precautions connected with the work and shall not manage, supervise, control or have charge of construction.
3. Consultant shall not be responsible for the acts or omissions of construction Contractor(s) or other parties on the project.
4. Observations will be performed in accordance with industry-recognized standard practices.
5. City agrees to include a provision in the construction contract that requires Contractor to list Consultant as an additional insured on Contractor's commercial general liability insurance.
6. Contractor is responsible for compliance with permit conditions; therefore, Consultant cannot ensure Contractor's compliance with permit conditions. Consultant will notify City of observed conditions and violations.
7. Monitoring removal and/or disposal of contaminated materials is not included.
8. The fee for construction observation is based upon field observation from a single Resident Project Representative (RPR) for 77 weeks at 40 hours per week and 4 site visits for Consultant staff.
9. Budget includes expenses for lodging, vehicle and travel. RPR will be reimbursed a Per Diem rate of \$124/day in addition to mileage billed at the GSA rate. The GSA rate used for the Fee Estimate was \$0.56/mile. The days assumed for Per Diem are 539 days. Mileage assumes 30 miles per day for 385 days for RPR, 4 trips from Spokane at 340 miles for Consultant team members.
10. Normal working hours for Consultant observation staff and Contractor will coincide with normal construction working hours: Monday through Friday, 7:00 am to 4:00 pm, unless a 4-10 schedule is mutually agreed upon.

11. Should Contractor elect to perform work outside of normal working hours, on Saturday, Sunday, or legal holiday, Consultant will require that City authorize field observation services prior to Consultant starting observation.
12. If additional labor and expenses for performing observation services outside normal working hours or beyond estimate included in this task are required due to increased construction duration, City will negotiate an increase in fee for this activity as a separate, additional fee activity which City could recover from Contractor through a construction contract change when appropriate.
13. When full time observation is not required by contractor activities, Resident Project Representative (RPR) may assist with other activities such as shop drawing reviews, responses to RFIs, and review of change proposal pricing, when activities are within his capabilities and expertise as requested by the City.
14. Contractor's Application for Payment Review
  - a. The draft and final payment application requests will be submitted by Contractor each month on days agreed upon to meet City's processing schedule requirements.
  - b. Consultant's recommendations for payment can be modified until final payment is approved and authorized by City.
  - c. Up to 19 payment applications may be reviewed by Consultant as requested by the City.
  - d. For the purposes of estimating, it is assumed that each payment application reviewed by the Consultant will take 1 hours of Consultant team member time to review and process.
  - e. Consultant will collect certified payroll information from Contractor and conduct payroll interviews. Certified payroll will be uploaded to the DMS.
15. Contractor's Baseline Schedule and Updates Review
  - a. Following the initial Baseline Schedule, the Contractor will submit monthly schedule updates.
  - b. Up to 19 project schedule updates may be reviewed by Consultant as requested by the City.
  - c. For the purposes of estimating, it is assumed that each schedule update review will take 1.5 hours of Consultant team member time to review and process.
16. Field Orders
  - a. Field Orders may be generated from responses to RFIs, design changes, Contractor initiated changes, City initiated changes, or unanticipated conditions.
  - b. The fee for this task is based upon preparing and processing 10 Field Orders.
  - c. Actual preparation and processing time may vary depending upon the complexity of the Field Orders. It is estimated that, on average, it will take 2 hours of Consultant team member time to prepare and process each Field Order.
17. Bi-Weekly Construction Progress Meetings
  - a. Bi-Weekly Construction Progress Meetings will occur at the Contractor's construction trailer at the project site; and will involve up to 1 Consultant team members, and each meeting will last up to 1 hour each. One Consultant team member may attend by phone. We have budgeted 1 hour for each Bi-Weekly Construction Progress Meeting.
  - b. Consultant will prepare an agenda for the first Construction Progress Meeting. Notes from the previous meeting will be used as the agenda for subsequent meetings updated with current issues or concerns.



- c. Construction Progress Meeting agendas will include current logs of outstanding shop drawing submittals, three-week look ahead schedule and requests for information responses. Agendas will also include time for Contractor to summarize work completed since the last Progress Meeting and work projected for the following month.
- d. Up to 39 progress meetings are included for this task.

**Deliverables:**

- 1. Engineering Site Visitation Memorandums transmitted to City via e-mail in .pdf format.
- 2. Photographs filed in the DMS.
- 3. Reports of property damage or personal injury accidents transmitted to City via e-mail in .pdf format and documented in Daily Field Report.
- 4. Contractor's Baseline Schedule and Updates Review
  - a. Review comments on Baseline Schedule and Updates
- 5. Weekly Construction Progress Meetings
  - a. Construction Progress Meeting agenda transmitted to City and Contractor via e-mail in .pdf format to progress meetings and delivered at meetings.
  - b. Construction Progress Meeting notes transmitted to City and Contractor via e-mail in .pdf format and filed in the DMS.
- 6. Contractor's Application for Payment Review
  - a. Contractor's Payment Application Requests submitted via DMS with appropriate attachments, such as invoices for stored materials.
- 7. Field Orders
  - a. Supporting information filed in the DMS.
  - b. Field Order transmitted to Contractor, City, and Consultant's team members via e-mail in .pdf format.

## **Task 400      Start-up and Commissioning**

**Objective:**

Assess overall performance of equipment and systems installed as part of this project.

**HDR Services:**

This task includes services related to training operations staff and testing the process systems to verify intended operation. Specific activities conducted by Consultant will include the following:

- 1. Monitor Manufacturer's Field Services and training of City personnel required by the Contract Documents to be performed by the Contractor.
- 2. Review and approve equipment supplier training agendas and training material outlines as provided by Contractor. Coordinate vendor training schedule with Contractor and plant staff.
- 3. Monitor vendor training for City's operations and maintenance personnel.

**Client Responsibilities:**

- 1. Coordinate with HDR the City staff schedules and availability for vendor training.

### **Assumptions:**

1. The budget for this task is based upon commissioning services from a single Consultant team member for up to 10 site visits for up to 8 hours each.

### **Deliverables:**

1. Reviewed equipment supplier training agendas and schedules.

## **Task 500 Construction Close-Out**

### **Objective:**

Achieve an orderly, well-documented and complete close-out of the construction contract.

### **HDR Services:**

This task includes services related to closing out the construction contract. Specific activities conducted by Consultant will include the following:

#### **Substantial Completion Inspections**

1. Receive and review Contractor's required substantial completion submittal, and determine if Project is ready for substantial completion inspection, including:
  - a. Develop substantial completion submittal checklist.
  - b. Verify submittal of required documents.
  - c. Review Contractor's punchlist and Consultant's progressive list of incomplete and deficient items and determine if the substantial completion inspection is appropriate in accordance with Contract requirements.
  - d. Schedule substantial completion inspection, or notify Contractor that the Work has not progressed to point of substantial completion as defined by the Contract Documents.
2. Coordinate, conduct and document the substantial completion inspection and issuance of the Certificate of Substantial Completion including:
  - a. Notify City and design team members of date of substantial completion inspection.
  - b. Prepare and distribute the punchlist format to the parties conducting the inspection.
  - c. Conduct the substantial completion inspection.
  - d. Compile the punchlist and identify the tentative date of substantial completion, and prepare and issue tentative Certificate of Substantial Completion to City for review and concurrence.
  - e. If there are multiple portions of the Work with different substantial completion dates, prepare a summary of the dates of expiration of the various Correction Periods.
  - f. Upon concurrence of City, issue the definitive Certificate of Substantial Completion and punchlist setting the date of Substantial Completion.
3. Review progress of corrective action on punchlist items and periodically update and re-issue the punchlist and issuance of Certificate of Substantial Completion for the entire or designated portions of the Work.

#### **Final Completion Inspection**

1. Receive and review Contractor's required final completion submittal.
2. Coordinate and attend the final inspection meeting and physical walk-through of the Project, including:

- a. Schedule the final inspection date and notify Contractor, City and any Regulatory Agencies.
  - b. Assemble the various final completion submittal documents, required by the Contract Documents, for the final inspection meeting and review them with the various parties.
  - c. Conduct, document and distribute the findings of the final inspection.
3. Collect close-out documents required by the Contract Documents and forward the documents along with Contractor's Final Application and Certificate for Payment to City for processing by City.

### **Record Drawings**

1. Consultant will monitor the status of Contractor's as-built drawings every other week at the Construction Progress Meetings.
2. Consultant team members will document changes due to field adjustments in the record drawings as they occur.
3. Prepare final record drawings.

### **Client Responsibilities:**

1. Review Substantial and Final Completion certificates prior to issuance.
2. Review and approve final Record Drawings.

### **Assumptions:**

1. Substantial Completion Inspections and Final Completion Inspection will occur at the project site, will involve up to 2 Consultant team members, and will last up to 8 hours each.
2. Contractor will red-line a full size (24 IN x 36 IN) hard copy of the construction contract documents on a monthly basis to incorporate RFIs, Field Orders, Change Proposal Requests, submittal data, and changes based on records received from both Consultant and City.
3. Record drawings will be based on construction records provided by Contractor, City and on-site resident project representatives and will be completed within 2 months of the date of receipt of all of the marked-up prints and other necessary data from Contractor.

### **Deliverables:**

1. Certificates of Substantial Completion and punch lists transmitted to City and Contractor via e-mail in .pdf format.
2. Certificate of Final Completion with Contractor's Final Application and Certificate for Payment transmitted to City and Contractor via e-mail in .pdf format.
3. Provide City with electronic files (.pdf format and AutoCAD or Revit formats), including a full-size hard copy and half-size hard copy Record Drawings.

## **Task 600            Materials Testing and Special Inspection Services**

### **Objective:**

Provide special inspection and testing services required by the International Building Code (IBC), the project structural notes and City Building Department for designated structural components of construction. Services will be completed in accordance with ASTM International (ASTM) test methods and applicable sections contained in the American Concrete Institute (ACI) Manual of Concrete Practice, and American Welding Society (AWS) Structural Welding Code.

## **HDR Team Materials Testing and Special Inspection Services:**

This task includes services related to geotechnical services for the Project. Specific activities conducted by Consultant will include the following:

1. *Earthwork*: Includes periodic observation during soil improvement, site preparation, in-place density testing of structural fill placed a building floor slab, foundation grade, hot-mix asphalt (HMA) pavements, and within utility trenches.
2. *Reinforced Concrete*: Includes mix design review; periodic reinforcing steel placement inspection; field testing for slump, unit weight, entrained air and temperature; preparing concrete test cylinders; and inspection during site-cast structural concrete placement for foundations, floor slabs, columns and walls.
3. *Structural Steel Framing/Anchorages/High-Strength Bolts*: Review and inspect structural steel materials; high-strength bolts; anchor bolts and threaded rods; weld filler material; welding procedures and welder qualifications; framing requirements; reviewing high-strength bolting materials and procedures; and periodic inspection of field-welded structural steel connectors.
4. *Sample Retrieval and Laboratory Testing*: Collect and transport samples of on-site and imported soil that will be used as structural fill, concrete samples obtained from the project site to the laboratory. Laboratory services will include compaction tests and gradation analyses of structural fill, and curing and unconfined compression testing of concrete samples. HMA samples will be analyzed for theoretical Rice density, oil content, and gradation of extracted aggregate.
5. *Daily Field Reports*: At the completion of each site visit, our field personnel will prepare a preliminary field report to document field test results, observations and discussions applicable to the project.
6. *Final Report*: At the conclusion of geotechnical services, provide a final letter report as required by IBC Chapter 17. The report will summarize observations and test results, and opinions regarding applicable Contractor's general compliance with the project plans and specifications.

## **Assumptions:**

1. Sub-consultant will perform testing in accordance with construction contract documents and other recognized/applicable standards.
2. Consultant has included a sub-consultant fee of \$26,000.00 for materials testing and special inspections; however, actual cost will be based on actual time and materials required to conduct materials testing and special inspections.
3. Sub-consultant will have a lab within 25 miles of the City of Wenatchee Wastewater Treatment Plant.

## **Deliverables:**

1. Summaries of daily reports, materials testing information, and special inspections.
2. Final report in accordance with IBC Chapter 17.

## **Task 700      Owner's Reserve**

### **Objective**

To allow the City a discretionary task budget, to cover additional professional services not currently included in this scope.

## Approach

Provide professional services at the request of the City as mutually agreed and defined.

## HDR Services

1. Conduct additional services as mutually agreed by the City and Consultant.

## City Responsibilities

1. Identify professional services deemed necessary that are not expressly included in this Scope of Services.
2. Provide authorization and approval to amend the scope and budget for additional services.

## Assumptions

1. Agreement for the services to be performed under the contingency task and budget will be documented and agreed upon by the City and Consultant prior to proceeding.

## Deliverables

1. To be determined and agreed upon by the City and Consultant.

## Exhibit B – Schedule

The project schedule for the will begin in January 2022 with construction phase services completed by July 2023. Construction project duration is 19 months following issuance of Notice to Proceed. The basic project schedule is as follows:

Key milestones are listed below.

Milestone	Weeks from NTP	Date
Notice to Proceed	0	January 28, 2022
Notice to Proceed Construction	0	January 28, 2022
Completed Construction	77	June 23, 2023
Closeout	81	July 21, 2023

## Exhibit C – Compensation

HDR's total compensation for services provided pursuant to this agreement, including labor and overhead costs and expenses, and sub-consultant compensation shall not exceed \$1,381,279.12 without written authorization by the City. Expenses and Subconsultants will be billed at a 1.5% Markup.

Task	Description	Labor Hours	HDR Labor	HDR Expenses	Subconsultant Labor	Total Cost
100	Project Management	568	\$140,126.53	\$304.50	\$0.00	\$140,431.03
	Andrew Staples	192				
	Todd Jensen	306				
	Brian Bartle	4				
	Cherish Jackson	4				
	Matt Raclawski	62				
200	Engineering Support during Construction	2,084	\$376,447.37	\$3,478.61	\$54,688.20	\$434,614.18
	Andrew Staples	518				
	Todd Jensen	89				
	Gary Byrne	4				
	Mary Scalise	785				
	Karl Sutton	23				
	Kellen Roberts	71				
	Cora Revis	85				
	Grayson, Harvey	13				
	Matt Gurrad	17				
	Jered Newcomb	268				
	Steve Bradley	41				
	Chan Cheang	170				
300	Field Services	3,190	\$602,374.87	\$75,294.32	\$0.00	\$677,669.19
	Andrew Stapels	40				
	Todd Jensen	70				
	Gary Byrne	3080				
400	Start-up and Commissioning	80	\$20,527.11	\$1,173.14	\$0.00	\$21,700.25
	Andrew Stapes	8				
	Scott Joslyn	72				

500	Construction Closeout	396	\$70,474.47	\$0.00	\$0.00	\$70,474.47
	Andrew Staples	24				
	Todd Jensen	20				
	Adam Serock	176				
	Heather Fancher	176				
600	Materials Testing and Special Inspection Services	0	\$0.00	\$0.00	\$26,390.00	\$26,390.00
700	Owner's Reserve	42	\$10,000.00	\$0.00	\$0.00	\$10,000.00
	<b>Total</b>	6,402	\$1,219,950.35	\$80,250.57	\$81,078.2	<b>\$1,381,279.12</b>

**CERTIFICATE OF LIABILITY INSURANCE**

6/1/2022

1/14/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Lockton Companies 444 W. 47th Street, Suite 900 Kansas City MO 64112-1906 (816) 960-9000	<b>CONTACT NAME:</b> <b>PHONE (A/C. No. Ext):</b>		<b>FAX (A/C. No):</b>
	<b>E-MAIL ADDRESS:</b>		
<b>INSURER(S) AFFORDING COVERAGE</b>			<b>NAIC #</b>
<b>INSURER A:</b> Lexington Insurance Company			19437
<b>INSURED</b> 1429583 HDR ENGINEERING, INC. 1917 SOUTH 67TH STREET OMAHA NE 68106	<b>INSURER B:</b>		
	<b>INSURER C:</b>		
	<b>INSURER D:</b>		
	<b>INSURER E:</b>		
	<b>INSURER F:</b>		

**COVERAGES \* CERTIFICATE NUMBER: 18182597 REVISION NUMBER: XXXXXXXX**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR VVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX DAMAGE TO RENTED PREMISES (Ea occurrence) \$ XXXXXXXX MED EXP (Any one person) \$ XXXXXXXX PERSONAL & ADV INJURY \$ XXXXXXXX GENERAL AGGREGATE \$ XXXXXXXX PRODUCTS - COMP/OP AGG \$ XXXXXXXX \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			NOT APPLICABLE			COMBINED SINGLE LIMIT (Ea accident) \$ XXXXXXXX BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX \$ XXXXXXXX
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y <input type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	NOT APPLICABLE			PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ XXXXXXXX E.L. DISEASE - EA EMPLOYEE \$ XXXXXXXX E.L. DISEASE - POLICY LIMIT \$ XXXXXXXX
A	ARCH & ENG PROFESSIONAL LIABILITY	N	N	061853691	6/1/2021	6/1/2022	PER CLAIM: \$1,000,000 AGGREGATE: \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 CITY OF WENACHEE DIGESTER 4 CONSTRUCTION PHASE SERVICES

**CERTIFICATE HOLDER**

**18182597**  
 CITY OF WENACHEE  
 ATTENTION: JEREMY HOOVER  
 1350 MCKITTRICK ST  
 WENACHEE WA 98801

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Joseph M. Agnello*





# CERTIFICATE OF LIABILITY INSURANCE

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> Willis Towers Watson Midwest, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	<b>CONTACT NAME:</b> Willis Towers Watson Certificate Center <b>PHONE (A/C, No, Ext):</b> 1-877-945-7378 <b>FAX (A/C, No):</b> 1-888-467-2378 <b>E-MAIL ADDRESS:</b> certificates@willis.com																					
<b>INSURED</b> HDR Engineering, Inc. 1917 South 67th Street Omaha, NE 68106	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td colspan="2"><b>INSURER A:</b> Liberty Mutual Fire Insurance Company</td> <td style="text-align: center;">23035</td> </tr> <tr> <td colspan="2"><b>INSURER B:</b> Ohio Casualty Insurance Company</td> <td style="text-align: center;">24074</td> </tr> <tr> <td colspan="2"><b>INSURER C:</b> Liberty Insurance Corporation</td> <td style="text-align: center;">42404</td> </tr> <tr> <td colspan="2"><b>INSURER D:</b></td> <td></td> </tr> <tr> <td colspan="2"><b>INSURER E:</b></td> <td></td> </tr> <tr> <td colspan="2"><b>INSURER F:</b></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	<b>INSURER A:</b> Liberty Mutual Fire Insurance Company		23035	<b>INSURER B:</b> Ohio Casualty Insurance Company		24074	<b>INSURER C:</b> Liberty Insurance Corporation		42404	<b>INSURER D:</b>			<b>INSURER E:</b>			<b>INSURER F:</b>		
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<b>INSURER D:</b>																						
<b>INSURER E:</b>																						
<b>INSURER F:</b>																						

**COVERAGES** **CERTIFICATE NUMBER: W23763134** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> <b>Contractual Liability</b> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	Y	Y	TB2-641-444950-031	06/01/2021	06/01/2022	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY	Y	Y	AS2-641-444950-041	06/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0	Y	Y	EUO (22) 57919363	06/01/2021	06/01/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N No	N/A	WA7-64D-444950-011	06/01/2021	06/01/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
 Certificate Holder is named as Additional Insured on General Liability, Automobile Liability and Umbrella/Excess Liability on a Primary, Non-contributory basis where required by written contract. Waiver of Subrogation applies on General Liability, Automobile Liability, Umbrella/Excess Liability and Workers Compensation where required by written contract and as permitted by law. Umbrella/Excess policy is follow form over General Liability, Auto Liability and Employers Liability.

**CERTIFICATE HOLDER**

**CANCELLATION**

City of Wenatchee Attn: Jeremy Hoover 1350 McKittrick St Wenatchee, WA 98801	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE</p> <p style="text-align: center;"><i>Alicia J. Pavelko</i></p>
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## ADDITIONAL REMARKS SCHEDULE

AGENCY Willis Towers Watson Midwest, Inc.	NAMED INSURED HDR Engineering, Inc. 1917 South 67th Street Omaha, NE 68106	
POLICY NUMBER See Page 1	EFFECTIVE DATE: See Page 1	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;">                             CARRIER                              See Page 1                         </td> <td style="width: 50%; vertical-align: top;">                             NAIC CODE                              See Page 1                         </td> </tr> </table>		CARRIER See Page 1
CARRIER See Page 1	NAIC CODE See Page 1	

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
 FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

Project: City of Wenatchee Digester 4 Construction Phase Services

Employers Liability for the Monopolistic States of ND, OH, WA & WY is provided in the Workers Compensation policy.

Coverage for Independent Contractors is provided under General Liability policy.

Additional Insured: The City.

**Policy Number: TB2-641-444950-031**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

**Designated Location(s):**

**All locations owned by or rented to the Named Insured**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage **A**, and for all medical expenses caused by accidents under Section I – Coverage **C**, which can be attributed only to operations at a single designated "location" shown in the Schedule above:
1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
  2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:
    - a. Insureds;
    - b. Claims made or "suits" brought; or
    - c. Persons or organizations making claims or bringing "suits".
  3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.
  4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

- B.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:
1. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
  2. Such payments shall not reduce any Designated Location General Aggregate Limit.
- C.** When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.
- D.** For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:  
"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
- E.** The provisions of Section **III** – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

**Policy Number: TB2-641-444950-031**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DESIGNATED CONSTRUCTION PROJECT(S) GENERAL AGGREGATE LIMIT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

**Designated Construction Project(s):**

**All construction projects not located at premises owned, leased or rented by a Named Insured**

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which can be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:
1. A separate Designated Construction Project General Aggregate Limit applies to each designated construction project, and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
  2. The Designated Construction Project General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:
    - a. Insureds;
    - b. Claims made or "suits" brought; or
    - c. Persons or organizations making claims or bringing "suits".
  3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Construction Project General Aggregate Limit for that designated construction project. Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Construction Project General Aggregate Limit for any other designated construction project shown in the Schedule above.
  4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Construction Project General Aggregate Limit.

- B.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage **A**, and for all medical expenses caused by accidents under Section I – Coverage **C**, which cannot be attributed only to ongoing operations at a single designated construction project shown in the Schedule above:
- 1.** Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
  - 2.** Such payments shall not reduce any Designated Construction Project General Aggregate Limit.
- C.** When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Construction Project General Aggregate Limit.
- D.** If the applicable designated construction project has been abandoned, delayed, or abandoned and then restarted, or if the authorized contracting parties deviate from plans, blueprints, designs, specifications or timetables, the project will still be deemed to be the same construction project.
- E.** The provisions of Section III – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

POLICY NUMBER: TB2-641-444950-031

COMMERCIAL GENERAL LIABILITY  
CG 20 10 12 19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

### SCHEDULE

Name Of Additional Insured Person(s)  
Or Organization(s):

Location(s) Of Covered Operations

Any person or organization with whom you have agreed through written contract, agreement or permit to provide additional insured coverage

All locations as required by a written contract or agreement entered into prior to an "occurrence" or offense

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

POLICY NUMBER: TB2-641-444950-031

COMMERCIAL GENERAL LIABILITY  
CG 20 37 12 19

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

### SCHEDULE

Name Of Additional Insured Person(s)  
Or Organization(s):

Any person or organization to whom or to which you are required to provide additional insured status in a written contract, agreement or permit except where such contact or agreement is prohibited.

Location And Description Of Completed Operations

Any location where you have agreed, through written, contract, agreement, or permit, to provide additional insured coverage for completed operations

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.



Policy Number TB2-641-444950-031  
Issued by Liberty Mutual Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**PRIMARY AND NONCONTRIBUTORY –  
OTHER INSURANCE CONDITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to Section IV – Conditions 4. Other Insurance and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- (1) The additional insured is a Named Insured under such other insurance; and
- (2) You have agreed prior to a loss, that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.
- (3) This insurance is excess over any other insurance available to the additional insured for which it is also covered as an additional insured by attachment of an endorsement to another policy providing coverage for the same "occurrence", claim or "suit".

POLICY NUMBER: AS2-641-444950-041

**COMMERCIAL AUTO  
CA 20 48 10 13**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DESIGNATED INSURED FOR COVERED AUTOS LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM  
BUSINESS AUTO COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" for Covered Autos Liability Coverage under the Who Is An Insured provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

### **SCHEDULE**

<b>Name Of Person(s) Or Organization(s):</b>
--

As required by written contract
---------------------------------

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.
--

Each person or organization shown in the Schedule is an "insured" for Covered Autos Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Paragraph **A.1.** of Section **II** – Covered Autos Liability Coverage in the Business Auto and Motor Carrier Coverage Forms and Paragraph **D.2.** of Section **I** – Covered Autos Coverages of the Auto Dealers Coverage Form.

Policy Number: AS2-641-444950-041  
Issued by: Liberty Mutual Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**DESIGNATED INSURED - NONCONTRIBUTING**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
GARAGE COVERAGE FORM  
MOTOR CARRIERS COVERAGE FORM  
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured Provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage form.

**Schedule**

**Name of Person(s) or Organizations(s):**

Any person or organization where the Named Insured has agreed by written contract to include such person or organization

**Regarding Designated Contract or Project:**

Any

Each person or organization shown in the Schedule of this endorsement is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.

The following is added to the **Other Insurance Condition:**

If you have agreed in a written agreement that this policy will be primary and without right of contribution from any insurance in force for an Additional Insured for liability arising out of your operations, and the agreement was executed prior to the "bodily injury" or "property damage", then this insurance will be primary and we will not seek contribution from such insurance.

POLICY NUMBER: TB2-641-444950-031

## WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

### SCHEDULE

<b>Name Of Person Or Organization: As required by written contract or agreement</b>
---

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.
--

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

POLICY NUMBER: AS2-641-444950-041

**COMMERCIAL AUTO  
CA 04 44 10 13**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**WAIVER OF TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US (WAIVER OF SUBROGATION)**

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM  
BUSINESS AUTO COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

**SCHEDULE**

**Name(s) Of Person(s) Or Organization(s):**

Any person or organization for whom you perform work under a written contract of the contract requires you to obtain this agreement from us but only if the contract is executed prior to the injury or damage occurring.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The **Transfer Of Rights Of Recovery Against Others To Us** condition does not apply to the person(s) or organization(s) shown in the Schedule, but only to the extent that subrogation is waived prior to the "accident" or the "loss" under a contract with that person or organization.

## WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Where required by contract or written agreement prior to loss.

Issued by:Liberty Insurance Corporation

For attachment to Policy No WA7-64D-444950-011  
\$

Effective Date 06/01/2021

Premium

Issued to:HDR Engineering, Inc.

Policy Number TB2-641-444950-031  
Issued by Liberty Mutual Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NOTICE OF CANCELLATION OR MATERIAL REDUCTION IN COVERAGE TO THIRD PARTIES**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART  
MOTOR CARRIER COVERAGE PART  
GARAGE COVERAGE PART  
TRUCKERS COVERAGE PART  
EXCESS AUTOMOBILE LIABILITY INDEMNITY COVERAGE PART  
SELF-INSURED TRUCKER EXCESS LIABILITY COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
EXCESS COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
COMMERCIAL LIABILITY – UMBRELLA COVERAGE FORM

<b>Schedule</b>		
<b>Name of Other Person(s) / Organization(s):</b>	<b>Email Address or mailing address:</b>	<b>Number Days Notice:</b>
As required by written contract or written agreement	As required by written contract or written agreement	30

- A. If we cancel this policy for any reason other than nonpayment of premium, or make a material reduction in coverage, we will notify the persons or organizations shown in the Schedule above. We will send notice to the email or mailing address listed above at least 10 days, or the number of days listed above, if any, before the cancellation becomes effective. In no event does the notice to the third party exceed the notice to the first named insured.
- B. This advance notification of a pending cancellation or material reduction of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

All other terms and conditions of this policy remain unchanged.

Policy Number AS2-641-444950-041  
Issued by Liberty Mutual Fire Insurance Company

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NOTICE OF CANCELLATION OR MATERIAL REDUCTION IN COVERAGE TO THIRD PARTIES**

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART  
MOTOR CARRIER COVERAGE PART  
GARAGE COVERAGE PART  
TRUCKERS COVERAGE PART  
EXCESS AUTOMOBILE LIABILITY INDEMNITY COVERAGE PART  
SELF-INSURED TRUCKER EXCESS LIABILITY COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
EXCESS COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
COMMERCIAL LIABILITY – UMBRELLA COVERAGE FORM

<b>Schedule</b>		
<b>Name of Other Person(s) / Organization(s):</b>	<b>Email Address or mailing address:</b>	<b>Number Days Notice:</b>
As required by written contract or written agreement		30

- A. If we cancel this policy for any reason other than nonpayment of premium, or make a material reduction in coverage, we will notify the persons or organizations shown in the Schedule above. We will send notice to the email or mailing address listed above at least 10 days, or the number of days listed above, if any, before the cancellation becomes effective. In no event does the notice to the third party exceed the notice to the first named insured.
- B. This advance notification of a pending cancellation or material reduction of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

All other terms and conditions of this policy remain unchanged.



**NOTICE OF CANCELLATION TO THIRD PARTIES**

- A.** If we cancel this policy for any reason other than nonpayment of premium, we will notify the persons or organizations shown in the Schedule below. We will send notice to the email or mailing address listed below at least 10 days, or the number of days listed below, if any, before cancellation becomes effective. In no event does the notice to the third party exceed the notice to the first named insured.
- B.** This advance notification of a pending cancellation of coverage is intended as a courtesy only. Our failure to provide such advance notification will not extend the policy cancellation date nor negate cancellation of the policy.

**Schedule**

<b>Name of Other Person(s) / Organization(s):</b>	<b>Email Address or mailing address:</b>	<b>Number Days Notice:</b>
<b>As required by written contract or agreement</b>		<b>30</b>

All other terms and conditions of this policy remain unchanged.

**Issued by Liberty Insurance Corporation**

**For attachment to Policy No. WA7-64D-444950-011 Effective Date 06/01/2021**

**Premium \$**

**Issued to HDR Engineering, Inc.**

**Endorsement**

**No.**



## CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Brad Posenjak, Finance Director  
Finance

**MEETING DATE:** January 27, 2022

---

**I. SUBJECT**

Resolution to update the Financial Policy and Procedure Manual.

**II. ACTION REQUESTED**

Staff requests the City Council approve Resolution 2022-04 adopting an amended and restated Financial Policy and Procedure Manual.

**III. OVERVIEW**

In 2021, the City adopted Resolution 2021-19 that combined the City's financial policies into one document. Having all the policies in a single document allows greater opportunity for review and updating. Since then, many changes have been identified and are being proposed.

Significant changes include:

- Purchasing: Section 1.1 – Updates to federal purchasing thresholds.
- Budget & Financial Management: Section 3 – Reorganization and updated general budgetary policies.
- Budget Amendments: Section 3.2.03 – Added the budget amendment process.
- Reserve Funds: Section 3.4 – Updates to reserve fund requirements.
- Investments: Chapter 4 – Adding references to the WA State Treasurer Separately Managed Accounts program.
- Interfund Loans: Section 5.3.02 – Incorporate interfund loan rules that were previously adopted annually by City Council resolution.
- Surplus Property Disposal: Chapter 8 – Relocating and rewriting rules on the disposal of City property from WCC 1.34.

**IV. FISCAL IMPACT**

None. This policy and procedure update has been reviewed by Finance Committee.

**V. REFERENCE(S)**

1. Resolution 2022-04
2. Exhibit A – Financial Policy and Procedure Manual

**VI. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
Laura Merrill, Executive Services Director

**RESOLUTION NO. 2022-04**

**A RESOLUTION,** amending and restating the City Financial Policy and Procedure Manual.

**WHEREAS,** the City is required to establish financial management, purchasing, travel, cash handling, and debt management policies, procedures, and guidelines; and

**WHEREAS,** the City Council desires to amend and update the City's Financial Policy and Procedure Manual.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WENATCHEE** that the amended and restated Financial Policy and Procedure Manual attached hereto as Exhibit "A" shall be and hereby is adopted and approved.

**BE IT FURTHER RESOLVED** that Resolution No. 2021-19 adopting the prior version of the City Financial Policy and Procedure Manual shall be and hereby is repealed.

**PASSED BY THE CITY COUNCIL OF THE CITY OF WENATCHEE,** at a regular meeting thereof, this 27th day of January, 2022.

CITY OF WENATCHEE, a Municipal  
Corporation

By: \_\_\_\_\_  
FRANK KUNTZ, Mayor

ATTEST:

By: \_\_\_\_\_  
TAMMY STANGER, City Clerk

APPROVED:

By: \_\_\_\_\_  
STEVE D. SMITH, City Attorney



# **FINANCIAL POLICY AND PROCEDURE MANUAL**

## Table of Contents

<b>PURCHASING.....</b>	<b>6</b>
1.1 <i>BIDDING/CONTRACTING MATRIXES</i> .....	6
1.1.01    Competitive Bidding Threshold Matrix .....	6
1.1.02    Contract Authorization Threshold Matrix .....	7
1.2 <i>INTRODUCTION</i> .....	8
1.2.01    Purpose of the Policy .....	8
1.2.02    Code of Ethics (RCW 42.23).....	8
1.2.03    Conflict of Interest .....	9
1.2.04    Unauthorized Purchases .....	9
1.2.05    Sustainable Purchasing .....	9
1.2.06    Define the Need .....	9
1.2.07    Determine the Cost .....	10
1.2.08    Determining Contract Value.....	10
1.2.09    Exceptions to the Competitive Process.....	10
1.2.10    Emergency Procurements .....	11
1.3 <i>NEW PROCUREMENT</i> .....	12
1.3.01    Small Purchases of Goods & Services.....	12
1.3.02    State Contracts.....	12
1.3.03    Large Purchases for Materials, Supplies & Equipment .....	12
1.3.04    Technology Purchases.....	13
1.3.05    Public Works .....	14
1.3.06    Small Works - Limited Public Works Process .....	14
1.3.07    Public Works – Small Works Roster .....	15
1.3.08    Public Works – Formal Bid Process .....	15
1.3.09    Purchases of Architectural and Engineering (A&E) Services .....	15
1.3.10    Public Works – Design Build .....	16
1.3.11    Purchases of Professional Services .....	16
1.3.12    Purchases of General Services .....	17
1.4 <i>CONTRACT CONSIDERATIONS</i> .....	18
1.4.01    The Contract.....	18
1.4.02    Payment Options.....	19
1.4.03    Contract Executions & Administration.....	19
1.4.04    Contract Monitoring – Performance .....	20
1.4.05    Contract Monitoring – Payment .....	21
1.4.06    Amendments & Change Orders .....	21
1.4.07    Contract Close-Out & Termination .....	22
1.5 <i>OTHER PROCESSES AND CONSIDERATIONS</i> .....	23
1.5.01    Request for Proposal (RFP) and Request for Qualifications (RFQ's) .....	23
1.5.02    Bid Opening Process.....	23
1.5.03    No Bid or Non-Responsive/Responsible Bids or Submittals .....	24
1.5.04    Rule 171 – Sales Tax Exemptions .....	25
1.5.05    Prevailing Wages .....	25
1.5.06    Retainage .....	26
1.5.07    Purchase Order Procedures .....	26
1.5.08    Capital Outlay – Fixed Assets .....	27
1.5.09    Credit Card Policy .....	<u>2827</u>

**TRAVEL & BUSINESS EXPENSES ..... 29**

2.1 INTRODUCTION..... 29

2.1.01 Purpose of Travel & Business Policy..... 29

2.1.02 Policy Statement ..... 29

2.1.03 Penalties for Fraud or Abuse..... 29

2.1.04 Authorization for Exceptions..... 29

2.2 TRAVEL..... 30

2.2.01 Travel Authorizations ..... 30

2.2.02 Advance Travel Requests/Payments ..... 30

2.2.03 Eligible Expenses ..... 30

2.2.04 Lodging..... 31

2.2.05 Meals..... 32

2.2.06 Miscellaneous Expenses..... 32

2.3 NON-TRAVEL FOOD AND BEVERAGE REIMBURSEMENTS..... 33

2.3.01 City Employee in Non-Travel Status ..... 33

2.3.02 Meetings, Ceremonies and Celebrations ..... 33

2.3.03 Employee Recognition ..... 33

**BUDGET & FINANCIAL MANAGEMENT ..... 34**

3.1 INTRODUCTION..... 34

3.1.01 General Financial Goals..... 34

3.1.02 Finance Committee ..... 34

3.2 BUDGET..... 3734

3.2.01 Budget Development ..... 3734

3.2.02 Budget Operation and Monitoring..... 3734

3.2.03 Capital Project Budgets ..... 3835

3.3 FINANCIAL PRUDENCE ..... 3835

3.3.01 Recurring vs. Nonrecurring ..... 3835

3.3.02 Revenue Collection ..... 3936

3.3.03 Economic Downturns ..... 3936

3.4 RESERVE FUNDS..... 3936

3.4.01 General Fund..... 3936

3.4.02 Utility Funds ..... 3936

3.4.03 Internal Service Funds..... 4036

3.4.04 Other Funds..... 4037

3.4.05 Evaluation..... 4037

3.5 MISCELLANEOUS..... 4037

3.5.01 Grant Considerations ..... 4037

3.5.02 Interfund Services ..... 4037

3.5.03 Positions & Compensation ..... 4037

**INVESTMENTS ..... 4138**

4.1.01 Objectives..... 4138

4.1.02 Scope..... 4138

4.1.03 Prudence ..... 4138

4.1.04 Investment Objective ..... 4238

4.1.05 Delegation of authority ..... 4239

4.1.06 Ethics and conflicts of interest ..... 4239

4.1.07	Authorized financial dealers and institutions .....	<del>4239</del>
4.1.08	Authorized and suitable investments .....	<del>4339</del>
4.1.09	Collateralization .....	<del>4340</del>
4.1.10	Safekeeping and custody .....	<del>4340</del>
4.1.11	Diversification .....	<del>4340</del>
4.1.12	Maximum maturities.....	<del>4441</del>
4.1.13	Investment policy review / Internal control.....	<del>4441</del>
4.1.14	Market yield (benchmark).....	<del>4441</del>
4.1.15	Reporting.....	<del>4441</del>
<b>DEBT MANAGEMENT .....</b>		<b><del>4542</del></b>
5.1	<i>INTRODUCTION</i> .....	<del>4542</del>
5.1.01	Purpose .....	<del>4542</del>
5.1.02	Uses of Debt.....	<del>4542</del>
5.2	<i>DEBT LIMITS</i> .....	<del>4542</del>
5.2.01	Legal Limits.....	<del>4542</del>
5.2.02	Public Policy Limits.....	<del>4542</del>
5.2.03	Financial Limits.....	<del>4643</del>
5.3	<i>ALLOWABLE TYPES OF DEBT</i> .....	<del>4643</del>
5.3.01	Short Term Obligations .....	<del>4643</del>
5.3.02	Interfund Loans .....	<del>4643</del>
5.3.03	Assessment/ LID Bonds .....	<del>4643</del>
5.3.04	General Obligation Bonds Limited Tax.....	<del>4643</del>
5.3.05	General Obligation Bonds Unlimited Tax.....	<del>4744</del>
5.3.06	Revenue Bonds.....	<del>4744</del>
5.3.07	Leases.....	<del>4744</del>
5.3.08	Other Loan Programs:.....	<del>4744</del>
5.3.09	Alternative types of debt .....	<del>4744</del>
5.4	<i>DEBT STRUCTURING</i> .....	<del>4744</del>
5.4.01	Maximum Term, Payback Period and Average Maturity .....	<del>4744</del>
5.4.02	Refunding Debt .....	<del>4744</del>
5.4.03	Amortization Schedules .....	<del>4845</del>
5.5	<i>DEBT ISSUANCE</i> .....	<del>4845</del>
5.5.01	Council Approval .....	<del>4845</del>
5.5.02	Analytical Review: .....	<del>4845</del>
5.5.03	Credit Ratings .....	<del>4845</del>
5.5.04	Compliance with Statutes and Regulations.....	<del>4845</del>
5.5.05	Selection and use of professional service providers: .....	<del>4845</del>
5.5.06	Criteria for determining sales method and investment of proceeds.....	<del>4946</del>
5.5.07	Bond Insurance: .....	<del>4946</del>
5.6	<i>DEBT MANAGEMENT PRACTICES</i> .....	<del>4946</del>
5.6.01	Investment of Bonds .....	<del>4946</del>
5.6.02	Continuing Disclosure .....	<del>4946</del>
5.6.03	Arbitrage Rebate monitoring and filing .....	<del>4946</del>
5.6.04	Compliance.....	<del>5047</del>
5.6.05	Communication.....	<del>5047</del>
5.6.06	Review.....	<del>5047</del>
5.7	<i>CONTINUING DISCLOSURE</i> .....	<del>5047</del>
5.7.01	Purpose. ....	<del>5047</del>



5.7.02	Disclosure Definition .....	<u>5047</u>
5.7.03	Debt Issuance - Responsibilities of the Oversight Officer .....	<u>5047</u>
5.7.04	Debt Issuance - Responsibilities of Contributors .....	<u>5148</u>
5.7.05	Outstanding Bonds - Continuing Disclosure Obligations.....	<u>5148</u>
5.7.06	Outstanding Bonds - Voluntary Filings.....	<u>5249</u>
5.7.07	Outstanding Bonds - Investor Communications .....	<u>5249</u>
5.7.08	Training .....	<u>5249</u>

**CASHIERING ..... 5350**

6.1	<i>INTRODUCTION</i> .....	<u>5350</u>
6.1.01	Duties of Employees.....	<u>5350</u>
6.1.02	Duties of Department Heads.....	<u>5350</u>
6.1.03	Departmental Contact Person.....	<u>5350</u>
6.1.04	Training .....	<u>5350</u>
6.1.05	Liability for Loss.....	<u>5451</u>
6.1.06	Custodial Responsibility and Liability.....	<u>5451</u>
6.1.07	Enforcement.....	<u>5451</u>
6.2	<i>CASHIER PROCEDURAL GUIDELINES</i> .....	<u>5451</u>
6.2.01	Receiving Money - Opening Activities.....	<u>5451</u>
6.2.02	Receiving Currency and Coins .....	<u>5451</u>
6.2.03	Receiving Checks .....	<u>5552</u>
6.2.04	Receiving Money and Handling Payments.....	<u>5552</u>
6.2.05	Refunds .....	<u>5653</u>
6.2.06	Voids.....	<u>5653</u>
6.2.07	Balancing Daily Transactions.....	<u>5653</u>
6.2.08	Depositing .....	<u>5754</u>
6.2.09	Receiving Credit/Debit Card Payments.....	<u>5754</u>
6.2.11	Electronic Funds Transfer (EFT).....	<u>5754</u>

**ART FUND 1% CALCULATION ..... 5956**

7.1.01	Purpose .....	<u>5956</u>
7.1.02	Eligible Projects .....	<u>5956</u>
7.1.03	List of Projects.....	<u>5956</u>

**SURPLUS PROPERTY DISPOSAL..... 6057**

8.1.01	Declaration of Surplus.....	<u>6057</u>
8.1.02	Notice of Sale .....	<u>6057</u>
8.1.03	Sales .....	<u>6057</u>
8.1.04	Proceeds.....	<u>6057</u>
8.1.05	Disposal of unsold property .....	<u>6057</u>
8.1.06	Exceptions .....	<u>6057</u>

# PURCHASING

## 1.1 BIDDING/CONTRACTING MATRIXES

### 1.1.01 Competitive Bidding Threshold Matrix

Category	Limit	Process	Ref.
Purchases for materials, supplies & equipment including installation & taxes	< \$10,000	No formal bid requirements. Verbal quotes, State contract, or use of purchasing cooperatives are encouraged	1.3.01
	> \$10,000 or more	3 written quotes, State contract, or qualifying purchasing cooperative	1.3.02 1.3.03
General service contracts	RCW's do not require bid's for services. This does not include A&E	It is encouraged to get 3 quotes, but use reasonable judgement when evaluating whether bids should be obtained.	1.3.12
Architectural & engineering services		Competitive process, comply with RCW 39.80	1.3.09
Federal grant guidelines, 2 CFR 200.320 (use City or Fed, whichever is more restrictive)	<del>\$3,000</del> 10,000 or less, aggregate	No bids if prices determined to be "reasonable"	
	<del>\$3,000</del> 10,000 - <del>\$150,000</del> 250,000 aggregate	3 written quotes or State contract	
	Over <del>\$150,000</del> 250,000 aggregate	Sealed bids	
Public Works (RCW 39.04 & RCW 35.23.352 as authorized in RCW 35A.40.200)	Project costs < \$75,500 single craft, street signalization or lighting; or < \$116,155 multi craft	Direct quotes allowed, but bond or retainage in lieu of bond required, or	1.5.06
		Limited small works process (only under \$50,000), or	1.3.06
		Small works roster, or	1.3.07
		formal bid process	1.3.08
Project costs < \$350,000	Small works roster, or	1.3.07	
	Formal bid process	1.3.08	
Project costs > \$350,000	Formal bid process	1.3.08	

**1.1.02 Contract Authorization Threshold Matrix**

Category	Limit	Authorized Signer
General services and Public Works	Aggregate contract value < \$50,000	Department Director or designee.
	Aggregate contract value between \$50,000 - \$100,000	Mayor
	Aggregate contract value > \$100,000	Mayor, authorized by City Council
	Multi-year contracts that have budgetary impacts beyond a departments regular recurring budget authority must be approved by Finance Committee or City Council prior to authorization.	
Equipment & supplies	Within budget capacity	Department Director or designee
	Not within budget capacity	Department Director or designee, after Finance Committee or City Council approval.
	Any purchase related to technology must be approved by the Information Systems Director (section 1.3.04)	
Contract amendments & change orders	Amendment/change order value < \$50,000	Department Director or designee
	Amendment/change order value between \$50,000 - \$100,000	Mayor
	Amendment/change order value > \$100,000	Mayor, authorized by City Council
	<p>An amendment that brings the total contract value into a higher authorization limit must be approved through the authorized signer process for the higher authorization limit.</p> <p>Example A: a contract for \$90,000 was originally signed by the Mayor. A \$20,000 contract amendment would bring the total contract value up to \$110,000 which would have originally required Council authorization. This amendment would need Council authorization.</p> <p>Example B: A contract for \$1,000,000 was originally authorized by City Council. A \$20,000 contract amendment can be signed by the Department Director or designee, but a \$150,000 amendment would need Council authorization.</p>	

## 1.2 INTRODUCTION

### 1.2.01 Purpose of the Policy

The Purchasing Policy and Procedures ~~Manual is are~~ provided to guide and assist City staff on basic procurement and contracting requirements as set forth in the Washington State statutes, and to ensure the City is receiving maximum value for the products and services received and assure fiscal responsibility in the purchasing process.

This Policy establishes guidelines and clarifies the procedures for public work projects; the procurement of professional and personal services, including architectural and engineering design services; the acquisition of supplies, equipment, and materials; and the acquisition of services through competitive negotiation when needed as indicated in the Bidding/Contracting Matrixes in section 1.1. These guidelines do not apply to the acquisition, sale, conveyance, license, or lease of real property.

All references to the Revised Code of Washington (RCW) and Federal grant regulations shall be incorporated as part of this policy including all future amendments.

It should be understood that anyone purchasing goods or services with Federal or State funds will understand and abide by the purchasing guidelines set forth by the granting agency. In cases where these policies conflict with any State and Federal law, grant or regulations, the terms of that law or regulation prevails.

### 1.2.02 Code of Ethics (RCW 42.23)

The public must have confidence in the integrity of its government. The purpose of this Code of Ethics is to give guidance to all employees and elected officials so that they may conduct themselves in a manner which will be in the best interest of the City of Wenatchee.

It is essential that those doing business with the City observe the following guiding ethical standards:

- Actions of City employees shall be impartial and fair.
- The City will not accept, donations of materials or services in return for a commitment to continue to initiate a purchasing relationship.
- City employees may not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in personal gain. Purchasing decisions must be made impartially.
- The City does not discriminate on the basis of sex, age, race, color, religion, national origin, mental or physical disability, marital, veteran or any other protected status.
- To keep confidential all information acquired by reason of one's position, which may be used for personal or financial gain for the employee or other persons.
- City employees shall not accept monetary gifts of any kind: cash, debit/credit cards, refundable vendor gift cards, etc. excluding: non-monetary gifts valued less than \$50.00, items received that do not result in personal gain, samples to the City used for general City use.

### **1.2.03 Conflict of Interest**

City staff or Council members may not undertake consulting, professional practice or other assignments which would result in a conflict of interest. If a potential conflict of interest exists the employee or Council member will notify their supervisor, the Mayor and/or City Attorney to determine if the employee or Council Member should continue being involved with the purchase or contract.

Personal gifts or gratuities that might influence or give the appearance of influencing the requisition or purchase of material(s) must be declined.

City officers, employees, and agents may not participate in the selection, award, or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest. As stated in 2 CFR 200.318(c), such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employees or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officer, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Employees violating this section are subject to disciplinary action commensurate with the severity of the violation, ranging from a letter of reprimand to termination of employment. Any instance where a potential conflict of interest may arise must be disclosed in writing by the responsible department to the federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

### **1.2.04 Unauthorized Purchases**

Purchases for personal use are not allowed. The person ordering the unauthorized and unjustified purchase is personally liable for the costs of the purchase or contract and may be subject to disciplinary action, up to and including termination. If the purchase was made without proper authorization but is in fact a justified purchase, then the Department Director has the option to approve the purchase after the fact.

### **1.2.05 Sustainable Purchasing**

The City shall acquire its goods and services in a manner that complies with all federal and state laws, and other requirements (e.g., City ordinances or resolutions, interlocal agreements). The City shall purchase and use materials, products and services which are fiscally responsible. Fiscal factors to be considered include but are not limited to: lowest total cost; leveraging the City's buying power; impact on staff time and labor; long-term financial/market changes; technological advances in a rapidly changing market.

### **1.2.06 Define the Need**

The first question that should be answered is what type of purchase is it? The major categories of purchases include:

Public Works: (RCW 39.04.010) includes all work; construction; alteration; repair or improvement other than ordinary maintenance, unless such maintenance is contracted out; executed at the cost of the City:

- Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction.
- Ordinary maintenance is not specifically defined in this statute but is generally considered to include work not performed by contract and performed on a regular basis to service, check or replace items that are not broken.
- For purposes of prevailing wage requirements, public works includes ordinary maintenance when performed by contract. Section 1.4.05 discusses prevailing wages.

Materials, Supplies and Equipment - Materials, supplies and equipment are considered tangible items which are manufactured and are moveable at the time of purchase. It is important to distinguish between materials, supplies and equipment used in

public works contracts as opposed to non-public works contracts as different bidding requirements apply to each. Examples are: office supplies, off the shelf software, hardware, trucks, copy machines, auto parts, gravel, and janitorial supplies.

Services: Distinguishing between services and public work is also important, as services may also have different bidding requirements. Services include the labor, time or effort of a human being. The City has three classifications of services:

- Professional Services: Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion. Examples are: accountants, attorneys, consultants, graphic artists.
- Architectural and Engineering Services (A&E Services): These services are to be acquired under the authority and procedures outlined in RCW Chapter 39.80. Examples are: engineers, land surveyors, architects, and landscape architects.
- General Services: All other service related work that is not considered a public work or professional service. Most often these are routine in nature (i.e.: yearly, monthly, weekly, etc.). Examples are: building maintenance, elevator maintenance, and instructors.

### **1.2.07 Determine the Cost**

Once the need has been defined, the estimated cost of the goods or services will generally determine what competitive selection process will need to be followed. Estimated costs should include: all applicable sales and use taxes, freight, set up, etc., all phases of construction related work (but not engineering or architectural design fees). RCW 35.23.352(1) prohibits splitting public work project costs to avoid the appropriate advertising and bidding requirements. Costs should not include donated materials, labor, supplies, etc.

### **1.2.08 Determining Contract Value**

Contract value refers to the total aggregate value of the contract including all base periods, plus potential renewal periods.

- Example #1: A three year contract for \$40,000 per year is considered a \$120,000 contract.
- Example #2: A contract originally routed as a one year \$40,000 contract. If a renewal is negotiated for an additional year for another \$40,000, the aggregate value of the contract becomes \$80,000.
- Exception: Hardware/software maintenance agreements are treated as stand-alone agreements and do not need to be aggregated to the original hardware/software purchase agreement.

For determining purchasing thresholds of contracts that do not have a stated value (such as mutual benefit contracts), the contract value should be determined based on the gross value of goods or services being provided.

### **1.2.09 Exceptions to the Competitive Process**

Exceptions to the competitive process - Applies to contracts for public works and contracts for purchases, providing Federal or State grant purchasing requirements are met. Exceptions should make good business sense and be in the best interest of the City. In all cases, it is the City's responsibility to conduct a good faith review of all available providers and determine that the requested vendor is the only applicable provider of such services/items. It is important to note that ONLY the requirement for competitive bidding or advertising is waived. It does not waive any contractual requirements, approvals, or insurance requirements.

Exemptions to the Competitive Bidding Requirements as Provided in [RCW 39.04.280\(1\)](#):

Type	Example
Purchases that are clearly and legitimately limited to a single source of supply	<ul style="list-style-type: none"> <li>• Licensed or patented goods or service.</li> <li>• Items that are compatible w/ existing equipment, inventory, systems, programs or services.</li> <li>• Meets City standards (i.e. meters).</li> <li>• Factory-authorized warranty services.</li> <li>• Meets the specialized need of the City.</li> </ul>
Purchases involving special facilities or market conditions	Item is of special design, shape or manufacture that matches or fits w/ existing equipment, inventory, systems, programs, or services.
Purchases of insurance or bonds	Insurance or bonds.
Purchases in urgent need or emergency	See Section 1.2.10.
Certain government to government purchases	If another City provides maintenance service to Wenatchee using their own forces, no competitive bidding requirements arise. However, if the other City contracts with a private company for this service, competitive bid limits would apply.

Exemption Process - The reason the non-emergency purchase or contract is exempted from required procedures should be documented prior to the purchase or contract award. Explain what features/knowledge/qualification the vendor can provide that are not available from other sources. Exemptions in emergency situations must be approved by the Department Director or designee and must be documented immediately after the purchase or contract award. The documentation should be kept in the purchase or contract file and is open to public inspection.

**1.2.10 Emergency Procurements**

For purposes of this section “emergency procurement” means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Competitive bidding may be waived subject to the following process, (RCW 39.04.280(2)):

Emergency Process:

- Step 1 – Notify the Department Director or designated Department Manager of emergency situation. If the Department Director or designated Department Manager determines that an emergency situations exists and a contractor needs to be called in, the Director will notify the Mayor of the situation.
- Step 2 – Upon concurrence of the Mayor that an emergency situation exists, and upon the Mayor’s authorization, contractors can be called upon to make necessary repairs.
- Step 3 – Department will develop a contract, outlining prevailing wage, bond requirements, and payments schedules.
- Step 4 – The Department must also prepare written determination of the basis for the emergency. This written determination shall be included in the contract file and entered into the public record no later than two weeks following the award of the contract.
- Step 5 – The Department Director will ensure that a description and estimate of the work is published within seven (7) days of commencement of the work (RCW 39.04.020).
- Step 6 – Details of the emergency situation will be presented to the City Council within two weeks (or as soon as practical) following the award of the emergency contract.

## 1.3 NEW PROCUREMENT

### 1.3.01 Small Purchases of Goods & Services

Small purchases are typically goods or services (excluding Public Works) under \$10,000 and include memberships, training, etc. These purchases can be made using Purchase Order or a State Contract. Federal grant expenses must follow federal guidelines which may be more restrictive than City policy. See 1.5.07 for purchase order procedures.

Process	Allowed Uses	Non-Allowed Uses
Credit card/ purchase order (see section 1.5.10 <del>10</del> <u>09</u> for the Card Policy)	Business related purchases where an account can't be established or would delay the purchase of a critical item, business travel reservations.	Alcohol, capital equipment, cash advance, consulting services, personal items, professional services, businesses where account is established
Purchase order or misc. services	Goods and Services at low risk and not otherwise covered under a contract. Example of misc. services: subscriptions, memberships, training	

### 1.3.02 State Contracts

The Washington State Department Enterprise Services (DES) offer existing contracts for goods and services that the City may use. The City has signed the Master Contracts Usage Agreement with DES for the ability access their contracts and encourages the use of these contracts whenever possible. When using a state contract the City, utilizing the State's competitive process thus eliminating the need for the City to perform one.

Purchases made with a State Contract must be approved in the same manner as any other purchase. See the Purchasing Manual Matrix at the beginning of the document for the purchasing approvals requirements. The web site for DES contracts is: <http://des.wa.gov/services/contracting-purchasing>.

Things to consider when purchasing on a State Contract:

- Review State contract for participation requirements and work with State buyer.
- Contact vendor to verify the vendor will honor State contract pricing. Obtain details of purchase including invoicing, availability, delivery, etc.

State contracts include standard terms and conditions. When utilizing a state contract, all of the state contract terms and conditions apply. However, on occasion, the City may opt to change the state's contract requirements which will require the City to develop its own Purchase Agreement identifying those requirements that are unique to the City's purchase.

A City purchase order will be needed for equipment and supplies purchased through a state contract and may require a State PO as well. See 1.5.07 for the purchase order procedures.

### 1.3.03 Large Purchases for Materials, Supplies & Equipment

Any purchase of material, supplies, and equipment, where the cost exceeds \$10,000 shall be by written quote, state contract, qualified purchasing cooperative or competitive process. Purchases for supplies, materials and equipment included in the budget shall be approved by the Department Director or designee. Purchases not in the budget must be approved by the Finance Committee.



Things to consider when making a large purchase for material, supplies & equipment that do not qualify as a public work:

- Identify grants funding requirements to follow, if any
- Prepare product specifications - warranties, delivery, liquidated damages, etc.
- Prepare documents – advertisements, equal opportunity, bid proposal sheet bidder’s checklist, bid bond, etc., as needed
- Advertise, publish, and notify – call vendors or advertise in official newspaper, on internet, email notifications, as appropriate
- Prepare addenda if required and notify plan holders and post online
- Schedule and conduct bid openings, when needed
- Award the bid after determining the lowest, responsible, responsive bidder and prepare Council agenda materials, if needed

The Purchase Agreement documents:

- Contact information for both contractor and City employee.
- Bid/Specifications including successful vendor’s required forms submitted at time of bid (e.g.: Non-Collusion, Affidavit of Equal Opportunity, Bid Offer Form, etc.), as appropriate.
- City’s Insurance Requirements with successful vendor’s Certificate of Insurance, if appropriate.

Document storage & Routing

- A copy of the Purchase Agreement documents should be available to the City’s authorized signer to review and in the agenda packet when City Council approval is needed.
- Send an electronic copy of the signed multi-year agreements to the City Clerk to record in the City’s Document Center and an email notification of all new contracts to other impacted departments.

### **1.3.04 Technology Purchases**

To purchase telecommunications and data processing (computer) equipment or software the City must determine what is being purchased: is it a service, installation, supply or equipment. If the software, phones or computers are off the shelf it is most likely a supply or equipment. If a major portion of the software cost is to customize the program for City needs then the purchase is service. If the purchase involves installation of cable, conduits and other devices the purchase may be a public works. Each type of purchase has its own purchasing requirements to follow and is discussed throughout section 1.3 with the RFP/Q process discussed in Section 1.5. If the purchase is determined to be a public works RCW 39.04.270(3) allows a negotiation process rather than taking the lowest responsive/responsible bidder that is required in a typical public works bid.

Departments must work with the Information Systems Director to purchase both hardware and software, to allow that department to adequately support these technologies. This will help insure compatibility with the City’s electronic computing systems and will provide a more satisfying and dependable computing experience for the users.

All potential acquisitions of electronic computing systems, including workstations, peripherals, and software, must be approved by the Information Systems Director. This includes acquisitions using grant funds. Prior to the requisition request, the requesting department and/or user must complete the Information Systems Department Hardware and Software Request Form, which can be found on the City’s intranet. The Information Systems Director or his/her designee will review the request with the requester. If the request is approved, Information Systems will purchase the product on behalf of the requesting department. Electronic Computing Systems is all information technology (e.g., hardware and software) owned by the City and used to conduct official business.

### **1.3.05 Public Works**

Public Work – RCW-39.04.010 - "Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.

Limitations on work by public employees Day Labor Limit - RCW 35.23.352 defines the limits where the City can use their own labor force to perform a public work, this limit is currently set at \$75,500 for projects including a single craft and \$116,155 for projects including multiple crafts.

Determining the Cost of a Public Work - The total construction cost of each project must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. This estimate may be prepared by an outside third party; however the final cost estimate must be validated by the City. The total construction cost (estimated as if the project were to be bid) is used to make that determination. The estimate shall include materials, supplies, equipment, and labor on the construction of that project and applicable sales and use taxes. However, the value of volunteer labor, material, or equipment need not be included in the cost estimate for a public works project, as these are not a cost to the agency.

Bid Splitting - RCW 35.23.352(1) and RCW 39.04.155(4) prohibits the division of a project into units of work or phases of work to avoid the restriction on work that may be performed by day labor on a single project.

Small Works Roster - The City of Wenatchee has contracted with Municipal Research and Services Center of Washington (MRSC) for the City's use of a state wide electronic database for small public works roster and consulting services developed and maintained by MRSC. Access to the Small Works Roster is available:

<http://www.mrscrosters.org/>. At least once a year, on behalf of the City, MRSC publishes in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to the appropriate MRSC roster or rosters at any time that they submit a written request and necessary records. The City may require master contracts to be signed that become effective when a specific award is made using a small works roster.

### **1.3.06 Small Works - Limited Public Works Process**

A work, construction, alteration, repair, or improvement with the project costs estimated to be < \$75,500 for a single craft, street signalization or lighting or < \$116,155 for a multiple craft project, may negotiate with an individual contractor, but are subject to bonding and retainage requirements. Public Works projects with costs less than \$50,000 qualify as a Limited Public Works and may follow the procedures below, waiving retainage and bond requirements (federal/state guidelines prevail).

Department will solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster. Invitation for quotations shall include an estimate of the scope and nature of the work to be performed, materials and equipment to be furnished, and the date, time and location to return quote. However, detailed plans and specifications need not be included in the invitation. A limit of three electronic or written quotes are required and the contract shall be awarded to the lowest responsible bidder.

Limited Public Works Process:

- The City will maintain a list of the contractors contacted and contracts awarded during the previous 24 months under the limited public works process, including contractor name, registration number, amount of contract, brief description of work and date contract awarded.
- All contracts shall utilize the City of Wenatchee's Small Works General Conditions that outlines prevailing wages, retainage, insurance, and other City requirements.
- The contract shall be awarded to the lowest responsible bidder and approved in accordance with the Purchasing Policy Matrix.
- Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.

### **1.3.07 Public Works – Small Works Roster**

When the estimated cost of a public works project is \$350,000 or less, the City may follow the Small Works Roster (SWR) process for construction of a public work or improvement in accordance with RCW 39.04.155.

Small Works Roster process:

- Prepare a bid package that includes the City Small Works General Conditions.
- Prepare an advertisement for bids that indicates the estimated project cost, bid opening date, a brief description of the project, and where bid documents can be found. Send advertisement to all contractors on the MRSC Small Works Roster that have indicated that they can perform the type of work being solicited.
- The contract shall be awarded to the lowest responsible bidder and approved in accordance with the Purchasing Policy Matrix.
- Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.

### **1.3.08 Public Works – Formal Bid Process**

Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable local governments to obtain the best work or supplies at the most reasonable prices. It is also designed to provide a fair forum for bidders and to protect the public interest. Projects with estimated costs equal to or greater than \$350,000 must be bid.

Formal Bid Process:

- Department will compile bid package.
- The notice to bid is to be published in the official newspaper at least 13 days prior to the date bids are to be received. The notice shall state the nature of the work for which plans and specs will then be on file.
- Bids must be sealed and filed within the time specified.
- Each bid requires a bid proposal deposit of 5% or more in the form of cashier's check, postal money order, or surety bond.
- Prevailing Wage and Wage Certification form is required.
- Public bid opening is required.
- City Council approval is required.
- Grant funded projects may have additional or stricter bid requirements.
- Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.

### **1.3.09 Purchases of Architectural and Engineering (A&E) Services**

A&E services are to be acquired under the authority and procedures outlined in chapter RCW 39.80. A&E consultants are initially selected based upon their qualifications, rather than price (see RCW 39.80.050). The City will negotiate a contract with the most qualified firm at a price which the City determines is fair and reasonable.

There are two ways to select an A&E firm based upon their qualifications:

1. Roster/SOQ Review – It is the City's policy to select three or more consultants from the A&E roster maintained by MRSC in the relevant service category and evaluate their qualifications. When possible, one qualified consultant with a MWDBE classification should be included in the three selected. Documentation of the three reviews is required.

## 2. Project Specific RFQ

- a. Use the Consultant Roster to send out RFQ to consultants in the relevant service category. When possible, one qualified consultant with a MWDBE classification should be included. See RFP's and RFQ's section 1.5.01 for further information.
- b. Advertise the need for project specific consultant services in the official newspaper. This process is required for federally-funded projects per the Washington State Department of Transportation Local Agency Guidelines.

Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.

### **1.3.10 Public Works – Design Build**

RCW 39.10.300 allows the design-build procedure for public works project where the total project cost is greater than two million dollars under three conditions: the construction activity is highly specialized and the design build approach is critical in developing the construction methodology, the project selected provide opportunity for greater innovation or efficiencies between the designer and the builder, or significant saving in project delivery time would be realized.

In order to utilize the design-build procedure, public agencies must seek certification per RCW 39.10.270. Once certified, cities may use the design-build procedure on individual projects for a period of three years without seeking additional approval. Alternatively, public agencies that are not certified to use design-build can seek certification to use the procedure on individual projects per RCW 39.10.280.

Certification of public agencies is managed by the state's Project Review Committee. This committee works under the Washington State Department of Enterprise Services' Capital Projects Advisory Review Board.

### **1.3.11 Purchases of Professional Services**

Services provided by contractors that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion is considered a Professional Service.

Professional Services are primarily three categories: architectural and engineering (A&E), purchased services and consultants.

1. A&E is discussed further in Section 1.3.09
2. Purchased services have established or standardized procedures, contribute to daily activities, complete specific assignments, may require payment of prevailing wages and may include: delivery services, artists, landscaping & janitorial services, vehicle maintenance services, HVAC system maintenance, and elevator maintenance
3. Consultant services is an independent person or firm contracting to perform a service, make a recommendation, or render an opinion without being in the control of the City except as to the result of the work. Consultant service do not include A&E services that have to follow RCW 39.80.

The RCW's do not require the City to follow a competitive process for professional services except for A&E. Contracted services should be evaluated to verify the City is receiving the best service and price reasonably possible. Judgement should be used in determining if a full competitive process should be followed, obtaining three quotes, or staff's knowledge of the area and the service providers is sufficient to ensure best price & service delivery.

Professional Service contract approvals are: up to \$50,000 and 5 years term is approved by the Department Director or designee provided there is budget capacity, \$50,000 to \$100,000 or >5 year term is approved by the Mayor, and contracts in excess of \$100,000 is approved by the City Council.

Things to consider when contracting for professional services (not A&E):

1. The Professional Services Agreement could include:
  - Contact information for both contractor and City employee.
  - City's Scope of Services.
  - Consultant's Proposal.
  - City's Standard Insurance Requirements & Consultants insurance certificate.
2. Information and Technology contracts may also include:
  - Security Addendum, Nondisclosure Agreement, and Technology Resource Usage Policy.
3. Routing
  - The documents should be available to the City's authorized signer to review or included in the agenda packet when Council approval is needed.
  - Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.

Federal and state laws prohibit contractors to be treated as employees. An Independent Contractor must meet the following six tests established by the Department of Labor & Industries otherwise they are an employee with all the employee benefits and potential penalties if found in non-compliance.

- An Independent Contractor is free from substantial control by the employer (e.g. output, scheduling, or resources).
- Operates from a site or location not owned by the contracting agency.
- Individual is customarily in an established trade or business.
- Individual has established an account with the Dept. of Revenue and any other state agency that collects taxes.
- Individual is responsible for filing schedules with the IRS.
- Individual maintains a separate set of books and records reflecting items of income and expense of his/her business.

### **1.3.12 Purchases of General Services**

All other service related work that is not considered a public work or professional service. Most often these are routine in nature (i.e.: yearly, monthly, weekly, etc.) The RCW's do not require a competitive process for the selection of general services, with the exception of the City newspaper.

The RCW's do not require the City to follow a competitive process for professional services except for A&E. Contracted services should be evaluated to verify the City is receiving the best service and price reasonably possible. Judgement should be used in determining if a full competitive process should be followed, obtaining three quotes, or Staff's knowledge of the area and the service providers is sufficient to ensure best price and service delivery.

If a competitive process was determined to be the best option the RFP or RFQ procedures would be followed in section 1.5.01.

When considering General Services remember that all public works, including maintenance when performed by contract, shall comply with RCW 39.12.020 as it pertains to prevailing wage requirements. According to RCW 39.04.010(4) there are clearly two categories of work that must comply with prevailing wage requirements: (1) Public Works and (2) Maintenance when performed by contract.

See the Contract Authorization Threshold Matrix in section 1.1.02 for contract approval requirements.

## Things to consider when contracting for General Services:

1. The General Services Contract may include:
  - Contact information for both the contractor and City employee.
  - City's Scope of Services.
  - Contractor's Quote/Proposal.
  - City's Standard Insurance Requirements and Consultant's insurance certificate.
2. Routing
  - The contract documents should be available to the City's authorized signer to review or included in the agenda packet when Council approval is needed.
  - Send a copy of the signed agreement to the City Clerk to record in the City's Document Center and an email notification to other impacted departments.
3. Examples of General Services:
  - Customized accounting software and ongoing support services.
  - Cemetery, landscaping, building and grounds maintenance contracts.
  - Contracts for snow and ice removal.
  - Garbage collection and disposal (Solid waste collection and disposal contracts do not have to be bid. An RFQ/RFP process as noted in RCW 35.21.156 can be used.
  - Maintenance contracts for office equipment, including computers.
  - Official newspaper (must call annually for bids per RCW 35.23.352(7)).

## 1.4 CONTRACT CONSIDERATIONS

### 1.4.01 The Contract

The single most important element in the contract is the Scope of Work/Services. The Scope documents all elements of the work, magnitude of the project and reflects the mutual understanding of the parties. The scope should be consistently applied in the solicitation and the contract.

Here are a few things to consider when developing the scope: hold the contractor; accountable be precise; avoid ambiguity; use active voice (i.e., "the Contractor will or shall"); due dates & deliverables. Other considerations when developing the contract are term of contract or period of performance, compensation and payment. The City's standard payment terms are the contractors provide monthly invoices to the City and all invoices shall be paid within 30 days of receipt and approval.

The bid documents and contracts have record retention requirements that vary depending on the type of purchase or contract and what the funding source is: federal, state, bonds. Even the bid documents from unsuccessful bidders must be kept for a time. It is the Department's responsibility to know the records retention requirements for their department and should work with the City Clerk on document destruction.

## 1.4.02 Payment Options

Prior to contract award, payment terms should be identified to determine the most effective compensation method. The most common methods are:

Hourly/Time and Materials - The City pays a fixed hourly rate and pays for the cost of certain specific services and/or materials. For certain professions, such as consultants, this is the standard option. Time and materials contracts should have a ceiling amount or a not to exceed amount included. This type of payment term may be used if the City is unable to clearly define the level of effort required to accomplish the objectives. A time and materials contract places most of the risk on the City and little on the contractor and provides no positive profit incentive to the contractor for cost control or labor efficiency. Frequent contract monitoring is required to ensure that the number of hours is kept to a reasonable level.

Fixed or Lump Sum - The contractor receives a fixed amount or lump sum payment based on terms established in the contract. Typically, payment is tied to a completion of agreed upon performance achievements. Other alternatives are possible, such as progress payments made to compensate for activities conducted over the specific period of the contract. This type of contract should generally establish a minimum allowable level of compensation. With this method of compensation, the City may not be required to pay if specific terms in the contract are not met and thus the risk is placed on the contractor.

Cost Reimbursement - A Cost reimbursement method of compensation has a higher risk for the City because it reimburses the contractor for all costs incurred under the terms of the contract. To prevent overpayment, allowable cost provisions should be clearly identified. Contract managers should consider including a contract provision for a maximum allowable compensation level for the contract period and budget. Cost reimbursement contracts generally require more fiscal pre-planning and monitoring than other methods.

Performance Based - These contracts are based on attainment of a specific outcome. The rate of compensation is generally negotiated based on cost information provided by the contractor. Generally, performance based contracts identify the maximum allowable compensation. This allows the City to define the quality of services in terms of performance standard and pay accordingly. Performance based contracts differ from time and materials or fixed price contracts in that if the quantifiable quality of service is low, the payment may be reduced or withheld. This requires a higher level of reporting from the contractor to the City. The contractor primarily assumes the risk because the City does not pay if performance levels are not met.

## 1.4.03 Contract Executions & Administration

Contract Execution - The contract is fully executed when all authorized parties have signed it. Upon execution, signed copies of the contract should be provided or available to all interested parties including, at a minimum; the contractor, the Project Manager, Financial Analyst, and City Clerk. The City Clerk will store the contract in the City's Document Center.

Contract Administration - Contract administration means any activity related to contracting, including the decision to contract, contractor screening, contractor selection, contract preparation, contract monitoring, auditing and post contract follow up. Typical responsibilities of the contract manager include:

- Understanding the contract, including the specific contract obligations and performance indicators by which performance will be monitored.
- Assessing the risks related to the project before soliciting proposals and contracting to determine the extent of the monitoring required.
- Ensuring the contractor has a clear understanding of how the contract will be managed and monitored.
- Providing the contractor with guidance and technical assistance, as needed, to promote effective contract performance.
- Identifying the extent and source of funding for services provided.

- Monitoring the contractor’s activities to ensure quality service delivery. Ensuring funding is used only for authorized purposes.
- Reviewing invoices and verifying that delivery of services is rendered.
- Resolving issues or problems that arise during the contract.
- Measuring and tracking satisfaction with contractor performance.
- Complying with Federal, State and City rules and regulations.
- Documenting the contract to validate that effective contract management has occurred.

Contract managers need to be mindful of the following:

- Instructing the contractor to begin work before the contract is executed and approved.
- Changing the description, scope, period of performance, or cost of the contract without processing a written amendment.
- Directing the contractor to do work that is not specifically described in the contract.
- Signing a contractor’s contract form (some exceptions apply)
- Authorizing payment to the contractor for any work not performed satisfactorily.
- Paying for the same or similar services more than once.

#### **1.4.04 Contract Monitoring – Performance**

Monitoring Contract Performance - Monitoring means any planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract. The level of monitoring should be based on a risk assessment of the contractor’s role in delivering the services and the contractor’s ability to deliver under the terms of the contract.

The purpose of monitoring is to ensure the contractor is:

- Complying with the terms and conditions of the contract and applicable laws and regulations.
- In compliance with the contract through identifying and resolving potential problems and providing constructive, timely feedback.
- Adhering to the project schedule and making appropriate progress toward the expected results and outcomes.
- Providing the quality of service expected.

Monitoring Activities May Include:

- Periodic contractor reporting – Require the contractor to submit progress reports or other appropriate data or reports, based on pre-defined criteria, and review the contractor’s reports for verification of services provided and adherence to the contract. Substandard performance should be identified and addressed timely and appropriately.
- Invoice review – Compare billings with the terms agreed upon in the contract. Ensure the costs being charged are within the contract parameters, prevailing wages were paid, if applicable.
- Other periodic contact with contractor – On-site visits to maintain contact with the contractor to review progress on a regular basis. Good contract monitoring includes a continuous dialogue with the contractor.
- Other grant review requirements – grant agreements may have additional requirements for project or sub-recipient monitoring.



#### **1.4.05 Contract Monitoring – Payment**

Reviewing Invoices for Payment - Contract payment is the process by which the contractor submits invoices for reimbursement for services and receives payments. The contract or project manager must carefully review the contractor's request for payment to verify the accuracy of all charges.

Considerations:

- If a contract is state or federally funded the review procedures must meet the grant requirements.
- Are the hours/costs commensurate with the services or deliverables received?
- Is the service period identified on the invoice and were the services rendered prior to contract expiration?
- Do the rates invoiced match the rates stated in the contract?
- Has the necessary documentation been included to verify charges accurately? Is there enough money remaining on the contract?
- Reimbursable expenses: travel, mileage; food; miscellaneous expenses

If charges are acceptable, the contract manager submits a claim approval form for payment. Payment terms are 30 days from date of invoice.

#### **1.4.06 Amendments & Change Orders**

Amendments - Amendments are changes to service contracts. Changes to contracts may be processed as amendments, rather than new contracts, only if the changes are within the general scope of the original contract.

Change Orders - A change order is the formal document that alters some condition of the contract documents. The change order may alter the contract price, schedule of payments, completion date, or the plans and specifications. Change Orders are changes to Public Works Agreements and reflect reductions or additions to the work that must be completed to meet the contract requirements and without which the work requested in the original contract could not be completed. If a change order issued is truly due to unforeseen conditions, with no change in the original scope, then a new competitive bid process is not required. These situations should be distinguished from extra work which could stand on its own and is outside and independent of the contract. Appropriate uses of change orders include:

Scope – This may include adding, modifying or deleting tasks, services or deliverables, or revising specifications. Changes to scope should be well documented and include any additional costs associated with these changes. Changes that are outside the general scope of the contract are not appropriate to award through contract amendments. Such changes would have the effect of making the work performed substantially different from the work the parties bargained of at the time the original contract was awarded.

Cost – If the cost of the contract is increased or decreased, document reasons for change (e.g.: scope changes).

Term of Contract/Period of Performance - An extension to the contract end date is the most common change to the period of performance. Minor modifications that do not materially affect the scope or cost of the contract, such as address changes or staff changes do not require a formal amendment, but should be documented in writing.

Processing Contract Amendments/Change Orders - Oral change orders are risky. Despite the fact that the contract documents requirements require all change orders to be in writing, the actions of both the owner's representative and the contractor can constructively waive that requirement. To protect the City's interests, all amendments or change orders should be executed in writing prior to the contract period of performance ends and before the contractor begins work as authorized by the amendment.

Contract amendment or change order approvals vary depending on the type and amount. Please see the Contract Authorization Threshold Matrix in section 1.1.02 for these requirements.

#### **1.4.07 Contract Close-Out & Termination**

Contract Termination - Contracts may be terminated prior to the completion date of the contract either for convenience of the parties or for cause. Contact the City Attorney's Office for guidance when considering a contract termination. All contract terminations should be done in writing and routed through the contract process (refer to the contract for process).

Contract Close-Out Process - Invoices that are submitted after contract expiration may still be paid if the invoice or pay estimate clearly shows that services were performed prior to contract expiration and sufficient funds existed prior to close-out.

Note that every effort should be made to process invoices in a timely manner to eliminate delays and extra steps in payment processing.

Public Works Close-Out Process for Projects > \$35,000 - To close out a project the Project Manager or the Financial Analyst can verify that all contractors and sub-contractor have filed their affidavits of prevailing wages on Washington State Department of Labor and Industries web site currently at <https://fortress.wa.gov/lni/wagelookup/searchforms.aspx>. After the City Council accepts the project/contract as complete a notice of completion of a public works contract form must be filed with the State Department of Labor & Industries for contracts \$35,000 and above.

Once the contract is complete it is critical that the Project Manager complete the close-out process in a timely manner and stay on a schedule.

- Project Acceptance Memo 45 day lien period starts from the date of project acceptance.
- Council Final Acceptance is prepared by the Project Manager and then the Department Director or Project Manager request's final acceptance from City Council.
- Notice of Completion of Public Works Contract completed and submitted to Department of Labor & Industries by Financial Analyst or Project Manager after Council acceptance
- Employment Security Release Letter received by Financial Analyst or Project Manager.
- Department of Revenue Release Letter received by Financial Analyst or Project Manager.
- Department of Labor & Industries Release Letter received by Financial Analyst or Project Manager.

Final Steps – Releasing Retainage:

- Retainage – Once the above mentioned letters are received the Financial Analyst or Project Manager will request the finance department to release retainage by PO.
- Retainage Bond – Once the above mentioned letters are received the Financial Analyst or Project Manager will release the bond, if additional retainage above the bond amount was retained then the retainage release will apply also.
- Escrow with bank – Once the above mentioned letters are received the Financial Analyst or Project Manager will request the bank to release the retainage held, if additional retainage above the deposited amount was retained then the additional retainage release will apply also.

## 1.5 OTHER PROCESSES AND CONSIDERATIONS

### 1.5.01 Request for Proposal (RFP) and Request for Qualifications (RFQ's)

An RFP is a method of soliciting competitive proposals for a defined scope of work. The proposals would normally include factors to measure qualifications, delivery, and service reputation as well as price. Stated another way, an RFP is a formal invitation from the City to a company to submit an offer. The offer is to provide a solution (or proposal) to a problem or need that the City has identified. An RFP is a solicitation process whereby the judgment of the supplier's experience, qualifications, and solution may take precedence over their cost proposal to the City.

Elements of an RFP may include: project background and scope of services; definitions; minimum qualifications; technical requirements (if any); schedule; cost proposal; submittal requirements; evaluation process and criteria; insurance requirements; funding sources (if applicable).

An RFQ is a method of soliciting competitive proposals that considers and evaluates companies on the basis of demonstrated competency and qualification rather than price. This process is typically used for A&E services where price is not a consideration. An RFQ will generally result in negotiations.

Elements of an RFQ may include: project background and scope of services; project budget and source of funding; schedule; minimum qualifications; submittal requirements; selection process/evaluation criteria.

Depending upon the complexity of the project, a typical RFP/Q may take 6-8 weeks to complete.

Things to consider when using an RFP or RFQ:

- Develop draft RFP/RFQ and include; schedule, grant funding requirements, scope of services, qualifications, selection process or evaluation criteria, submittal requirements, proposal validity period, term of contract.
- Identify roster category and companies.
- Advertise and publish or notify on City's/MRSC website or email notifications.
- Determine the participants to evaluate the RFP's and/or interview the proposers.
- Based on the amount of the service provided get approval to negotiate with the selected proposer(s).

### 1.5.02 Bid Opening Process

Bid Due Dates - It is important to make the bid submittal time clear in the bid documents. For example, "The bid form will be received up to 3:00:00 p.m. on April 27, 2010. Bids received after the date and hour, based on the time on our clock, will not receive consideration." For example, if a bid is due at 2:00 p.m., a bid received at: 1:59 p.m. is on time; 2:00 p.m. is on time; however a bid received at 2:00:01 is late. If a bidder insists on submitting the bid after the time due and leaves it, do not open it. Make a photocopy of the bid envelope with the time stamp, and immediately return the bid by certified mail, return receipt requested.

Equal Treatment of Bidders - Avoid giving bidders an advantage to include: not permitting bidders use of private offices and conference space for finalizing bid prices, providing an envelope for bidder to use in sealing the bid, or permitting bidder to use the agency's telephone, computer, fax, or photocopier. Avoid disclosing the names and numbers of bidders who have submitted bids.

Receiving Bids Checklist - Is the bid in writing (no fax, email, telephone or oral bids, the Small Works Roster may have less formal requirements); did the bidder attend the mandatory pre-bid meeting, if applicable; is the bid envelope sealed-offer tape if not sealed; is the correct information on the envelope; is the time stamp clear; is the time stamp prior to deadline?

All bids received shall be kept in a secure and centralized location not accessible to other bidders. Bids should never be left unattended.

Withdrawal & Modification of Bids (unless otherwise specified in contract bid document) - A request to withdraw or modify the bid in advance of the deadline may be received verbally or in writing. If unfamiliar with the bidder, ask for identification. Make a photocopy of the face of the bid envelope, ensuring the bid receipt time shows up on the copy; have the bidder sign the photocopy with the following "Received by (signature, printed name, date, time.); keep the original signed photocopy; remove the bid receipt stamp or cross it out on the face of the bid envelope and return the bid envelope to the bidder; notifying the bidder that if they choose to resubmit the bid, it must be received prior to the bid submittal deadline, and stamped in again with a new time and date stamp, prior to the deadline.

Modifying Bids from a Distance (unless otherwise specified in contract bid document) - The bidder may submit additional information modifying a previously submitted bid if the modification is: received in writing; signed by an authorized representative of the bidder; received prior to the bid receipt deadline; in a sealed envelope; clear in stating what prices are being changed.

Opening the Bids - Projects following the formal bid process should be opened in a public meeting. Read each bid before opening the next one. Consider using one person to open the bids and the second person to read. The project manager should record the prices on a bid tabulation form. The bids will be evaluated for responsiveness after the bid opening. If a contractor wishes to review the bids after the bid opening, allow only one contractor at a time to review the bids in a monitored environment.

### **1.5.03 No Bid or Non-Responsive/Responsible Bids or Submittals**

No Bids or Submittals Received - As provided in RCW 35.23.352(1), in the event the City does not receive any bids or submittals on the first call, the City has three options: 1) re-advertise and make a second call, 2) enter into a contract with any qualified contractor, or 3) purchase the supplies, materials or equipment and perform such work and improvement by day labor (City staff). Before determining which option would best fit, the department should conduct a survey of the registered bidders or proposers or any other known interested parties to determine: 1) why didn't they submit, 2) was the City's document too restrictive or too complex, 3) was there ample time to submit, and 4) were there too many open questions before the due date? The City Attorney's Office may provide additional assistance in determining the best option.

Determining Lowest Responsible Bidder - The City shall award the contract for the public works project to the lowest responsible bidder, provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the City may call for new bids. A responsible bidder shall be a registered and/or licensed contractor who meets the mandatory bidder responsibility criteria established by RCW 39.04.350 and who meets any supplementary criteria established by the City.

Non-Responsive and/or Not-Responsible - The City shall draft bidder responsibility criteria that are based upon clear business reasons and the criteria must not be overly restrictive of the bidding pool. Note that in Washington State, a bidder who objects to the supplemental bidder responsibility criteria may request the City to modify the criteria before the bid submittal deadline.

Bids may be rejected as non-responsive for a multiple reasons including lack of subcontractor's list when required (for contracts in excess of \$1M or contracts of 3 or more trades), insufficient bid guarantees, bids submitted after the deadline, did the bidder qualify the bid and/or lack of acknowledgement of addenda. In general, a material irregularity is required before the bid may be deemed non-responsive which is defined as any variance which provides "a bidder substantial advantage or benefit not enjoyed by others." In the event the City receives a bid or submittal on the first call but it is deemed non-responsive or non-responsible, the department may consult with the Attorney's Office to determine whether it is a material or immaterial irregularity. Each project will be evaluated on a case by case basis.

#### 1.5.04 Rule 171 – Sales Tax Exemptions

Normally sales tax applies to every sale of tangible personal property (and some services) to all persons, including cities. Thus, for bid limit purposes, the tax must be included when determining the cost of a public work, or when calculating the cost of materials, supplies, and equipment purchases separately from a public work.

However, there are some sales and use tax exemptions for certain public work projects. The exemptions include:

- Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a City or town which is used primarily for pedestrian or vehicle traffic (RCW 82.04.050(10) and WAC 458-20-171). Materials used in constructing these projects are not exempt from the sales and use tax. Private contractors that work on City street projects are exempt under these statutes as well.
- Labor and services for the processing and handling of sand, gravel, and rock taken from City pits and quarries when the material is for publicly-owned road projects (RCW 82.08.0275 and WAC 458-20-171).

#### 1.5.05 Prevailing Wages

What are Prevailing Wages? - The Department of Labor and Industries (L&I) requires that workers be paid prevailing wages when employed on all public works, public building service maintenance and contracted maintenance, based upon the classification of labor performed. Prevailing Wages are defined as the hourly wage, usual benefits and overtime, paid in the largest City in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established, by L&I, for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

What are the responsibilities of the City when contracting for public works? - The City, in awarding a contract, must make the determination of whether that contract involves “public work” and communicate it to contractors in the bid specifications and contracts. Contractors are not responsible for making the legal determination of whether a contract does or does not meet the definition of a “public works” contract. RCW 39.12.030 requires the City to include the applicable wage rates in the bid documents. If federal funds are involved in the project all bid documents must refer to the Davis-Bacon Act, which requires the wages to be the higher of the federal wage rates for each trade and occupation or Washington State’s wage rates.

What provisions must be made for prevailing wage? - Awarding agencies must stipulate in bid specifications and contracts for public work that workers shall receive the prevailing rate of wage. Those documents must also contain a list of the applicable prevailing wage rates. Compliance with the law is not met by referring contractors to the department or other sources to obtain wage rate information. Intents and affidavits of prevailing wages can be found on the Washington State Department of Labor and Industries web site currently at:  
<https://fortress.wa.gov/lni/wagelookup/searchforms.aspx>

What are the public building service maintenance contract requirements? - Public building service maintenance (janitorial) contracts of more than one year duration must include wage language recognizing the potential for future variance in applicable prevailing wages each year after the first year of the contract.

What are awarding agency requirements when disbursing public funds? - Agencies may not make any payments where contractors have not submitted an *Intent to Pay Prevailing Wage* form that has been approved by the Industrial Statistician of L&I. Agencies may not release final payment until all contractors have submitted an *Affidavit of Wages Paid* form that has been certified by the Industrial Statistician of L&I. The requirement to submit these forms should also be stated in the contract.

What are the contractor’s filing requirements? - Public work contracts require that each and every contractor and sub-contractor on the project file the *Statement of Intent to Pay Prevailing Wages and Affidavit of Wage Paid* forms.

Is there a minimum contract amount for a contractor to file? - There is no minimum dollar contract amount. That is, Intent and Affidavit forms are required for every public works contract regardless of the size of the contract.

When does the contractor file Intent? - The Intent form is filed immediately after the contract is awarded and before work begins, if that is possible. The City may not make any payment until contractors have submitted an Intent form certified by the Industrial Statistician.

When does the contractor file an Affidavit? - The Affidavit form is not filed until after all the work is complete. The City may not release final payment until all contractors have submitted an Affidavit form that has been certified by the Industrial Statistician.

### **1.5.06 Retainage**

What is the purpose of retainage - According to RCW 60.28.011(1) "Public improvement contracts shall provide, and public bodies shall reserve, a contract retainage not to exceed five percent of the moneys earned as a trust fund for the protection and payment of: (a) The claims of any person arising under the contract; and (b) the state with respect to taxes imposed pursuant to Titles 50 (Employment Security Department), Title 51 (Labor and Industries), and Title 82 (Department of Revenue).

Retainage is not withheld on projects funded in whole or in part by federal transportation funds.

Per RCW 39.08.010(3), the City may, at the option of the contractor, retain ten percent of the contract amount in lieu of a bond on contracts of one hundred fifty thousand dollars or less.

When can retainage be released - After final acceptance of the project, the retainage may be released after all release notifications have been received from the Department of Revenue, Department of Labor and Industries, and Department of Employment Security. Upon receipt of all releases, the Financial Analyst or Project Manager shall notify the Finance Department to release the funds.

### **1.5.07 Purchase Order Procedures**

A Purchase Order (PO) must be obtained prior to each purchase of goods or services (training, memberships, etc.) made by a Department. To obtain the PO, authorized personnel in each department will enter a requisition into the Eden Accounting System. Purchasing authority is set departmentally; ~~if you require a change in this authority, the Dept and the Department~~ Director should email the Finance Department ~~those changes if changes in authority is necessary.~~ If a requisition being entered exceeds the individual's authority, the system will route the requisition via an e-mail notice to the Department Director/Manager to obtain approval before the requisition will route to the Finance Department for approval and conversion to a PO. If the requisition approver is not available to approve, a higher level supervisor or Finance Department may be able to approve the requisition.

~~Please instruct~~ Vendors should be instructed to clearly provide the City PO number on all invoices. ~~The i~~invoices with the wrong or no PO number will be set aside until research can be completed which results in the vendor receiving payment later than necessary. All vendors should be directed to mail or email invoices to the Finance Department at PO Box 519 Wenatchee WA 98807, or [accountspayable@wenatcheewa.gov](mailto:accountspayable@wenatcheewa.gov). ~~Please forward i~~invoices received by the Department should be forwarded immediately to Accounts Payable.

A Blanket PO (BPO) may be used when numerous repetitive purchases are made from one vendor. The authorized Personnel enters the requisition the same as regular PO's, with the PO type changed to "Blanket" and specifying the period to be covered. A BPO may be entered on a monthly or annual basis, will be closed at the end of that period and a new BPO must be entered. BPO's cannot commit future budgets. BPO's are not allowed for grocery stores (i.e. Safeway, Albertson's, etc.) or contracted construction projects. Items needed to complete non-contracted projects must be requested by individual PO.

Processing:

The employee initiating the requisition should have the vendor, quantities, prices descriptions and specifications, make and model number and sizes.

At the time the purchase is made, a signed packing slip, bill of sale or receipt must be returned to the Departmental Employee assigned the responsibility of routing complete or partially complete PO's to the Finance Department.

At least weekly, or monthly for BPO's, purchase orders should be reviewed for completeness by each Department. When it is determined that all or a substantial portion of the items listed on the purchase order have been received, the Departmental employee with authority to do so should:

- Approve payment of the purchase by signing the purchase order acknowledging that the items have been received.
- Check the appropriate box indicating whether partial or complete receipt of items has been made.
- Attach the packing slip, receipt or bill of sale, and written quotations (if the quote is necessary to facilitate the purchase) to the PO.
- Forward the entire PO package via interoffice mail to Accounts Payable in the Finance Department.

The Finance Department will match the vendor invoice to the purchase order and make payment if everything is in order. If the invoice differs substantially from the purchase order, the ordering Department may be required to review and approve the invoice for payment. No payment will be made on any invoice until all goods and/or services billed have been received.

#### ~~1.5.08 — Disposal of Surplus Property~~ [BP1]

~~Surplus property is anything and everything that is owned by the City, is tangible, movable (not permanently affixed) and considered either obsolete or of no further use to the City in the foreseeable future. WCC 1.34 defines the procedures to legally surplus property, however, property purchased with federal funds must follow the procedures established by the awarding agency.~~

#### ~~1.5.09~~ 08 Capital Outlay – Fixed Assets

A fixed asset is a specific piece of real or personal property which meets all of the following characteristics:

- Unit cost of \$20,000 or more, including tax, set-up and freight
- Infrastructure project costs of \$100,000 or more. (Infrastructure assets include roads; bridges; water and sewer systems; drainage systems; lighting systems; and would include a pump house or lift station but would not include a water reservoir or the treatment plant.)
- Tangible in nature, possesses physical substance
- Expected useful life of greater than five years

Inventories, spare parts and maintenance activities will not be considered a capital outlay for financial purposes.

Each department shall keep a list and monitor the small and attractive items they purchase. Small and attractive items include cameras, portable computing equipment, high value tools, etc. The department shall ensure that the items listed are inventoried annually and reasonable action taken should any items be missing.

When entering a requisition for capital purchases please keep this in mind when selecting the appropriate BARS number to be used.

Contact the Finance Department for additional assistance.

### **1.5.1009 Credit Card Policy**

City credit cards will be obtained by the Finance Director and distributed to certain departmental administrative assistants to use for City purchases.

City employees wishing to use the City credit card for purchases will contact the designated individual within the department and give the name of the vendor, the estimated amount of the purchase and a description of the purchase being made. The transaction will then be entered into a log for ease of reconciliation of the account statement. Employees will be held personally liable for any purchases appearing on the credit card bill which do not appear on the credit card log. A purchase order must be entered prior to making the purchase request. All credit card charges must be backed up with a signed purchase order and receipts or other appropriate documentation. All documents should be turned in to the designee immediately upon receipt of goods or services in order to ensure timely payment of the credit card bill.

When the monthly statement is received by the department, reconciliation must be performed immediately and all documents forwarded to the Finance Department. Timely payment of the credit card bill is imperative. The City will not pay late fees and all balances will be paid in full each month. In the event that reconciliations are not performed and received by the finance Department in time to be paid by the due date, the individual account may be suspended and the ability to hold credit cards at the departmental level may be terminated.

Authorized uses of the City's credit cards are: hotel room deposits to hold rooms for authorized official travel on City business; equipment and supply vendors with which the City does not currently have an account, is not expected to have an account, or where the requirements of opening an account would delay a critical purchase or result in less beneficial terms; internet purchases.

Refer to the Bidding/Contracting Matrixes in section 1.1. Cash advances on the City credit card are prohibited.

Personal charges will not be made with a City credit card. Any charges that cannot be properly identified or which are not appropriate to City policies or regulations shall be paid immediately by the user of the card by cash, check or payroll deduction. Charges to be reimbursed shall include any interest and all other related charges made by the credit card company. Individuals found to have made such purchases will have their ability to make any future purchases with the City credit card terminated without further notice.



# TRAVEL & BUSINESS EXPENSES

## 2.1 INTRODUCTION

### 2.1.01 Purpose of Travel & Business Policy

To establish the City of Wenatchee's travel policies and to delineate those valid business expenses for which payment or reimbursement may be sought by employees, public officials and volunteers of the City.

It is the further purpose of the travel and business policy to provide a mechanism for a reasonable and timely reimbursement and/or the advancement of such necessary expenditures.

References: Chapter 42.24 RCW, WMC 1.10.015 and 1.20.530 - 590

### 2.1.02 Policy Statement

It is the policy of the City of Wenatchee to allow the attendance and participation of authorized employees, public officials and volunteers (hereafter referred to as employees) at meetings, conventions and seminars (hereafter referred to as events) where such participation is determined to be in the public's interest.

The City of Wenatchee will pay reasonable and necessary expenses incurred by its employees while on authorized City travel. When incurring such expenses, employees must be sensitive to public expectations as to the use of public moneys and the need to use good judgment. The City will not pay expenses which are deemed excessive, extravagant, unnecessary or unreasonable.

Claimants have the responsibility for becoming knowledgeable about authorized expenditures and the documentation requirements. Care must be taken to avoid expenditures not directly and reasonably related to the conduct of City business. It is expected that expenses incurred under this policy will be appropriate to the circumstances and consistent with the best interest of the City and its desire to minimize travel costs.

If an employee desires to have their family members or guests accompany him/her on any City related travel, the employee shall advise the City at the time the advanced travel request is made. The employee shall provide payment of any costs for family members or guests so that no obligation by the City exists during any period of time.

When travel costs and/or registration or other fees have been paid by the City on behalf of the employee, and that the authorized staff fails, without good cause to attend the event said staff shall reimburse the City the amount paid by the City. Questions of good cause shall be determined by the Finance Office.

### 2.1.03 Penalties for Fraud or Abuse

City employees who are found to have falsified claimed expenses under these policies are subject to disciplinary actions which may include termination from City employment. In addition, state law provides that any person intentionally submitting a false claim commits the crime of perjury in the second degree. State and City laws may also provide for additional criminal penalties including, but not limited to, theft.

### 2.1.04 Authorization for Exceptions

No policy can anticipate all possible circumstances and provide for their needs. Consistent with the statement of policy, the Mayor or Finance Director may authorize exception to any rates or restrictions imposed by these policies. Such authorization shall be by memo summarizing the circumstances and specifically identifying the expectations to be authorized. Receipts are required for such authorized amounts.

## 2.2 TRAVEL

### 2.2.01 Travel Authorizations

Travel by all employees shall be specifically provided for in the approved budget and as provided below:

The Mayor will approve all travel and related expenses for Department Directors, advisory board members and Council members. Department Directors will approve travel and related expenses for their staff.

All out-of-state travel must be approved by the Mayor for all City employees prior to arrangements being made and commitment of liability against the City of Wenatchee for payment. This may be facilitated through the use of the Prior Approval Travel Request form which may be obtained from the department Administrative Assistant or from the Finance Office.

### 2.2.02 Advance Travel Requests/Payments

Payments in advance for out-of-pocket travel expenses for authorized travel may be made from an advance travel fund. Travel advances are not intended for travel tickets, pre-registration fees, prepaid lodging or other such items which can normally be billed to the City, paid through the regular accounts payable system or if necessary the City credit card. An Advance Travel Fund was created in City code 1.20.530. The purpose of this fund is to provide reasonable allowances in advance of travel to minimize the impact on the personal finances of employees when they are traveling for the benefit of the City.

An employee may secure an expense advance by submitting an Advance Travel Request to their supervisor, and if approved, to the Finance Department. The amount requested should be a minimum of \$50. Such advances should be requested at least one (1) week prior to the date required. Employees must clear any outstanding advances before requesting another advance.

Settlement for travel advances must be made on or before the fifteenth (15th) calendar day following the end of travel and will be accompanied by any unexpended portion of the advance including any non-reimbursable travel expenses. Such settlement shall be completed on the City's Claim for Expense form; all applicable receipts should be attached to the form in an orderly manner and forwarded to the Finance Department, after approval by the supervisor.

The travel advance is considered a lien against any amount owed by the City to the employee. Amounts considered to be in default may be withheld by the City from the employee's monthly paycheck. Any outstanding advances not cleared before an employee's termination will be withheld from their final paycheck.

The advance travel Fund will not be used to make reimbursements to employees.

### 2.2.03 Eligible Expenses

Generally, eligible expenses are those actual costs incurred by an employee as a result of performing City business. Such costs may be incurred in relation to authorized travel or associated with official business in the Greater Wenatchee Area.

Daily commute transportation expenses between the employee's residence and the regular work site is a personal obligation of the employee and is not reimbursable by the City.

Registration. Actual cost of registration will be paid for any employee at an event. Registration should be submitted for payment in advance of the travel, rather than submitted as an expense on the Claim for Expense form. If it is not possible to be submitted in advance, registration cost may be submitted for reimbursement. Registration costs will not be paid as part of a request for a travel advance.

Transportation. Miscellaneous travel costs such as bus, taxi, bridge or other tolls, parking, ferry and the like (not including any maid service) are allowable expenses. It is desired that a receipt for the above be attached to the expense claim form.

Airline Travel. Airline Travel arrangements may be made directly by employees. However, the Mayor must give his approval prior to finalizing out-of-state travel flight arrangements. All air travel shall be at the lowest fare available. Payment for air travel shall be at actual cost from Wenatchee to destination and return. However, the City will not incur extra cost to accommodate Frequent Flyer programs.

Use of Personal Vehicle. Employees using a personally owned auto to travel out-of-town on City business will be reimbursed at the mileage rate established by the Internal Revenue Service. Wherever practical, employees should ride together to minimize costs. No mileage reimbursement will be made for casual or occasional use of the personal vehicle within the City of Wenatchee. When using a personal vehicle for City business, proof of a valid Washington State driver's license and valid insurance is required.

Only one person traveling in the same vehicle may be reimbursed for the trip.

Use of City Vehicle. Employees may use assigned vehicles or available pool cars while on City business. Employees using a City owned vehicle for out-of-town travel shall secure a City Chevron card from the Finance Office for purchases of gasoline, oil, and emergency repairs. The use of the City's gas card is only authorized when using a City vehicle for out of town travel.

Operating City owned vehicles requires a valid Washington State driver's license. Employees shall provide proof of a current and active Washington State driver's license to the Human Resource Department. It is the responsibility of the employee to provide Human Resources copies of the active driver's license including any conditions and situations that may impact the employee's driver's license.

Rental Vehicles. Rental vehicles will be allowable with prior authorization from a Department Director, but only under exceptional circumstances related to business necessity, not personal convenience. Justification will be required with the Claim for Expense form for all rental vehicle expense claims. If available, employees are to obtain both liability and collision/comprehensive coverage provided by the rental agency for rentals of less than two (2) weeks duration.

Local Travel Expenses. The local area is defined as Wenatchee and East Wenatchee. It is expected that employees will exercise appropriate judgment and discretion in requesting reimbursement for expenses incurred in the local area.

Mileage reimbursement within the local area will be allowed if the use of a personal vehicle is significant and required by the job. No casual or insignificant use will be reimbursed. Permission to use a personal vehicle on a regular basis must be obtained from the employee's direct supervisor. No motor pool vehicle must be available for employee's use.

#### **2.2.04 Lodging**

Actual costs of lodging will be reimbursed. If a family member or guest accompanies the employee, the employee shall submit and be reimbursed only the amount of a single rate accommodation. Such single rate accommodation must be noted on the hotel/motel bill submitted. Lodging expenses shall not be reimbursed or paid unless the total distance between the site of the event is at least fifty (50) miles (one way, using the most direct route) from the closer of either the traveler's official residence or official work-site. Under special circumstances involving early or late meetings, or multiple day meetings, lodging expense for less than 50 miles distance may be authorized subject to the Department Director's approval and before the occurrence happens. Reimbursement requests must be accompanied by an itemized receipt.

Direct billing of hotel/motel charges is preferable. Rooms may be reserved with the City credit card however an advance travel must be requested as no charges will be incurred against the City credit card.

Allowable lodging expenses are intended to include the basic commercial lodging rate or the "government rate" if available, any applicable sales taxes and/or hotel/motel taxes. It shall be the responsibility of the employee to request of the lodging vendor a "government rate," if available, unless a lower rate for the same accommodations is available with the regular rate. The above maximum lodging rates do not apply where lodging is tied to a specific hotel or motel or lodging accommodation in connection with the event being attended. Use mid-priced lodging appropriate for business travels. When attending conferences or training seminars, the conference hotel is appropriate.

The traveler should always look for a lower rate when applicable. If special or unusual circumstances or other limitations exist in connection with the lodging for an event, higher lodging rates may be approved in advance by the Department Director.

### **2.2.05 Meals**

The City does not ordinarily reimburse for meal expenditures within a 50 mile radius of the employees home base however exceptions may be made. All meals will be reimbursed based on the US General Services Administration (GSA) per diem rates for the area the meal was purchased. If the meal reimbursement is not in conjunction with travel which requires an overnight stay, per IRS regulation this reimbursement will be a taxable fringe benefit and payable on the end of the month payroll. In this circumstance if the meal was purchased during City business the travel expense claim form will result in what the IRS terms the "accountable plan"; the reimbursement will be through the accounts payable process. Documentation of the City business and the Department Director approval must be attached to the claim form.

In the event that an emergency crew must eat at an area establishment the establishment may direct bill the City or the crew lead worker/supervisor or department administrative assistant may elect to pay for the purchase. An itemized receipt must accompany the request for reimbursement.

#### Meals may be reimbursed by the per diem method

A per diem is a daily allowance for eligible meals to be used in connection with authorized City travel. An Expense Claim form must be completed and submitted to the Finance Department within fifteen (15) business days of returning from travel.

The maximum meal allowances are intended to include the basic cost of a meal, any applicable sales tax, and any tip or gratuity not to exceed fifteen percent (15%) of the total cost of the meal. The per diem will be based on the GSA Domestic Per Diem Rates on the GSA website for the location the meal was purchased.

To be eligible for meal allowances, the employee must be in travel status during the normal meal period(s). To receive reimbursement for breakfast you must be in travel status before 7:00a.m.; for lunch, before 12:00 nor and/or return after 1:00 p.m.; and for dinner, the employee must be in travel status until after 6:00 p.m.

No payment for or reimbursement of meal expenses shall be allowed when meals are provided as part of the event. It is expected that the employees will use meals included in a registration fee. However, constraints such as time, dietary restrictions and/or other circumstances may preclude use of such prepaid meals. In such cases, the GAS per diem rate may be reimbursed by submitting a claim form.

Employees funded by grants must follow any reimbursement authorization/procedures pursuant to the grant. The employee should familiarize themselves with the granting agencies requirements and adhere closely to them.

### **2.2.06 Miscellaneous Expenses**

Telephone and FAX. Charges for telephone and FAX are eligible for reimbursement if City business required such communication. Long distance calls submitted by the employee for reimbursement must be itemized on the Claim for Expense form.

Personal calls due to emergency circumstances may be submitted for consideration of reimbursement. A sufficient explanation must accompany the Claim for Expense form.

Ineligible Expenses. Payment for or reimbursement of any of the following expenses is prohibited:

- Liquor and tobacco
- Meals or lodging accommodations for family or guests
- Personal telephone calls, except in emergency as stated above

- Travel paid for by any other organizations;
- Tips other than for meal service;
- Mileage if traveling as a passenger in a privately owned car;
- Trip insurance;
- Any other personal expense for entertainment, personal grooming or laundry.

## 2.3 NON-TRAVEL FOOD AND BEVERAGE REIMBURSEMENTS

### 2.3.01 City Employee in Non-Travel Status

City funds may be used to provide meals and refreshments to City employees when it is in the City's interest to do so. Examples include staff meetings held during the mealtime at the City's convenience where a time or remote location makes it impractical for employees to provide their own meals. Request for payment or reimbursement should include an explanation of the business purpose. The City will not pay for the cost of meals when employees are attending training at local facilities.

### 2.3.02 Meetings, Ceremonies and Celebrations

Reasonable expenses for light refreshments, including Coffee, food items and utensils associated with ceremonies, dedications or an unveiling that is recognized as serving the public purpose are legitimate City expenditures.

Retirement celebration expenses for employees retiring from the City of Wenatchee are authorized up to \$200 of City funds per retiring employee. This limit includes refreshments and any retirement gift. Employees may also use personal funds to add to the limit. This policy does not obligate the City to host retirement celebrations.

### 2.3.03 Employee Recognition

Employee recognition means any award, token of appreciation, prize, meal, entertainment or event that is intended specifically to promote good will, foster a sense of pride in affiliation with the City, promote safety, wellness, productivity, reliability, efficiency, dedication, commitment to the community and/or cost savings for the City among City employees.

Employee recognition within the parameters of recognized award programs are authorized, not to exceed \$100 in value per award. Such awards may include, but not be limited to, cash, gift certificates or such items as pen and desk sets, plaques, pins, framed certificates, clocks, and calculators. Cash and gift certificate awards must be included as compensation for payroll purposes.

# **BUDGET & FINANCIAL MANAGEMENT**

## **3.1 INTRODUCTION**

### **3.1.01 General Financial Goals**

1. Ensure delivery of an adequate level of municipal services by relying on ongoing resources and by maintaining an adequate financial base to withstand changes in volatile revenue sources.
2. Ensure that the City is in a position to respond to changes in the economy or new service requirements without an undue amount of financial stress.
3. Maintain a good credit rating in the financial community and assure taxpayers that City Government is well managed financially and maintained in sound fiscal condition.
4. Maintain City facilities, infrastructure, equipment and fleets in a well-planned and efficient manner to minimize unexpected and preventable expenditures.

### **3.1.02 Finance Committee**

A standing Finance Committee will be formed with regularly scheduled meetings, at least monthly. The committee members are: Mayor, 3 Councilmembers, Finance Director, and Executive Services Director. The Finance Committee will review the budget, quarterly financial updates, personnel increases, grant agreements with extended commitments and unbudgeted match requirements, all forms of debt commitments and contracts and other items as they occur.

### **3.1.03 Primary Budget Responsibility**<sup>[BP2]</sup>

~~The City Council has final responsibility for approving the annual Operating Budget and appropriating funding for the capital needs of the City. The City's budget is adopted at the Fund level and monitored on the department level in the General fund.~~

~~The Mayor and the Finance Department have the primary responsibility for bringing the budget forward for Council consideration. Department Directors, will have the primary responsibility for proposing programs, recommending funding levels, analyzing position expense distributions, and formulating budget proposals for implementing service programs in accordance with established City Council goals and directives. The Mayor and Department Directors are responsible for the overall management of their respective budgets through monitoring, identifying and correcting any budgetary problems as they arise. The Finance Department will assist the Department Directors as needed.~~

~~At the direction of the Mayor, the Finance Department coordinates the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes. The Finance Department provides the budget calendar and revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget document.~~

~~Annually, the Finance Department and the Department Directors will present to the Finance Committee the preliminary results of the prior year's budget.~~

~~Multi-year capital project budgets should be prepared with sufficient detail to ensure accurate projections and monitoring.~~

### **3.1.04 Operating Budget Policies**

- ~~1.—Ongoing or recurring revenues in each fund should be equal to or exceed ongoing expenditures. The General fund budget shall identify ongoing resources that at least match expected ongoing annual expenditure requirements. One-time cash transfers and non-recurring ending fund balances will be applied to reserves or to fund one-time expenditures; they will not be used to fund ongoing programs without the City Council's specific approval.~~
- ~~2.—The Finance Department will provide budget status reports to the Mayor, City Council and Department Directors at least quarterly. Department Directors are expected to monitor revenue and expenditures on a more frequent basis through the use of the City's accounting reporting system.~~
- ~~3.—Expenditure budget adjustments will only be allowed for unanticipated circumstances when approved by Finance Committee and adopted by City Council.~~
- ~~4.—To ensure all possible revenues are received and billed properly and all contractual payments are made on a timely basis, a copy of all contracts and agreements will be given to the Finance Department for review and to schedule billings/payments. The Department Director signing the agreement will ensure a copy of the contract is provided to the Finance Department.~~

### **3.1.05 — Revenue Policies**

- ~~1.—To the extent possible, a diversified and stable revenue system will be maintained to shelter public services from short-term fluctuations in any one or combination of multiple revenue sources.~~
- ~~2.—Revenue forecasts shall be realistically estimated and based on the best information available.~~
- ~~3.—The City will follow best practices to collect revenues.~~
- ~~4.—Retail Sales and Use tax revenue will be reviewed for projects greater than \$5 million. The revenue from these projects will be considered one-time revenues and should not be used to support recurring operations.~~
- ~~5.—In order to adequately deal with short-term (anticipated duration of less than one year) economic downturns and temporary gaps in cash flow: expenditure reductions or restrictions may be imposed by the Mayor and/or the City Council. Alternately, the Council may approve a one-time drawdown of the Rainy Day Reserve to address temporary downturns in City revenues. Interfund loans authorized by the Council and paying interest, may be utilized to cover temporary gaps in cash flow.~~
- ~~6.—To address long-term (greater than one year) revenue downturns, revenue forecasts will be revised and expenses will be reduced to conform to the revised long-term revenue forecast, and new sources of revenue or revenue increases will be considered. Deficit financing and borrowing to support ongoing operations will not be considered as an acceptable policy of the City as a response to long-term revenue shortfalls.~~
- ~~7.—All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be readily identified or justified. Grants may also be rejected if the financial obligation of the programs must be continued with local resources after grant funds are exhausted.~~
- ~~8.—Fees and service charges should be reviewed by the responsible department to ensure the maximum amount of cost recovery. Utility rate studies shall be conducted to ensure that the rates will continue to support direct and indirect costs of operations, administration, plant maintenance, debt service, depreciation of capital assets, and moderate system extensions.~~
- ~~9.—The City will review contracts and leases which result in revenues to the City on a timely basis in order to provide for careful evaluation by the City Council.~~
- ~~10.—Recurring or ongoing revenues are defined as sustainable funding sources received over multiple years from which ongoing services can be funded. Recurring revenues do not include grant awards or other one-time revenues. Recurring revenues are tracked and reported on a regular basis to the Finance Committee and any fluctuations or deviations are noted for the purposes of adjusting impacted ongoing City operations.~~

### **3.1.06 — Expenditure Policies**

1. ~~The City will only propose operating expenditures which can be supported from on-going operating revenues. Before the City undertakes any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years. As a part of the Capital Facilities Plan development, capital expenditures may be funded from one-time revenues, however, the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.~~
2. ~~The City will review funds, for services provided internally by other funds. The estimated direct and indirect costs of service will be budgeted and charged to the fund receiving the service. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund. A review of the method for determining the amount of the interfund assessment will be conducted periodically. When possible, expenditures will be made from the fund receiving the benefit rather than relying on interfund billing to recover these costs.~~
3. ~~Emphasis is placed on improving individual and work group productivity rather than adding to the work force. The City will invest in technology and other efficiency tools to maximize productivity.~~
4. ~~The creation of new employee positions must be documented and approved by the Council. This will normally be done during the budget process with the documentation supporting the new position included in the Council budget packets.~~
5. ~~All compensation planning and collective bargaining will focus on the total cost of compensation, which includes direct salary, payroll taxes, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to the City.~~
6. ~~One-time revenues will not be used to support ongoing expenditures.~~
7. ~~Facility maintenance expenditures will be budgeted for annually in the appropriate funds using the facilities and transferred into the Facility Maintenance Fund. The annual rate will include the costs for routine maintenance and a reasonable amount to create a Capital Reserve.~~
8. ~~Recurring or ongoing expenditures/expenses are defined as costs incurred for the daily activities needed to provide services to the citizens of Wenatchee. Recurring expenditures do not include one-time grant expenses but departments may be required to find matching requirements from within their regular budget. Recurring expenses include all debt obligations unless the debt is short-term (3 years or less) and has an independent funding source.~~
9. ~~Capital projects will be budgeted by task: preliminary engineering/design, right of way, construction engineering/management and construction; as applicable. The capital project budget will indicate the funding source(s) by fund and grant award, as applicable. Capital projects with budgets greater than \$100,000 will be approved by the Council either through the budget process or specific capital project approval. Capital projects exceeding the project budget by more than 10%, or \$25,000, whichever is greater, must obtain Council approval prior to the overage~~

### **3.1.07 — Reserve Fund Policies**

1. ~~The General Fund will maintain a minimum unrestricted fund balance of 15% of recurring expenditures to ensure adequate cash flow. The General Fund will also maintain a minimum of \$1,000,000 Rainy Day restricted fund balance to be used only with Council approval. The reserve will be established and replenished from one-time revenues not committed for other purposes, excess operating reserves or by budgetary action.~~
2. ~~The Convention Center, Street, Community Center, and Cemetery funds will maintain a minimum unrestricted fund balance of 15% of recurring expenditures to ensure adequate cash flow.~~



- ~~3.—Utility funds will meet reserve requirements indicated in the appropriate rate studies and bond covenants.~~
- ~~4.—The Self Insurance Fund will maintain an unrestricted fund balance \$500,000 greater than the annual insurance premium.~~
- ~~5.—The Equipment Rental and Replacement Fund will maintain a reserve balance adequate to replace equipment on an established schedule.~~
- ~~6.—The Information Services Fund will maintain a reserve fund balance sufficient to annually replace equipment and software and cover operations.~~
- ~~7.—The Facilities Maintenance fund will maintain a reserve balance sufficient to maintain operations of City facilities and prepare for major unexpected facility repairs.~~
- ~~8.1. Reserve balances requirements are evaluated at the end of the fiscal year. If the reserve balances of any fund listed in this section is drawn down below the minimum requirements, a plan or budget will be created to replenish the reserves in no more than two years.~~

## 3.2 BUDGET

### 3.2.01 Budget Development

The City Council has final responsibility for approving the annual Operating Budget and appropriating funding for the capital needs of the City.

The Mayor and the Finance Department have the primary responsibility for bringing the budget forward for Council consideration.

Department Directors, will have the primary responsibility for proposing programs, recommending funding levels, analyzing position expense distributions, and formulating budget proposals for implementing service programs in accordance with established City Council goals and directives.

The Finance Department provides the budget calendar and revenue budget estimates, assists department staff in identifying budget problems and formulating alternative solutions, and prepares and distributes the final budget document.

The City's budget is adopted at the Fund level and monitored on the department level in the General fund.

Revenue forecasts shall be realistically estimated and based on the best information available.

### 3.2.02 Budget Operation and Monitoring

At the direction of the Mayor, the Finance Department coordinates the overall preparation and administration of the City's budget in compliance with applicable State of Washington statutes.

Department Directors are responsible for the overall management of their respective budgets through monitoring, identifying and correcting any budgetary problems as they arise. The Finance Department will assist the Department Directors as needed.

The Finance Department will provide budget status reports to the Mayor, City Council and Department Directors at least quarterly. Department Directors are expected to monitor revenue and expenditures on a more frequent basis through the use of the City's accounting reporting system.

Expenditure budget adjustments will only be allowed for unanticipated circumstances when approved by Finance Committee and adopted by City Council.

### **3.2.03 Budget Amendments**

After the budget is adopted by Council, there are often unanticipated expenses during the year. Departments should identify unanticipated expenses that will cause their total department or fund budget to exceed the approved annual budget authority. These unanticipated expenses should be presented to Finance Committee for approval. After Finance Committee approval, the Finance Department will present a budget amendment ordinance to City Council for consideration. The budget amendment ordinance should be approved prior to any expenditure that would cause the department or fund to exceed its budget authority.

### **3.2.0304 Capital Project Budgets**

Multi-year capital project budgets should be prepared with sufficient detail to ensure accurate projections and monitoring.

Capital projects will be budgeted by task: preliminary engineering/design, right of way, construction engineering/management and construction; as applicable. The capital project budget will indicate the funding source(s) by fund and grant award, as applicable.

Capital projects with budgets greater than \$100,000 will be approved by the Council either through the budget process or specific capital project approval. Capital projects exceeding the project budget by more than 10%, or \$25,000, whichever is greater, must obtain Council approval prior to the overage

## **3.3 FINANCIAL PRUDENCE**

### **3.3.01 Recurring vs. Nonrecurring**

Recurring ~~or ongoing~~ revenues are defined as sustainable funding sources received over multiple years from which ongoing services can be funded. Recurring revenues do not include grant awards, proceeds from significant property sales, one-time cash transfers-in, or other one-time revenues.

Recurring ~~or ongoing expenditures/~~expenses are defined as costs incurred for the daily activities needed to provide ongoing services to the citizens of Wenatchee. Recurring expenditures do not include one-time grant expenses ~~but departments may be required to find matching requirements from within their regular budget or approved one-time budget requests.~~ Recurring expenses include all debt obligations unless the debt is short-term (3 years or less) ~~and has an independent funding source.~~

~~Ongoing or r~~Recurring revenues in each fund should be equal to or exceed ongoing expenditures recurring expenses. Recurring revenues will be credited to the fund reserve and will not be used to fund recurring expenses.

~~The~~General fund budget reports shall identify ongoing resources recurring revenues that at least match expected ongoing annual expenditure recurring expense requirements. Recurring revenues are tracked and reported on a regular basis to the Finance Committee and any fluctuations or deviations are noted for the purposes of adjusting impacted ongoing City operations.

Retail Sales and Use tax revenue will be reviewed for permitted building projects greater than \$5 million. The revenue from these projects will be considered one-time revenues and should not be used to support recurring operations.

~~One-time cash transfers and non-recurring ending fund balances will be applied to reserves or to fund one-time expenditures; they will not be used to fund ongoing programs without the City Council's specific approval.~~<sup>[BP3]</sup>

The City will only propose operating expenditures recurring expenses which can be supported from ~~on-going operating recurring~~ revenues. Before the City undertakes any agreements that would create ~~fixed on-going recurring~~ expenses, the cost implications of such agreements will be fully determined for current and future years. ~~As a part of the Capital Facilities Plan development, capital expenditures~~Capital expenses may be funded from one-time revenues,

however, the ~~operating budget expenditure~~ recurring impacts of capital ~~expenditures~~ expenses will be reviewed for compliance with this policy provision.

~~One time revenues will not be used to support ongoing expenditures.~~ [BP4]

### 3.3.02 Revenue Collection

To ensure all possible revenues are received and billed properly and all contractual payments are made on a timely basis, a copy of all contracts and agreements will be given to the Finance Department for review and to schedule billings/payments. The Department Director signing the agreement will ensure a copy of the contract is provided to the Finance Department.

The City will review contracts and leases which result in revenues to the City on a timely basis in order to provide for careful evaluation by the City Council.

The City will follow best practices to collect revenues.

Fees and service charges should be reviewed by the responsible department to ensure the maximum amount of cost recovery. Utility rate studies shall be conducted to ensure that the rates will continue to support direct and indirect costs of operations, administration, plant maintenance, debt service, depreciation of capital assets, and moderate system extensions.

### 3.3.03 Economic Downturns

To the extent possible, a diversified and stable revenue system will be maintained to shelter public services from short-term fluctuations in any one or combination of multiple revenue sources.

In order to adequately deal with short-term (anticipated duration of less than one year) economic downturns and temporary gaps in cash flow: expenditure reductions or restrictions may be imposed by the Mayor and/or the City Council. Alternately, the Council may approve a one-time drawdown of the Rainy Day Reserve or other fund reserves to address temporary downturns in City revenues. Interfund loans authorized by the Council ~~and paying interest~~ [BP5], may be utilized to cover temporary gaps in cash flow.

To address long-term (greater than one year) revenue downturns, revenue forecasts will be revised and expenses will be reduced to conform to the revised long-term revenue forecast, and new sources of revenue or revenue increases will be considered. Rainy Day fund or other reserves may be used to phase in expenditure reductions, but should not be use as the sole solution for long-term revenue downturns. Deficit financing and borrowing to support ongoing operations will not be considered as an acceptable policy of the City as a response to long-term revenue shortfalls.

## 3.4 RESERVE FUNDS

### 3.4.01 General Fund

The General Fund will maintain a minimum unrestricted fund balance of 15% of annual recurring expenditures to ensure adequate cash flow. The ideal unrestricted fund balance is 25% of annual recurring expenditures.

The ~~General Fund will also~~ City will maintain a minimum of \$1,000,000 Rainy Day restricted fund balance to be used only with Council approval. The reserve will be established and replenished from one-time revenues not committed for other purposes, excess operating reserves or by budgetary action.

~~The Convention Center, Street, Community Center, and Cemetery funds will maintain a minimum unrestricted fund balance of 15% of recurring expenditures to ensure adequate cash flow.~~

### 3.4.02 Utility Funds

Utility-Individual utility funds will meet reserve requirements indicated in the appropriate rate studies and bond covenants with a minimum 25% of annual operating expenses. In addition, the combined utility will maintain an unrestricted cash balance that is at least 50% of annual operating expenses.

### **3.4.03 Internal Service Funds**

- The Self Insurance Fund will maintain an unrestricted fund balance \$500,000 greater than the annual insurance premium.
- The Equipment Rental and Replacement Fund will maintain a reserve balance adequate to replace equipment on an established schedule.
- The Information Services Fund will maintain a reserve fund balance sufficient to annually replace equipment and software and cover operations.
- The Facilities Maintenance fund will maintain a reserve balance sufficient to maintain operations of City facilities and prepare for major unexpected facility repairs.

### **3.4.04 Other Funds**

All other operating funds will maintain a minimum unrestricted fund balance of 15% of annual recurring expenditures to ensure adequate cash flow.

### **3.4.05 Evaluation**

Reserve balances requirements are evaluated at the end of the fiscal year. If the reserve balances of any fund ~~listed in this section~~ is drawn down below the minimum requirements, a plan or budget will be created to replenish the reserves in no more than two years.

## **3.5 MISCELLANEOUS**

### **3.5.01 Grant Considerations**

All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be readily identified or justified. Grants may also be rejected if the financial obligation of the programs must be continued with local resources after grant funds are exhausted.

### **3.5.02 Interfund Services**

The City will review funds, for services provided internally by other funds. The estimated direct and indirect costs of service will be budgeted and charged to the fund receiving the service. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund. A review of the method for determining the amount of the interfund assessment will be conducted periodically. When possible, expenditures will be made from the fund receiving the benefit rather than relying on interfund billing to recover these costs.

Facility maintenance expenditures will be budgeted annually in the appropriate funds using the facilities and transferred into the Facility Maintenance Fund. The annual rate will include the costs for routine maintenance and a reasonable amount to create a Capital Reserve.

### **3.5.03 Positions & Compensation**

The creation of new employee positions must be documented and approved by the Council. This will normally be done during the budget process with the documentation supporting the new position included in the Council budget packets.

Emphasis is placed on improving individual and work group productivity rather than adding to the work force. The City will invest in technology and other efficiency tools to maximize productivity.

All compensation planning and collective bargaining will focus on the total cost of compensation, which includes direct salary, payroll taxes, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to the City.

# INVESTMENTS

## **4.1.01 Objectives**

It is the objective of the City of Wenatchee to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

## **4.1.02 Scope**

This investment policy supersedes any previous investment policy and applies to all financial assets of the City. These funds are accounted for in the City's annual financial report and include:

- General fund (current expense);
- Special revenue funds;
- Debt service funds;
- Capital project funds;
- Enterprise funds;
- Internal service funds;
- Trust and agency fund;
- Retirement/Pension funds.

This policy does not include assets held in escrow in order to defease refunded debt, nor does it include retirement funds managed by others.

## **4.1.03 Prudence**

Investments shall be made with such judgment and care under circumstances then prevailing as persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an

individual security's credit risk or market price changes; provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **4.1.04 Investment Objective**

The primary objectives, in priority order, of the City's investment activities shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity.** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments.** The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and cash flow characteristics of the portfolio.

#### **4.1.05 Delegation of authority**

WCC 1.08.100 delegates investment authority to the Finance Director. The Finance Director shall manage the investment program consistent with this investment policy. Procedures shall include reference to: safekeeping, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

#### **4.1.06 Ethics and conflicts of interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Mayor and City Council any material financial interest in financial institutions that conduct business with this City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio, particularly with regard to the time of purchases and sales.

#### **4.1.07 Authorized financial dealers and institutions**

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who maintain an office in the state of Washington. These may include "primary" dealers or regional dealers that qualify under U.S. Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director with their most recent audited financial statements.

An annual review of the financial conditions and registrations of such institutions and broker/dealers shall be conducted by the Finance Director.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

#### **4.1.08 Authorized and suitable investments**

The City shall limit its investments to those allowed by the RCW 35A.40.050, as it now exists or may hereafter be amended. In general, and by way of illustration only, and not by way of limitation, these investments include the following:

- United States bonds;
- United States certificates of indebtedness;
- Bonds or warrants of this state;
- General obligations or utility revenue bonds or warrants of its own or of any other city or town in the state;
- Its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund law; and
- Any other investment authorized by law for any other taxing districts.

The Finance Director may invest in the following instruments which the City has determined fall within the allowable investments authorized by RCW 35.40.050:

- Obligations of United States government and its agencies;
- Certificates of deposit of financial institutions (either banks or thrifts) which are qualified public depositories and which are in accordance with the restrictions placed on such deposits;
- Savings or time accounts in banks, trust companies, savings and loan associations, and mutual savings banks which are conducting business in this state, up to the amount of the insurance afforded such accounts by the Federal Deposit Insurance Corporation or by the Federal Savings and Loan Insurance Corporation. Savings or time deposits may exceed federal insurance limits if such excess is insured by the Washington Public Deposit Protection Commission (WPDPC);
- The Washington [State Treasurer](#) Local Government Investment Pool.
- [The Washington State Treasurer Separately Managed Accounts.](#)

#### **4.1.09 Collateralization**

The City chooses to limit collateral to the obligations of the United States government and its agencies.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted.

#### **4.1.10 Safekeeping and custody**

All securities shall be conducted on a deliver-versus-payment (DVP) basis and held by a third party custodian in the name of the City. The Finance Director shall designate the third party custodian who shall provide a separate statement of holdings which shall be evidenced by safekeeping receipts.

#### **4.1.11 Diversification**

The City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities ~~and~~, the Washington State Treasurer Local Government Investment Pool, and the Washington State Treasurer Separately Managed Accounts, no more than 30 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

#### **4.1.12 Maximum maturities**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements, holding investments to maturity whenever possible. The City will not directly invest in securities maturing more than five years from the date of purchase; provided the average maturity of all City investments shall not exceed three years.

Bond reserve funds and Cemetery Trust Funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds and provided the earnings on the bond reserve investments do not exceed the average yield of the bonds issued.

#### **4.1.13 Investment policy review / Internal control**

The City's investment policy as adopted shall be reviewed on an annual basis by the Finance Committee. The Finance Director shall recommend to the City Council any modifications to the policy.

The Finance Director shall establish a system of internal controls, which shall be reviewed annually by the Finance Committee and an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

#### **4.1.14 Market yield (benchmark)**

The City may manage its investment portfolio using an active rather than a passive management style. This means that securities are actively bought and sold to obtain greater market yield through both trading gains and interest earnings as opposed to a passive management investment approach which involves a buy and hold process where only interest earnings to maturity are realized. Using active portfolio management, there will be both trading gains and losses. To assure preservation of capital, trading losses will be confined to lower rates of return on investments rather than loss of principal. Securities may not be sold or traded if the result would cause a loss of principal.

#### **4.1.15 Reporting**

The Finance Director will report to the Finance Committee at least quarterly the status of the City's cash and investments.



# DEBT MANAGEMENT

## 5.1 INTRODUCTION

### 5.1.01 Purpose

The Debt Policy for the City of Wenatchee (City) is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth guidelines for the issuance and management of all financings of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations while providing flexibility and preserving financial stability.

### 5.1.02 Uses of Debt

City of Wenatchee uses debt as a mechanism to equalize the costs of needed capital improvements for the benefit of both present and future citizens;

City of Wenatchee uses debt as a mechanism to reduce the immediate costs of substantial public improvements.

The City of Wenatchee will not use long-term debt to support current operations.

Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.

Non-recurring non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.

Interest, operating, and/or maintenance expenses will be capitalized only for enterprise activities; and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

## 5.2 DEBT LIMITS

### 5.2.01 Legal Limits

The general obligation debt of Wenatchee will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City. RCW 39.36.020

The following individual percentages shall not be exceeded in any specific debt category:

- General Debt - 2.5% of assessed valuation
- Non-Voted 1.5% Limited Tax General Obligation (LTGO) Bonds
- Voted 1.0% Unlimited Tax General Obligation (UTGO) Bonds
- Utility Debt - 2.5% of assessed valuation
- Open Space and Park Facilities - 2.5% of assessed valuation

### 5.2.02 Public Policy Limits

The City will establish and implement a comprehensive multi-year Capital Improvement Program (CIP). Financial analysis of funding sources will be conducted for all proposed capital improvement projects. Debt will be issued in accordance with the CIP as necessary. Where borrowing is recommended, the source of funds to cover debt service requirements must be identified.

The City, as determined by the City Council, may consider using long term debt toward public improvements, which have an identified public benefit to the City, associated with economic development to the extent that new revenues from the project, in excess of those identified by the City Council for other City purposes can be agreed upon to support the debt service.

### **5.2.03 Financial Limits**

The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.

The City will conduct a debt affordability analysis to evaluate the City's ability to support debt. The analysis will review available resources for the amount of debt the City can initiate each year, and project the effects of that financing through six years of the CIP.

## **5.3 ALLOWABLE TYPES OF DEBT**

### **5.3.01 Short Term Obligations**

Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received or where there is a short term need (less than 3 years) and known one time revenues will be used to repay the short term debt.

### **5.3.02 Interfund Loans**

The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. From time to time, funds outside the General fund require temporary lending to relieve cash flow issues created by the timing of financial outflows and inflows. Interfund borrowing from the General fund for purposes of temporary lending may be initiated by the Finance Director as needed. All interfund Interfund loans from any fund other than the General fund will be subject to Council approval, will bear interest based upon prevailing rates and have terms consistent with state guidelines for interfund loans.

### **~~5.3.0203~~ Assessment/ LID Bonds**

Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment.

### **~~5.3.0304~~ General Obligation Bonds Limited Tax**

General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund revenues and taxes collected by the City. Limited Tax General Obligation (LTGO) Bonds can be issued with the approval of the City Council and will only be issued if:

- a project requires funding not available from alternative sources;
- matching fund monies are available which may be lost if not applied for in a timely manner; or
- Emergency conditions exist.

### **5.3.0405 General Obligation Bonds Unlimited Tax**

Unlimited Tax General Obligation (UTGO) Bonds are payable from excess tax levies and is subject to voter approval by 60% of the voters.

### **5.3.0506 Revenue Bonds**

Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

### **5.3.0607 Leases**

Lease purchase or financing contracts are payment obligations that represent principal and interest components which are general obligations of the City.

### **5.3.07-08 Other Loan Programs:**

Public Works Trust Fund Loans are loans from the Public Works Board, authorized by state statute, RCW 43.155 to loan money to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

The Local Option Capital Asset Lending (LOCAL) Program is a financing contract with the Office of the State Treasurer under RCW 39.94. It is an expanded version of the state agency lease/purchase program that allows pooling funding needs into larger offerings of securities. This program allows local government agencies the ability to finance equipment needs through the State Treasurer's office, subject to existing debt limitations and financial consideration.

Other state or federal funded programs.

### **5.3.08-09 Alternative types of debt**

Variable-rate debt will be limited and no derivative products shall be utilized.

## **5.4 DEBT STRUCTURING**

### **5.4.01 Maximum Term, Payback Period and Average Maturity**

The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life with the average life of the bonds less than or equal to the average life of the assets being financed.

General Obligation bonds will be issued with maturities of 20 years or less unless otherwise approved by Council.

The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.

Debt Service should be structured on a level or declining repayment basis unless otherwise justified and deemed necessary.

### **5.4.02 Refunding Debt**

The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a sufficient net present value benefit after expenses.

#### **5.4.03 Amortization Schedules**

Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds should include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not adversely affected.

### **5.5 DEBT ISSUANCE**

#### **5.5.01 Council Approval**

City Council approval is required prior to the issuance of debt.

#### **5.5.02 Analytical Review:**

An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities and structuring and pricing of the debt.

#### **5.5.03 Credit Ratings**

Use of credit ratings, minimum bond ratings, determination of the number of ratings and selection of rating services: The City will continually strive to maintain its bond rating by improving financial policies, budget, forecasts and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved. The City will maintain good communication with bond rating agencies about its financial condition, coordinating meetings, and presentations in conjunction with a new issuance as necessary.

#### **5.5.04 Compliance with Statutes and Regulations**

The Finance Director, City Attorney and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules and regulations.

#### **5.5.05 Selection and use of professional service providers:**

The City's Finance ~~and Administration Departments~~ Department and Mayor's Office shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.

Bond Counsel: All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all City and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.

Financial Advisor: A Financial Advisor(s) may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.

Underwriters: An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.

Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with RCW 43.80, the City will use the Fiscal Agent that is appointed by the State.

#### **5.5.06 Criteria for determining sales method and investment of proceeds**

The ~~Directors of Finance and Administration~~ Finance Director, after consultation with the Finance Committee, shall determine the method of sale best suited for each issue of debt.

The City will generally issue its debt through a competitive process or private placement. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

The City will provide for the sale of debt by negotiating the terms and conditions of sale when necessary to minimize the cost and risks of borrowing under the following conditions:

- The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
- At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
- The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
- The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

#### **5.5.07 Bond Insurance:**

For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively procured.

## **5.6 DEBT MANAGEMENT PRACTICES**

### **5.6.01 Investment of Bonds**

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds, including City of Wenatchee Investment Policy.

### **5.6.02 Continuing Disclosure**

The City shall provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by state and national regulatory bodies and the City's Disclosure Procedures. Disclosure shall take the form of the Annual Financial Report unless information is required by a particular bond issue that is not necessarily contained within the Annual Financial Report.

### **5.6.03 Arbitrage Rebate monitoring and filing**

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

#### **5.6.04 Compliance**

Federal and state law compliance practices are discussed in Debt Issuance sections 5.5.03 and 5.5.04 and Debt Management Practices sections 5.6.01 and 5.6.03.

#### **5.6.05 Communication**

The City shall endeavor to maintain a positive relationship with the investment community. The City shall communicate through its published Budget, Capital Improvement Program and Annual Financial Statements the City's indebtedness as well as its future financial plans.

#### **5.6.06 Review**

The City's debt policy shall be adopted by City Council. The policy shall be reviewed every five years by the Council Finance Committee and modifications shall be submitted to and approved by City Council.

### **5.7 CONTINUING DISCLOSURE**

#### **5.7.01 Purpose.**

The Continuing Disclosure Policy is designed to: (a) ensure the completeness and accuracy of the federal securities disclosure made by the City of Wenatchee, Washington (the "City"), and the City's City Council (the "Council") (including the City staff in the exercise of their official duties) compliance with all applicable federal and state securities laws in connection with issuance and disclosure undertakings relating to outstanding bonds issued on its behalf and annual financial information filings, and (b) promote best practices regarding disclosures disseminated to investors and the municipal securities markets by the City.

#### **5.7.02 Disclosure Definition.**

The controls and procedures set forth herein shall apply to all Disclosure disseminated or communicated by the City. "Disclosure" includes any information or communications reasonably likely to reach investors or the securities markets, such as preliminary and final official statements relating to bonds issued for the benefit of the City, filings made by the City with the Municipal Securities Rulemaking Council or the national repositories (whether required by contract or made voluntarily), press releases which could reasonably be construed as intended for the financial markets, investor calls, rating agency presentations and other communications and certain postings on the City's website.

#### **5.7.03 Debt Issuance - Responsibilities of the Oversight Officer**

The Finance Director or his/her designee (the "Oversight Officer") shall be responsible for overseeing the compilation of both the preliminary official statement ("POS") and the final Official Statement (individually referred to herein as an "Official Statement" and collectively, the "Official Statements") used in connection with the offering and issuance of the associated bonds issued for the City's benefit (the "Bonds") and annual financial information filings and for review of other disclosure obligations of the City undertaken in connection with such Bond issuance. In the carrying out of these responsibilities, the Oversight Officer shall seek assistance from other professionals hired or employed by the City for such purpose, including, but not limited to, the City's Bond Counsel and the City's financial advisor, as requested by the City. This oversight responsibility shall include the following:

- Develop a separate checklist or similar outline for the City's Official Statements for each Bond issuance benefitting the City. Each of these checklists shall list the categories of information in the applicable Official Statement and identify the person or persons (whether internal to the City or a third-party consultant to the City) who should be responsible for reviewing or contributing the information in each portion of such applicable Official Statement (a "Contributor").
- Ensure that each Contributor receives a copy of each draft of the applicable Official Statement and the checklist indicating his or her responsibilities with sufficient time to permit such Contributor to perform a thoughtful and thorough review or preparation of information for the applicable portion of the Official Statement. Gather such applicable information and comments from each Contributor.
- Distribute applicable sections of such applicable Official Statement or annual financial information filing as revised to the respective Contributors for further review and comment. Document confirmation by each Contributor that the information provided by such Contributor has been properly incorporated in such applicable Official Statement draft and is accurate and complete as so incorporated. Contributor confirmation may be provided by means of indications on a checklist.
- Schedule and conduct periodic internal and external meetings of Contributors, either in groups or individually for the purpose of discussing the City's financial status generally and its annual audited financial statements, its related programs, the related industries, and other issues affecting the City and the Bonds that may be material to investors.
- Review all continuing disclosure obligations in connection with the Bonds.

#### **5.7.04 Debt Issuance - Responsibilities of Contributors**

All Contributors to the City's Official Statements shall be responsible for the following:

- Delivery and review of comments and information as requested (by means of a checklist or otherwise) for purposes of inclusion in the applicable Official Statement.
- Review of applicable portions of the revised applicable Official Statement and provide confirmation (which may be provided by means of indications on a checklist) that the information provided by such Contributor has been incorporated correctly and, as so incorporated, such portions of the applicable Official Statement present accurate and complete information to investors about the items so covered by such portions.
- Attend periodic meetings (as applicable) to discuss broad issues concerning the City and its Official Statements.
- In the case of third-party or expert Contributors, provide certifications and opinions relating to their contributions to Official Statements as appropriate.

#### **5.7.05 Outstanding Bonds - Continuing Disclosure Obligations.**

The Oversight Officer shall be responsible for overseeing compliance by the City with its continuing disclosure obligations, including but not limited to the compilation and filing of all annual financial reports and filing of all annual financial statements of the City on EMMA, as applicable. The Oversight Officer shall also consult with the City's Bond

Counsel to determine the materiality of any events and whether an event notice is required to be filed under the circumstances. If a determination is made that an event is material and a notice is required, the Oversight Officer shall prepare a draft of such notice in a timely manner and shall provide such draft notice to the City's Bond Counsel for review and comment. The Oversight Office shall file such notice in the required repositories once the notice has been approved by the City's Bond Counsel. Generally, the process for the preparation of the annual financial information filing shall follow the guidelines set forth for disclosure made in connection with the issuance of bonds as set forth in section 5.3.

#### **5.7.06 Outstanding Bonds - Voluntary Filings**

The Oversight Officer, shall evaluate whether an event is appropriate for disclosure by the City on a voluntary basis, based on investor demand or otherwise. Upon a determination that a voluntary notice should be filed, the Oversight Officer shall work with the City's Bond Counsel to prepare a draft of such notice. The Oversight Officer shall file such voluntary notice to the appropriate repositories once such notice has been approved by the City's Mayor and the City's Bond Counsel.

#### **5.7.07 Outstanding Bonds - Investor Communications**

The Oversight Officer shall be responsible for overseeing the responses to all telephone, email and other inquiries from existing and potential investors in the Bonds and providing any information supplied to the one investor or potential investor to all investors.

#### **5.7.08 Training**

The Oversight Officer, in consultation with the City's Bond Counsel, shall be responsible for coordinating regular training sessions for City staff and Council members about their obligations under the Federal securities laws and regulations and other Federal and state laws affecting the issuance of Bonds. Training shall be provided for general background and overview purposes and, as applicable, to update City staff and Council members concerning recent changes in applicable laws or regulations.



# CASHIERING

## 6.1 INTRODUCTION

### 6.1.01 Duties of Employees

City employees who receives money shall:

1. Within 24 hours deliver it to the City Finance Department or deposit it with an approved City depository (see section 6.2.08).
2. Comply with this cashiering policy, and with the internal procedures of the particular department, for handling, processing and documenting City money and for dissemination of the records.
3. Notify his or her supervisor of any suspected loss or theft of City money immediately upon discovery and in writing within 24 hours.

### 6.1.02 Duties of Department Heads

The head of each department or office, which will receive City money on a regular basis in the course of its activities, will;

1. Assign the task of receiving of City money to those persons only who have been trained in the functions,
2. Collaborate with the Finance Department to establish and maintain a system of procedures, documentation and reporting on the handling of receipts and the deposit of money,
3. Notify the Finance Director verbally (immediately) of any loss or theft of City money, follow the verbal report with a formal written report to the Finance Director within twenty four (24) hours,
4. Allow assigned examiners from the office of the State Auditor and City Finance Department, or designee, to make on-site inspections to observe the processing of City money and inspect collection records.
5. Provide cashiering procedures and training to all employees responsible for handling money, and
6. Provide additional procedures to supplement, but not in conflict with, the cashiering policies.

### 6.1.03 Departmental Contact Person

Department heads are to designate a contact person per physical location to be responsible for the transmittal of money and deposits to the Finance Department or bank. In addition, departments with multiple locations shall designate a contact person who will be responsible for coordination of department transactions.

### 6.1.04 Training

Each department head, or designee, will ensure all employees have reviewed the cashiering policies and received appropriate cashiering training prior to receipting any money. The Finance Department will assist department with cashiering training, as needed.

### **6.1.05 Liability for Loss**

Each department has primary responsibility for care, and liability for the loss, of City money in its custody until the money is receipted by the Finance Department or deposited in the City's primary bank account. Compliance with the cashing policies gives rise to a presumption that due care was exercised.

### **6.1.06 Custodial Responsibility and Liability**

A custodian is personally responsible for all City money within his or her span of control and may be held liable for any loss occurring, unless the loss was caused by an act of God or other reason beyond the control of the custodian.

1. All employees shall comply with their departmental policy and procedures, and the City cashing policy and procedures. Anyone who fails to comply with their departmental and City policies and procedures may be subject to disciplinary action.
2. All employees who obtain custody of money will be liable for the loss of that money until the money is deposited with one of the Finance Directors authorized agents.
3. All transfers of custody of money shall be evidenced by a document indicating the transfer of custody.
4. Anyone who issues a written receipt accepting custody of money is liable for the timely deposit of that money. The liability for timely deposit starts with the original receipt of money by a City officer, employee, or agent and ends when the money is deposited with the Finance Department or the bank.

### **6.1.07 Enforcement**

Enforcement of the rules and regulations by the Finance Department may include on-site inspections, restricting the authority to handle money of anyone who fails to comply, or requiring daily deposit directly to the Finance Department.

## **6.2 CASHIER PROCEDURAL GUIDELINES**

### **6.2.01 Receiving Money - Opening Activities**

All cashiers shall be responsible for, and have custody of, their own individual cash drawer or cash box. When opening, balancing, or transferring cash drawers, verify the dollar amount of beginning cash by counting it.

### **6.2.02 Receiving Currency and Coins**

The following are the steps to be used when receiving currency and coins from a customer:

Always keep received money in full view of the customer.

Always complete transaction before placing money in cash drawer or cash box.

1. Separate the currency from the coins.
2. Count the currency before the coins.
3. Count each currency denomination separately.
4. If currency is strapped from the bank, count each bill.
5. Separate coins into denominations.

6. Count each coin denomination separately.
7. Count all currency and coin in the presence of the customer.
8. Verify the grand total against the amount listed on the receipt.
9. If any discrepancies exist between your total and the customer's total, count the money again. If a discrepancy still exists, you may allow the customer to count another time, or, you may ask your supervisor to count the money.
10. Put away all currency and coins from the last transaction before starting a new transaction.

Mutilated Money. If a bill is partially destroyed and more than half of the original note clearly remains, it may be accepted. Mutilated coins that are bent, broken or damaged, as well as Canadian and other foreign coins should not be accepted.

### **6.2.03 Receiving Checks**

When accepting checks over the counter, employees should:

1. Compare the written amount and the numerical amount. State law says that if there is a difference between the two, the written amount is correct for legal purposes. RCW 62A.3-118(b)
2. Verify that the check is signed by the payer.
3. A restrictive endorsement must be stamped on the back of each check immediately after receipting it. Finance Department provides endorsement stamps for stamping checks. The endorsement should read as follows:

For Deposit Only  
City of Wenatchee  
Cashmere Valley Bank

4. Refuse all 2 Party Checks.
5. Do not accept post-dated checks.
6. Accept checks for only the amount of the fee charged.
7. Never accept a check written 6 months prior to today's date.
8. No foreign checks may be accepted unless they state "payable in U.S. Funds."

### **6.2.04 Receiving Money and Handling Payments**

Each receipting environment should have a permanent collection record, such as a cash register tape or receipt, that records all transactions including voids, refunds and cancels. The department should retain this permanent record collection for 3 years. Contact the City's Record Officer (i.e., City Clerk) with any questions regarding records retention. Some records require a longer retention period.

City cashiers shall record all corrections of previously recorded transactions, such as refunds, voids, and cancels in a permanent daily collection journal. Some departments may have permanent documentation in a form other than a journal. Any correction shall be reported to the supervisor. The cashier and the supervisor shall each initial and date the correction in the daily journal or the other permanent documentation.

A receipt must be generated for all money immediately upon acceptance. It is important to verify that all items listed are received. For example, if a group of checks has a calculator tape attached listing them, verify the accuracy and completeness.

1. When accepting currency, count each bill by looking at the faces on the currency, not just the denominations on the corners.
2. Employees shall always complete a transaction in its entirety before proceeding to another transaction or offering assistance to another customer.
3. During the day, when the cash drawer begins to get full and when time allows, paper clip or rubber band excess currency. Large sums of money should be removed periodically and secured elsewhere, if possible. This is a safety precaution in case of a robbery.
4. Lock all monies in a secure location except when in use.
5. Never leave the cash drawer or cash box unattended.
6. Never let anyone touch the drawer, except under direct supervision of the cashier.

### **6.2.05 Refunds**

A refund is given after the original transaction has been completed, the cash/check secured, and a receipt issued.

1. The cashier should retain documentation any time a customer requests a refund.
2. Refund requests should be sent to the Finance Department. The Finance Department will then issue a refund.
3. Supervisor must review and approve all refund requests.

### **6.2.06 Voids**

A void occurs when a transaction error. The transaction is terminated and the void is documented.

1. The voided transaction should be documented in the cashiers paperwork. This void documentation shall be used in balancing the till at the end of a shift.
2. Supervisor shall review and authorize voided transactions.

### **6.2.07 Balancing Daily Transactions**

Persons who collect City money from the public shall balance their cash drawer daily using the following procedures:

1. The cashier removes all cash and checks from the drawer, leaving the starting cash, at the end of their work shift. All counting and balancing should occur in an area with limited customer access.
  - a. Counting Currency. To insure consistent accuracy, the following method should be used to count currency. This method ensures that no bill is double counted. You must always recount the money as many times as necessary to come up with the same total twice. This means you will always count a stack of currency at least two times. However, counting twice is not necessary if the first count agrees to documentation provided by the depositor.
  - b. Stack the pile in order with the highest denomination on the bottom and the smallest denomination on top, or leave bills in separate piles for each denomination. One thing to be cautious about is the possibility that the corner of a bill of a larger denomination may be taped onto the corner of a bill of a smaller denomination.
  - c. Counting Coins. As with counting currency, you need to establish a set routine for counting coins to insure your accuracy. Coins are stored in coin wrappers or rolls to ensure accurate handling. Each person counting and inserting the coins into wrappers should initial and date the wrappers. Machine counted and wrapped coins do not need to be initialed and dated. When you open a wrapper of coins, you should always empty the whole package into the coin drawer or coin machine.

2. The next cashier on shift should confirm that the cash drawer contains the proper amount of starting cash.
3. The cash register should be totaled out, producing a summary report (Z-tape), which is the total of all receipts. The total of the summary report (Z-tape) should be the total of the cash and checks.
4. The cash and check composition should be recorded on the reconciliation form. The Finance Department may request this form be attached to the Transmittal Form.
5. The amount of revenue received from each activity noted on the summary report (Z-tape) should be recorded on the cash transmittal next to the appropriate BARS account number.
6. Any shortage or overage should be explained on the transmittal form to the best of the cashier's ability.
7. When the cash drawer has been balanced, all moneys and the signed cash transmittal form is placed in a secure bank bag and stored in a secured location until the money is deposited.

### **6.2.08 Depositing**

City money must be deposited in the bank or with the Finance Department within twenty-four (24) hours.

RCW 43.09.240 states: Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the local government once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible.

After deposit at the bank, the payment summary must also be submitted to the Finance Department as soon as possible.

When depositing within 24 hours is not practical, the Finance Department may develop specific departmental procedures in coordination with individual departments.

### **6.2.09 Receiving Credit/Debit Card Payments**

All credit/debit card payment processes must be approved by the Finance Department.

The City contracts with online payments services that are PCI compliant for receiving, transmitting and storing card data. Cardholder transaction information is collected and securely stored directly with the card hosting vendor or processor, at no time is card information collected or stored on City computers or transmitted by the City.

Departments obtain information directly from the card hosting vendor, only the information necessary to apply the payment (such as the name and amount) may be retained at the department level. Files or print reports should not contain card information.

Point & Pay. To receipt a card payment through Point & Pay, users must log into their Point & Pay online account using their own username and password. Ensure documentation from transaction matches the amount due. Include the customer information on the receipt. Combine receipt and paperwork related to each transaction in a designated file. The following business day, a designated employee in the department should receive an emailed summary report from Point & Pay. Receipts and paperwork from the prior business day should be reconciled to the summary report and submitted with summary trans codes to the Finance Department.

### **6.2.11 Electronic Funds Transfer (EFT)**

Electronic funds transfer (EFT) refers to the disbursement from a bank account by means of wire, direct deposit, ACH or other electronic means.

EFT transactions initiated through payroll must have supporting documentation showing authorizations signed by employees who have agreed to have moneys added to their accounts electronically. These authorizations and requests

to change banking information must be provided in person, or through verification initiated by the Finance Department.

EFT transactions to government entities, banking institutions, or benefit providers must be documented through the payroll, accounts payable, accounts receivable, or journal entry processes.

User access to bank accounts must have sufficient security to prevent unauthorized individuals from initiating or modifying a transfer. Each user initiating or approving bank transactions must have a separate banking user ID.

The Information Systems Department provides policies, procedures, and software to protect the computers and computing processes used for EFTs from computer malware.

Reconciliation of bank account disbursements shall be prepared or reviewed by someone other than the individual initiating the EFT on the bank account.

# ART FUND 1% CALCULATION

## 7.1.01 Purpose

To define the list of eligible projects and prescribe the method of calculating the 1% as per WCC 1.48.

## 7.1.02 Eligible Projects

An eligible “capital project” is defined as any project with a total construction contract award exceeding \$150,000, paid for wholly or in part by the City of Wenatchee to construct or remodel any building, structure, park, street, sidewalk, parking facility, utility infrastructure, or any portion thereof, including permanent fixtures to any building within the jurisdiction of the City of Wenatchee. However, the purchase of land, local improvement district projects including the City’s participation in any such district, maintenance and operation and the purchase of equipment are not considered capital projects.

The 1% will be calculated on the total construction contract expenses, including sales tax.

The 1% will not be calculated on any construction costs reimbursed by Federal, State, or local sources that may not be eligible for use on art projects.

Capital projects that incorporate art may be specifically exempted from the one percent contribution by the Wenatchee Arts, Recreation, and Parks Commission.

## 7.1.03 List of Projects

The Finance Department will work with other City departments (Engineering, Utilities, Streets, Facilities Maintenance, Parks, etc.) to identify the list of eligible capital projects. Necessary project information may include project number, project name, construction contract expenses, exempt funding sources, account number, and project account number.

Art fund 1% will be calculated at the end of the year on any eligible capital project that:

- is over 90% complete, OR
- has accumulated costs greater than \$1,000,000 as of the end of current fiscal year.

# SURPLUS PROPERTY DISPOSAL

## 8.1.01 Declaration of Surplus

- (1) "Surplus" for purposes of this policy shall mean any tangible personal property owned by the city that is not needed at present or in the foreseeable future or that is no longer of value or use to the city.
- (2) Departments will provide a listing of all surplus property with an estimated value of \$2,500 or greater to the City Council. The City Council shall by resolution declare the property surplus to city needs and direct that it be made available for sale.
- (3) Approval of the City Council is not required for the sale or disposition of surplus property with an individual item estimated value less than \$2,500.

## 8.1.02 Notice of Sale

A notice of sale of surplus property be made in the following manner:

- (1) publication in the official newspaper of the city at least once, not less than five days before the sale. Said notice shall generally describe the property, designate the hour and day of the sale and the place of the sale. The sale shall be conducted within 10 days of the date of final publication of the notice of sale.
- (2) publication on the city's official website, not less than five days before the sale. Said notice shall generally describe the property, designate the hour and day of the sale, and the place of the sale. The sale shall be conducted within 10 days of the date of final publication of the notice of sale on the city's official website.
- (3) If surplus property is sold on a public auction website, the City may provide notice on its official website of the specific public auction website used and no other notice is required.

## 8.1.03 Sales

All sales shall be made to the highest and best bidder at a public sale in such manner as may be determined by the city council. All sales shall be for cash and no property will be transferred until final payment has been received.

## 8.1.04 Proceeds

Proceeds of sales must be paid to the city finance department who shall provide a receipt therefor and credit the sale amount to the fund from which the property originated.

## 8.1.05 Disposal of unsold property

Any property left unsold shall be disposed of as determined by the responsible department and the city council.

## 8.1.06 Exceptions

- (1) The Revised Code of Washington imposes special conditions for the disposition of municipal property. Where necessary, city officials shall comply with those laws, treating them as limited exceptions to this policy. Exceptions include, but are not limited to, the following as they may from time to time be amended:



- (a) RCW 27.12.305 and 27.12.320 – disposition of library materials;
  - (b) RCW 35.21.088 – equipment rental;
  - (c) RCW 35.21.660 through 35.21.690, 35.21.725 through 35.21.775 – transfers to municipally chartered corporations;
  - (d) RCW 35.21.820 – ride-sharing vehicles;
  - (e) Chapter 35.94 RCW – surplus utility property;
  - (f) Chapters 39.33 and 39.34 RCW – intergovernmental agreements; alternate method for intergovernmental disposition of property;
  - (g) Chapters 63.21 and 63.32 RCW – disposition of found or unclaimed property in the hands of the police.
- (2) In addition to any applicable statutory exceptions, the following items shall be excepted from the requirements of this chapter:
- (a) Law enforcement weapons of any kind; and
  - (b) Canines trained for law enforcement purposes.
- (3) Surplus property purchased with Federal funds, State funds, or donations may have further restrictions on sale or disposal.



## CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Brad Posenjak, Finance Director  
Finance

**MEETING DATE:** January 27, 2022

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**I. SUBJECT**

Remove outdated WCC Chapter 1.34 - Disposal of Surplus Personal Property.

**II. ACTION REQUESTED**

Staff requests the City Council adopt Ordinance 2022-01 repealing chapter 1.34 WCC "Disposal of Surplus Property"

**III. OVERVIEW**

Wenatchee City Code Chapter 1.34 prescribes the policy for selling City assets and equipment. This chapter does not address the use of auction websites and does not completely reflect the surplus property disposal practices of the City. In 2021, the City adopted a comprehensive financial policy manual. The surplus property policies are better suited to be included with this policy manual that is approved by Council. City staff reviewed the surplus property policies of other Cities to help craft a new policy. The disposal of surplus property policy has been rewritten and included in the financial policy manual to be presented at the same Council meeting. Therefore the outdated City Code should be repealed.

**IV. FISCAL IMPACT**

There is no fiscal impact repealing this chapter of City Code. This ordinance has been reviewed by Finance Committee.

**V. REFERENCE(S)**

1. Ordinance 2022-01
2. Existing WCC Chapter 1.34

**VI. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
Laura Merrill, Executive Services Director

## **ORDINANCE NO. 2022-01**

**AN ORDINANCE**, relating to the surplus property policies of the City and, specifically, repealing Chapter 1.34 WCC “Disposal of Surplus Personal Property.”

**WHEREAS**, portions of the Wenatchee City Code (WCC) related to the disposal of surplus personal property are outdated and in need of being either amended or repealed; and

**WHEREAS**, the City Council included a surplus property policy within the Financial Policy and Procedure Manual approved on January 27, 2022 by Resolution No. 2022-04.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WENATCHEE DO ORDAIN** as follows:

### **SECTION I**

Chapter 1.34 “Disposal of Surplus Personal Property” shall be and hereby is repealed in its entirety.

### **SECTION II**

If any section, subsection, sentence, clause or phrase of this Ordinance is declared or judged by a court of competent jurisdiction to be invalid or unconstitutional, such adjudication shall in no manner affect the remaining portions of this Ordinance which shall be in full force and effect as if said section, subsection, sentence, clause or phrase so declared or adjudged invalid or unconstitutional were not originally a part hereof.

**SECTION III**

This Ordinance shall take effect thirty (30) days from and after its passage, and publication as provided by law.

**PASSED BY THE CITY COUNCIL OF THE CITY WENATCHEE,**  
at a regular meeting thereof, this 27th day of January, 2022.

CITY OF WENATCHEE

By: \_\_\_\_\_  
FRANK KUNTZ, Mayor

ATTEST:

By: \_\_\_\_\_  
TAMMY STANGER, City Clerk

APPROVED:

By: \_\_\_\_\_  
STEVE D. SMITH, City Attorney

**Chapter 1.34**  
**DISPOSAL OF SURPLUS PERSONAL PROPERTY**

Sections:

[1.34.010 Surplus property – Availability.](#)

[1.34.020 Notice of sale.](#)

[1.34.030 Sales.](#)

[1.34.040 Sales – Cash – Property transfer.](#)

[1.34.050 Proceeds.](#)

[1.34.060 Disposal of unsold property.](#)

[1.34.070 Exceptions.](#)

**1.34.010 Surplus property – Availability.**

(1) The city council will request departments to provide a listing of property surplus to their needs, including quantity, nomenclature, model, serial number, etc., and minimum bid price if desired. “Surplus” for purposes of this chapter shall mean any tangible personal property owned by the city that is not needed at present or in the foreseeable future or that is no longer of value or use to the city.

(2) The city council at a regular meeting thereof shall by resolution declare the property surplus to city needs and direct that it be made available for sale. (Ord. 2009-07 § 1)

**1.34.020 Notice of sale.**

A notice of sale of city property shall be published in a city legal newspaper at least once a week for two consecutive weeks. Said notice shall generally describe the property, designate the hour and day of the sale and the place of the sale. The sale shall be conducted within 10 days of the date of final publication of the notice of sale.

Alternatively, a notice of sale may be published on the city’s official website for two consecutive weeks. Said notice shall generally describe the property, designate the hour and day of the sale, and the place of the sale. The sale shall be conducted within 10 days of the date of final publication of the notice of sale on the city’s official website. (Ord. 2009-07 § 1)

**1.34.030 Sales.**

All sales shall be made to the highest and best bidder at a public sale in such manner as may be determined by the city council. (Ord. 2009-07 § 1)

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Wenatchee City Code Chapter 1.34 DISPOSAL OF SURPLUS PERSONAL PROPERTY

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**1.34.040 Sales – Cash – Property transfer.**

All sales shall be for cash and no property will be transferred until final payment has been received. (Ord. 2009-07 § 1)

**1.34.050 Proceeds.**

Proceeds of sales must be paid to the city finance department who shall provide a receipt therefor and credit the sale amount to the fund from which the property originated. (Ord. 2009-07 § 1)

**1.34.060 Disposal of unsold property.**

Any property left unsold shall be disposed of as determined by the responsible department and the city council. (Ord. 2009-07 § 1)

**1.34.070 Exceptions.**

(1) The Revised Code of Washington imposes special conditions for the disposition of municipal property. Where necessary, city officials shall comply with those laws, treating them as limited exceptions to this chapter. Exceptions include, but are not limited to, the following as they may from time to time be amended:

- (a) RCW 27.12.305 and 27.12.320 – disposition of library materials;
- (b) RCW 35.21.088 – equipment rental;
- (c) RCW 35.21.660 through 35.21.690, 35.21.725 through 35.21.775 – transfers to municipally chartered corporations;
- (d) RCW 35.21.820 – ride-sharing vehicles;
- (e) Chapter 35.94 RCW – surplus utility property;
- (f) Chapters 39.33 and 39.34 RCW – intergovernmental agreements; alternate method for intergovernmental disposition of property;
- (g) RCW 46.52.145 – disposition of abandoned junk motor vehicles; and
- (h) Chapters 63.21 and 63.32 RCW – disposition of found or unclaimed property in the hands of the police.

(2) In addition to any applicable statutory exceptions, the following items shall be excepted from the requirements of this chapter:

- (a) Law enforcement weapons of any kind; and
  - (b) Canines trained for law enforcement purposes. (Ord. 2009-07 § 1)
-



## CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Elisa Schafer, Facilities Manager  
Public Works Department

**MEETING DATE:** January 27, 2021

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**I. SUBJECT**

City of Wenatchee Project No. 1716 - Wenatchee City Hall Redevelopment construction contract between the City and TW Clark Construction, LLC, Change Order No. 7 in the amount of \$320,511.00 plus WSST.

**II. ACTION REQUESTED**

Staff recommends the City Council approve the contract change order with TW Clark Construction, LLC and authorize the Mayor's signature.

**III. OVERVIEW**

The City of Wenatchee entered into a construction contract with TW Clark in the spring of 2021 for \$8,634,000 for the transformation of the former Federal Building mailroom sorting floor and mezzanine level into the new Wenatchee City Hall. Since that time, a total of six (6) change orders have been issued for a new construction contract amount of \$9,106,614.00. This includes the contract change order issued to TW Clark for \$174,000.00, allocated for the window installation on the southeast side of the site, owned by LocalTel Communications, which will be reimbursed to the City by LocalTel.

During the course of construction, it became clear that the existing mechanical, plumbing and electrical (MEP) systems existed in locations not previously documented until work began. As a result, the City issued Change Order No. 3 to TW Clark to perform a whole building scan to create an accurate Building Information Model (BIM). From the BIM, TW Clark and the City's design team have been able to create an updated MEP design for the City's new space, working around the existing MEP systems, as allowed. Unfortunately, it was also determined necessary to relocate some existing systems and reroute other MEP components from the original design, resulting in 84% of this Change Order No. 7. The BIM driven redesign is now 95% complete, with the additional revisions needing to be memorialized in a future change order.

The remaining 16% of the costs for Change Order No. 7 includes scope changes regarding additional site work relative to the unsuitable soils (similar to Change Order No. 3) and adjustment required to match new sidewalk grades to the existing light pole base elevations; a credit for the removal of unnecessary bathroom accessories; relocation of two existing doors with modifications to the employee entrance vestibule due to existing marble and

terrazzo conditions; and a City elected MEP reconfiguration for the IDF room to ensure proper cooling for IS equipment being housed in the IDF.

Change order cost breakdown:

CHANGE ORDER NO. 7	
MEP Reconfiguration/BIM	\$ 269,060.00
Spray Insulation	\$ 5,234.00
Site Work	\$ 9,680.00
IDF Room Cooling	\$ 31,041.00
Door Reconfiguration/Vestibule Repair	\$ 8,116.00
Credit for Bath Accessories	\$ (2,620.00)
TOTAL	\$ 320,511.00

With these contract modifications, the new contract sum is \$9,427,125.00 plus WSST. This Change Order No. 7 also adds nineteen (19) days to the total contract time.

**IV. FISCAL IMPACT**

Change Order No. 7 in the amount of \$320,511.00, plus WSST, will be deducted from City of Wenatchee Project No. 1716 contingency fund.

**V. PROPOSED PROJECT SCHEDULE**

Renovation began in June 2021 and is currently projected to be complete in the summer of 2022, maintaining the anticipated relocation to the new space in the fall of 2022.

**VI. REFERENCE(S)**

1. Capital Project Budget approved on November 18, 2021

**VII. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
 Laura Merrill, Executive Services Director  
 Brad Posenjak, Finance Director  
 Rob Jammerman, Public Works Director



# AIA<sup>®</sup> Document G701™ – 2017

## Change Order

<b>PROJECT:</b> <i>(Name and address)</i> Wenatchee City Hall 301 Yakima Street Wenatchee, WA 98801	<b>CONTRACT INFORMATION:</b> Contract For: General Construction Date: May 14, 2021	<b>CHANGE ORDER INFORMATION:</b> Change Order Number:007 Date: 01/19/2022
<b>OWNER:</b> <i>(Name and address)</i> City of Wenatchee PO Box 519 Wenatchee, WA 98801	<b>ARCHITECT:</b> <i>(Name and address)</i> ARC Architects 119 S Main Street, Ste 200 Seattle, WA 98104	<b>CONTRACTOR:</b> <i>(Name and address)</i> TW Clark Construction, LLC 1117 North Evergreen Road #1 Spokane Valley, WA 99216

**THE CONTRACT IS CHANGED AS FOLLOWS:**

*(Insert a detailed description of the change and, if applicable, attach or reference specific exhibits. Also include agreed upon adjustments attributable to executed Construction Change Directives.)*


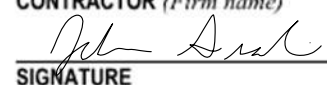
- AC 60.1 PRx RFI 86 Spray Insulation
- AC 65 PRx Unsuitable Soils
- AC 66 PRx Revise Grades
- AC 75 PRx RFI 107 Relocate Existing Hydronic Lines
- AC 77 PR 21 Revisions to Vestibule 147 R1
- AC 81 PR 22R1 Revisions to IDF Room Cooling R1
- AC 82 PRx RFI 125 Medium Pressure Ductwork R1
- AC 85 PRx RFI 129 Relocate Door 131 and Framing
- AC 88 PRx RFI 95 RA Duct Conflict
- AC 91 PRx RFI 110R1 M11 Duct Penetrations R2
- AC 92 PRx RFI 136r1 SA Duct Routing R1
- AC 97 PRx RFI 146 Duct Revisions
- AC 103 PRx RFI 158 Toilet Accessories (credit)

The original Contract Sum was	\$ 8,634,000.00
The net change by previously authorized Change Orders	\$ 472,614.00
The Contract Sum prior to this Change Order was	\$ 9,106,614.00
The Contract Sum will be increased by this Change Order in the amount of	\$ 320,511.00
The new Contract Sum including this Change Order will be	\$ 9,427,125.00

The Contract Time will be increased by (19) days.  
The new date of Substantial Completion will be June 26, 2022

**NOTE:** This Change Order does not include adjustments to the Contract Sum or Guaranteed Maximum Price, or the Contract Time, that have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

**NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.**

ARC Architects <b>ARCHITECT</b> <i>(Firm name)</i>	TW Clark Construction, LLC <b>CONTRACTOR</b> <i>(Firm name)</i>	City of Wenatchee <b>OWNER</b> <i>(Firm name)</i>
 <b>SIGNATURE</b>	 <b>SIGNATURE</b>	 <b>SIGNATURE</b>
Jeff Wandasiewicz, Principal <b>PRINTED NAME AND TITLE</b>	Jakson Gradin, Project Engineer <b>PRINTED NAME AND TITLE</b>	Frank J. Kuntz, Mayor <b>PRINTED NAME AND TITLE</b>
01/19/2022 <b>DATE</b>	01/19/2022 <b>DATE</b>	 <b>DATE</b>



## CITY COUNCIL AGENDA REPORT

**TO:** Frank Kuntz, Mayor  
City Council

**FROM:** Jessica Shaw, Deputy Public Works Director-Utilities  
Public Works Department

**MEETING DATE:** January 27, 2022

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**I. SUBJECT**

Second Addendum to Temporary Water Right Mitigation Agreement

**II. ACTION REQUESTED**

Motion requested for the City Council to approve the Second Addendum to Temporary Water Right Mitigation with Crown Columbia Water Resources, LLC and authorize the Mayor's signature on the agreement and the 2022 Seasonal Change Application.

**III. OVERVIEW**

The Regional Water group entered into an agreement in 2016 with Crown Columbia Water Resources, LLC (Crown) to allow for the temporary use of a portion of the Regional water rights. No uses were found until March of 2020. The first addendum approved in December of 2020 allowed Crown to continue to move forward with the process of authorizing Granite Farms to use a portion of the water rights.

The proposed second addendum modifies the first addendum to extend the time for Crown to work with Ecology to complete a Water Budget Neutral (WBN) water right application or a seasonal change application.

**IV. FISCAL IMPACT**

As a condition of this Addendum, Crown shall reimburse Regional for all fees and costs incurred related to or arising out of this Addendum and the processing of any applications with Ecology. Regional water also receives an annual lease fee. In 2021, Regional was reimbursed \$15,007.50 and received a lease payment of \$222,127.63.

**V. PROPOSED PROJECT SCHEDULE**

The Regional partners, Public Utility District No. 1 of Chelan County and East Wenatchee Water District, will be presenting the proposed addendum to their respective boards in early February for consideration.

**VI. REFERENCE(S)**

1. Second Addendum to Temporary Water Right Mitigation Agreement
2. 2022 Seasonal Change Application

**VII. ADMINISTRATIVE ROUTING**

Tammy Stanger, City Clerk  
Laura Merrill, Executive Services Director  
Brad Posenjak, Finance Director  
Rob Jammerman, Public Works Director  
Anna Carr, Administrative Assistant

## SECOND ADDENDUM TO TEMPORARY WATER RIGHT MITIGATION AGREEMENT

THIS SECOND ADDENDUM TO TEMPORARY WATER RIGHT MITIGATION AGREEMENT (“Second Addendum”) is entered into this date by and between the Regional Water System (formed by Interlocal Agreement among the Chelan County Public Utility District No. 1, the East Wenatchee Water District, and the City of Wenatchee), a municipal water purveyor (hereafter, “Regional”), and Crown Columbia Water Resources, LLC, a Delaware limited liability company (hereafter “Crown”), sometimes collectively referred to as the “Parties” or individually a “Party”.

### RECITALS

- A. The Parties entered a Temporary Water Right Mitigation Agreement on May 17, 2016 (the “Temporary Agreement”).
- B. The Parties entered the Addendum to Temporary Water Right Mitigation Agreement on January 14, 2021 (the “First Addendum”).
- C. As set forth in the First Addendum, Crown has entered a Mitigation Loan Agreement with Granite Farms, LLC (“Granite Farms”), effective March 20, 2020, which is attached to the First Addendum (the “Mitigation Agreement”). Crown desires to use the trust water right under the Temporary Agreement (the “Trust Right”) to meet a portion of the water use demands under the Mitigation Agreement.
- D. Crow has also entered a Trust Water Right Agreement with Ecology, dated April 18, 2016 (“Trust Agreement”), which will also be utilized to provide additional irrigation water to Granite Farms.
- E. The request by Crown would utilize the entire consumptive use portion of the Trust Right.
- F. Parties desire to enter this Second Addendum to allow for the use of the Trust Right by Granite Farms during the calendar year 2022.

### AGREEMENT

Now therefore, in light of the above Recitals, which are incorporated herein by this reference as part of the agreement of the Parties, and in consideration of the mutual covenants set out below, the Parties agree as follows:

1. **Definitions.** The definitions and defined terms in the Temporary Agreement are incorporated herein by this reference.

2. The Parties agree that Sections 4.1 and 4.2 of the First Addendum are hereby revised to read as follows:

**4. Application(s) with Ecology.**

**4.1 WBN Application.** Crown will immediately undertake the efforts and process the application necessary with the Department of Ecology to allow for the issuance of a WBN water right for Granite Farms in an amount no more than 2,082 acre feet, using the Trust Right as mitigation. The WBN shall be mitigated by the Trust Right to the same extent approved by Ecology, not to exceed 2,082 acre feet without the written approval of Regional. The WBN water right application shall make it clear that the mitigation is temporary, expiring on December 31, 2032, or sooner pursuant to the terms of the Temporary Agreement, or the First Addendum, and spell out all of the conditions associated with the use of the Trust Right set forth in the Temporary Agreement, and the First Addendum. Crown and Granite Farms shall be solely responsible for compliance with the terms and conditions of the WBN water right. In the event the WBN water right is not approved by December 31, 2022, then this First Addendum shall terminate unless extended in writing, signed by the Parties.

**4.2 Seasonal Change Application.** Crown may pursue a seasonal change application for the 2021 and 2022 calendar years only by giving Regional written notice of this election on or before December 31, 2020 for the 2021 calendar year, and on or before December 31, 2021 for the 2022 calendar year (the "Seasonal Change Notice"). In the event the Seasonal Change Notice is timely provided, the seasonal change application to be prepared by Crown shall (a) withdraw the Trust Right from trust with Ecology for use by Granite Ridge for the 2021 and 2022 calendar years only, and (b) redeposit the Trust Right into trust with Ecology effective no later than the end of the calendar year (December 31, 2021 for the 2021 seasonal change, and December 31, 2022 for the 2022 seasonal change), with a term through December 31, 2032, for purposes of the WBN water right application to be pursued by Crown pursuant to Section 4.1, above for the period through December 31, 2032. In the event the Seasonal Change Notice is provided, then Regional shall not be obligated to extend the term of the deposit into trust of the Trust Right as set forth in Section 3, above (the seasonal change application will address the extension of the deposit into trust through December 31, 2032).

3. **Cost Recovery.** As a condition of this Second Addendum, Crown shall reimburse Regional for all fees and costs (including, but not limited to, attorney fees) incurred related to or arising out of this Second Addendum (including the negotiating and drafting of this Second Addendum) and the review and processing of any applications with Ecology. Crown shall be solely responsible

for all fees and costs incurred through Ecology and to process any document arising from or related to this Second Addendum and the Temporary Agreement. Any reimbursement owed by Crown shall be paid within ten (10) days of Crown's receipt of a written invoice from Regional as set forth in Section 3 of the Temporary Agreement. The reimbursement set forth herein is due whether or not the Trust Right is extended through 2032, a Seasonal Change Application is pursued or granted, or the WBN water right is granted.

**4. Security Deposit.** The Parties affirm that Crown has previously deposited a \$20,000 security deposit with Regional for the full and faithful performance of the Temporary Agreement and agree that the security deposit shall also apply to the full and faithful performance by Crown of the terms of this Second Addendum. In addition, any payment from Crown not paid when due shall be governed by the Temporary Agreement, including but not limited to Section 3(e) of the Temporary Agreement.

**5. Indemnity; Insurance.** As a condition of this Second Addendum, Crown shall provide a certificate of insurance confirming the obligations set forth in Section 10 of the Temporary Agreement. Crown hereby affirms that the indemnity set forth in Section 10 of the Temporary Agreement applies to any actions taken by Crown or others with regard to the Trust Right arising out of or related to this Second Addendum. Crown hereby indemnifies and holds Regional harmless from and against any and all losses, costs or damages incurred by Regional arising out of or associated with this Second Addendum, including, but not limited to, any claim asserted by Granite Farms, a determination by Ecology, now or in the future, that any action taken pursuant to this Second Addendum resulted in a diminution or alteration of the full quantities and municipal uses authorized under the Trust Right, failure to comply with the terms and conditions of the WBN water right, and the like.

**6. Integration.** Except as set forth in Paragraph 2, above (regarding Sections 4.1 and 4.2 of the First Addendum), the terms and conditions of the First Addendum shall remain in full force and effect and are not modified by this Second Addendum. The sole purpose of this Second Addendum is to extend the time frame for Crown to obtain the WBN water right and to allow for Crown to seek a seasonal change application for the 2022 calendar year for use by Granite Farms. The Parties agree that in the event the First Addendum is terminated pursuant to its terms, as modified by this Second Addendum, that this Second Addendum shall also terminate and be of no further force or effect. The Parties acknowledge that a seasonal change application was processed for the 2021 irrigation season and that payment was made to Regional consistent with the Temporary Agreement. By entering this Second Addendum the Parties acknowledge that Crown has elected to pursue a seasonal change application for the 2022 irrigation season.

**7. Entire Agreement.** Except as modified by this Second Addendum, the Parties hereby affirm and ratify all terms and conditions of the Temporary Agreement and the First Addendum. In the event of a conflict between the terms of the Temporary Agreement, the First Addendum, and this Second Addendum, the terms and conditions associated with this Second Addendum shall control. Nothing herein or in any prior addendum shall be construed or interpreted as

creating a right to further extend the term of the Temporary Agreement, and any such further extension shall be committed to Regional’s sole discretion. This is an agreement between Regional and Crown. It is expressly understood that nothing herein shall make Granite Farms a third party beneficiary arising under the Temporary Agreement, the First Addendum or this Second Addendum.

REGIONAL WATER SYSTEM:

CROWN:

CITY OF WENATCHEE

CROWN COLUMBIA WATER RESOURCES,  
LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

EAST WENATCHEE WATER DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Granite Farms hereby acknowledges and agrees that the Trust Right, as defined herein, is subject to the terms and conditions of the Temporary Agreement, the First Addendum, and this Second Addendum.

GRANITE FARMS, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

# Application for Seasonal Change/Transfer of a Water Right



## Form No. ECY 070-200 (rev. 8/2021)

- We strongly encourage applicants to seek pre-application consultation prior to applying for seasonal change of water source.
- Refer to accompanying guidance to complete this form.
- Incomplete applications will be returned.
- A \$50 fee is required to apply.
- All fees are non-refundable (RCW 90.03.470(13)).
- Applications must be received by February 15, or at least 60 days prior to your proposed use.

### Where to mail your application:

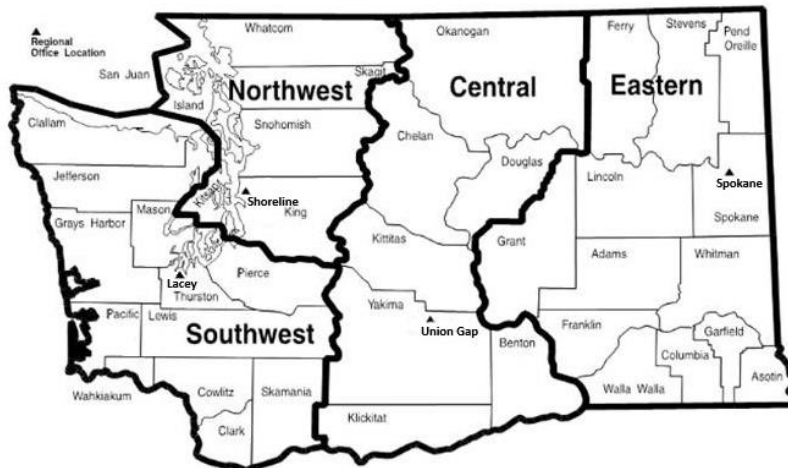
Submit all applications to Ecology’s Cashiering Section at the address below.

DEPARTMENT OF ECOLOGY  
CASHIERING SECTION  
PO BOX 47611  
OLYMPIA, WA 98504-7611

Check the box for the region where your project is located.

- Central Region
- Eastern Region
- Northwest Region
- Office of Columbia River (OCR)\*
- Southwest Region

\*OCR has jurisdiction for designated OCR projects, and new projects located within one mile of the Columbia River.



To request ADA accommodation including materials in a format for the visually impaired, call Ecology Water Resources Program at 360-407-6872. People with impaired hearing may call Washington Relay Service at 711. People with speech disability may call TTY at 877-833-6341.





## WATER RESOURCES PROGRAM

# Application for Seasonal Change/Transfer of a Water Right

I am applying to (check all that apply):

- Change/transfer place of use
  - Change point(s) of diversion/withdrawal
  - Add point(s) of diversion/withdrawal
- *Trust Water Donation to partly and temporarily Change to Irrigation Purpose for 2022 after which it is to revert back to Trust unless it is extended at the request of the applicants.*

### 1. Water Right Information

Water right or claim number <b>CS4-022119CL(B)</b>	Recorded name(s) <b>Regional Water System</b>	
Has the water been used as described on your water right document in the last five (5) years? <input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
Water right owner <b>Regional Water System</b>	Phone no. <b>(509) 888-6200</b>	Alt phone no.
Address <b>301 Yakima Ave</b>		
City <b>Wenatchee</b>	State <b>WA</b>	Zip code <b>98801</b>
Email address <b>mppete04@gmail.com</b>		

### 2. Applicant Information

Applicant/business name (co-applicant) <b>Brad Smith (Granite Farms, LLC) co-applicant</b>	Phone no. <b>(509) 539-6516</b>	Alt phone no.
Address <b>3866 Hanson Loop</b>		
City <b>Burbank</b>	State <b>WA</b>	Zip code <b>99232</b>
Email address <b>smith4960@hotmail.com</b>		

Applicant/business name (co-applicant) <b>Crown Columbia Water Resources, LLC co-applicant</b>	Phone no. <b>(509) 924-1720</b>	Alt phone no. <b>(509) 924-1720</b>
Address <b>3808 N. Sullivan Rd., Building N-15 #202</b>		
City <b>Spokane</b>	State <b>WA</b>	Zip code <b>99216</b>
Email address <b>mppete04@gmail.com</b>		

### 3. Point(s) of Diversion or Withdrawal

#### A. Existing

Provide the source location information. Attach additional sheets if needed.

Source Name (Reference by number below)	QTR QTR	QTR	SEC	TWP	RGE	Well Tag	Parcel No.
1. Wenatchee/Columbia Rivers							
2.							
3.							
4.							

#### B. Proposed (See Attached PROPOSED WELL LOCATIONS)

Provide the source location information. Attach additional sheets if needed.

Source Name (Reference by number below)	QTR QTR	QTR	SEC	TWP	RGE	Well Tag	Parcel No.
<b>See attached PROPOSED WELL LOCATIONS</b>							

Do you own the proposed point(s) of diversion/withdrawal?  Yes  No

### 4. Place of Use

#### A. Existing

QTR QTR	QTR	SEC	TWP	RGE	County	Parcel No.	# of Irrigated Acres
<b>The existing place of use is the Columbia River from it's confluence with the Wenatchee River downstream to the Pacific Ocean.</b>							

Legal description of lands where water is presently used: **N/A**

Do you own all the lands in the existing place of use?  Yes  No **N/A**

If no, provide name & contact information. Attach additional sheets, if necessary.

Legal land owner(s) of <u>existing</u> place(s) of use (if different than applicant) <b>N/A</b>	Phone no.	Alt phone no.
Address		
City	State	Zip code
Email address		

**B. Proposed (if different than 4.A)**

QTR QTR	QTR	SEC	TWP	RGE	County	Parcel No.	# of Irrigated Acres
		2, 11 & 14	7N	31E	Walla Walla	(see attached map)	1108 acres
		35	8N	31E	Walla Walla	(see attached map)	
	SW	18	7N	32E	Walla Walla	(see attached map)	

Legal description of lands where new use is proposed: **All of Sections 2 and 11; E½ of Sec. 14 ALL WITHIN T7N, R31EWM; that portion of Section 35, T8N, R31EWM, lying southeast of railroad; and the SW¼ of Section 18, T7N, R32EWM, Walla Walla County, Washington.**

Do you own all the lands in the proposed place(s) of use?  Yes  No

If no, provide name & contact information. Attach additional sheets, if necessary.

Legal land owner(s) of <u>proposed</u> place(s) of use (if different than applicant) <b>Port of Walla Walla (applicant leases land from the Port)</b>	Phone no. <b>(509) 525-3100</b>	Alt phone no.
Address <b>310 A Street, Walla Walla Regional Airport</b>		
City <b>Walla Walla</b>	State <b>WA</b>	Zip code <b>99362-2269</b>
Email address		

**5. Project Description**

Provide a brief description of the proposed seasonal change/transfer:

**This application seeks to temporarily change the purpose, place of use and point of diversion under a Trust authorization to allow withdrawal of water for irrigation use from hydraulically connected wells. This seasonal change request is consistent with previous seasonal applications submitted to and approved by Ecology for the same changes requested through this application (most recently for the 2021 irrigation season).**

**Existing (Trust Water): 5649 gpm, 2082 ac-ft/yr, 4/1 – 10/15 (full right)**  
**Proposed (Irrigation): 5649 gpm, 2082 ac-ft/yr, 4/1 – 10/15**  
**(Irrigation of 1108 acres)**

**6. Historical Use**

If not previously provided to Ecology, include information to support historical water use. Ecology may request additional information from you.

Section	Required information
6.1	Describe how the water proposed for seasonal change/transfer has been beneficially used since the water right was established.
6.2	Provide information on historical flow rate and explain how the amount was determined (e.g. meter data or power records).

Section	Required information
6.3	If the requested seasonal change/transfer is for a water right claim, include evidence demonstrating use of water prior to 1917 for surface water, or prior to 1945 for groundwater.

## 7. Map

Attach a detailed map of your proposed seasonal change/transfer. The map should show existing and proposed point(s) of diversion/withdrawal, place(s) of use, and any other features involved with this application. Also, for irrigation purposes, you must indicate on the map those lands that will not be irrigated within the original place of use.

## 8. Signatures

By signing below, the applicant certifies that the information provided on this application is true and accurate to the best of their knowledge. If the applicant was assisted in preparing this application, they understand that they are responsible for the accuracy of the information.

The applicant also understands that, in order to process this application, they are granting staff from the Department of Ecology access to the above site(s) for inspection and monitoring purposes.

### Brad Smith, Granite Farms, LLC

Applicant Printed Name – Title (Co-Applicant)

Applicant Signature

(Date: MM/DD/YYYY)

### Crown Columbia Water Resources, LLC (by contract with Regional)

~~Landowner of Existing Place of Use~~ Printed Name (Co-Applicant)

Water Right Holder Signature

(Date: MM/DD/YYYY)

### Regional Water System co-applicant/ Place of Use Admin/WR holder

Water Right Holder Printed Name

Landowner of Existing Place of Use Signature

(Date: MM/DD/YYYY)

### Port of Walla Walla

Landowner of Proposed Place of Use Printed Name

Landowner of Proposed Place of Use Signature

(Date: MM/DD/YYYY)

Authorized Representative Printed Name

Authorized Representative Signature

(Date: MM/DD/YYYY)

## Ecology regional offices

For additional information, contact the Ecology regional office where your project is located:

Region/ Office	Counties served	Mailing Address	Phone
Central	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	<a href="mailto:wrCRO@ecy.wa.gov">wrCRO@ecy.wa.gov</a> 1250 W Alder St Union Gap, WA 98903	509-575-2490

Region/ Office	Counties served	Mailing Address	Phone
Eastern	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	<a href="mailto:wrERO@ecy.wa.gov">wrERO@ecy.wa.gov</a> 4601 N Monroe Spokane, WA 99205	509-329-3400
Northwest	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	<a href="mailto:wrNWRO@ecy.wa.gov">wrNWRO@ecy.wa.gov</a> PO Box 330316 Shoreline, WA 98133-9716	206-594-0000
Office of Columbia River*	OCR has jurisdiction for designated OCR projects, and new projects located within one mile of the Columbia River.	<a href="mailto:wrCRO@ecy.wa.gov">wrCRO@ecy.wa.gov</a> 1250 W Alder St Union Gap, WA 98903	509-575-2490
Southwest	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Lewis, Mason, Pacific, Pierce, Thurston, Skamania, Wahkiakum	<a href="mailto:wrSWRO@ecy.wa.gov">wrSWRO@ecy.wa.gov</a> PO Box 47775 Olympia, WA 98504	360-407-6300

## Attachment A. Hydrogeological Setting (for groundwater changes only)

If not previously supplied, the following may be required for a change in source. We strongly recommend that applicants contact Ecology prior to conducting any hydrogeological work, to determine the scope of data required for processing this application.

Section	Required information
A.1	Provide a description of existing authorized point(s) of withdrawal and proposed well(s), their locations, water well report, static water levels, pumping rates and schedules, etc.
A.2	If known, describe: <ul style="list-style-type: none"> <li>• Geographic recharge and discharge areas</li> <li>• Seasonal variations of groundwater elevations</li> <li>• Interrelationships between surface water and groundwater, and between aquifers</li> <li>• Barriers to flow</li> <li>• Hydrologic boundaries</li> </ul>
A.3	Attach any available well information, including: <ul style="list-style-type: none"> <li>• Water well reports (well logs) for existing and proposed wells</li> <li>• Well diameter and depth</li> <li>• Motor and pump specifications (i.e., make, horsepower, and type)</li> <li>• Pump test data</li> <li>• Well locations (must be identified as outlined in Section 7 (Map))</li> </ul>
A.4	If known, describe the following characteristics of the aquifer, and cite the source of that information: <ul style="list-style-type: none"> <li>• Aquifer transmissivity</li> <li>• Aquifer storage coefficient and specific yield</li> <li>• Saturated thickness</li> <li>• Aquitard leakage</li> <li>• A detailed description of groundwater-flow boundaries</li> <li>• Water-level hydrographs for wells</li> <li>• Associated waterquality information</li> </ul>
A.5	Additional hydrogeological work may be required to process your application.



## Project Description in Support of Seasonal Change Application

This report is provided in support of the seasonal change application request. This change will not impair existing water rights. This change does not require a mitigation plan. This change does not consolidate exempt wells, involve Quincy Basin Artificially Stored Groundwater or involve drought.

The applicant leases farmland from the Port of Walla Walla. The applicant requires the water rights from this application to complete a portfolio of water rights that the applicant uses to irrigate said farmland for the year 2022. The rights are all sourced from an integrated water system that sources from the wells listed and located in the application. The applicant has used various trust water rights from the Columbia River for previous years at this location as authorized by changes to said rights by DOE. These previous changes authorized the use of these same wells that are in very high hydraulic continuity with the Columbia River to irrigate the same ground. This application merely continues an existing authorized pattern of temporary changes to use trust water to irrigate this land.

The subject right was changed from a right used predominantly for irrigation to trust. Its attributes as tentatively determined in that change process pursuant to 90.03.380 have been preserved by its status as a trust right since that time. The right is not a family farm right and is not subject to instream flow provisions or any other provisions that would limit the uses proposed in this application. The quantities authorized do not meet the threshold for SEPA. At the end of the 2022 irrigation season the rights shall revert to the trust program for the remainder of its authorized trust term and subject to the same provisions of that donation absent any authorization to the contrary. However it is likely that the applicant will request that the authorization be extended annually until more permanent permitting is in place for the duration of its use at the proposed location.

It is expected that in subsequent years other additional applications will be filed to follow through on the continuing obligations between the co-applicants to assure sufficient water resource authority for irrigation at this same location. This application mirrors that seasonal change application filed on the same right for the 2021 irrigation season.



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY  
1250 W Alder St • Union Gap, WA 98903-0009 • (509) 575-2490

May 4, 2021

Granite Farms, LLC  
Attn: Brad Smith  
3866 Hanson Loop  
Burbank, WA 99323

**Re: Seasonal Change Authorization Nos. CG3-21909(A)@8, CG4-31432P(B),  
CS4-022119CL(A)@5, and CS4-022119CL(B)@2**

Dear Brad Smith:

**DECISION:** This SEASONAL CHANGE AUTHORIZATION to change the purpose of use for the above-referenced Trust Water Rights from mitigation to irrigation of 1,558 acres, for three points of withdrawal, all located within the W½ of Section 11, W½ of Section 2, all in T. 7 N., R. 31 E.W.M. and the place of use within Section 2, 11, and 14 of T. 7 N., R. 31 E.W.M., Walla Walla County, WA for the duration of the 2021 irrigation season.

Water Right No. CG3-21909C(A)@7 authorizes the use of 418 gpm, 472 acre-feet per year for the irrigation of 28 acres from April 1 through October 31.

Water Right No. G4-31432(B) authorizes the use of 60 gpm, 53 acre-feet per year for the irrigation of 28 acres from April 1 through October 31.

Water Right No. S4-022119CL(A)@2 authorizes the use of 1,628 gpm, 693 acre-feet per year for the irrigation of 369 acres from April 1 through October 15.

Water Right No. S4-022119CL(B) authorizes the use of 5,649 gpm, 2,082 acre-feet per year for the irrigation of 1,108 acres from April 1 through October 15.

This temporary authorization is **GRANTED** subject to the following provisions and conditions:



Brad Smith, Granite Farms, LLC  
May 4, 2021  
Page 2 of 4

## **PROVISIONS:**

### **Quantity Limits, Flow and Regulation**

1. This change does not authorize an enlargement of the withdrawal rate in gallons per minute or quantity in acre-feet per year as described in Certificate Nos. G3-21909C(A)@7, G4-31432(B), S4-022119CL(A)@2, and S4-022119CL(B).
2. The original places of use under Certificate Nos. G3-21909C(A)@7, G4-31432(B), S4-022119CL(A)@2, and S4-022119CL(B) shall be fallowed for the duration of the change unless irrigation is provided by a separate water right and authorized by the Department of Ecology (Ecology). Otherwise, irrigation in the original place of use of Certificate Nos. G3-21909C(A)@7, G4-31432(B), S4-022119CL(A)@2, and S4-022119CL(B) shall constitute a violation of the terms of this change authorization, and will result in its immediate termination. Other enforcement actions, including but not limited to fines and/or penalties, may also follow as a result of a violation.

### **Schedule and Inspections**

1. This Seasonal Change Authorization shall expire at the end of the 2021 irrigation season, being October 31, 2021, at which time the place of use and point of diversion shall revert back to that described under Nos. G3-21909C(A)@7, G4-31432(B), S4-022119CL(A)@2, and S4-022119CL(B).
2. Department of Ecology (Ecology) personnel may field-verify this seasonal change at any time for compliance with the terms and/or conditions of this authorization.
3. Department of Ecology (Ecology) personnel, upon presentation of proper credentials, shall have access at reasonable times, to the project location, and to inspect at reasonable times, records of water use, wells, diversions, measuring devices and associated distribution systems for compliance with water law.

### **General Conditions**

1. You are advised that the issuance of this Seasonal Change Authorization by Ecology does not convey a right of access to, or other right to use land, which you do not legally possess. Obtainment of such a right is a private matter between the applicant and the owner of the land.
2. The water right holder is required to maintain efficient water delivery systems and use of up-to-date water conservation practices consistent with RCW 90.03.005.
3. Nothing in this authorization shall be construed as satisfying other applicable federal, state, or local statutes, ordinances or regulations.
4. Ecology assumes no liability for the purchase and/or construction of any permanent facilities in conjunction with this Seasonal Change Authorization. Applicants for seasonal change should not construe that a seasonal change will result in the granting of a permanent change of water right.

Brad Smith, Granite Farms, LLC  
May 4, 2021  
Page 3 of 4

### **Measurements, Monitoring, Metering and Reporting**

1. An approved measuring device must be installed and maintained for each of the sources identified by this water right in accordance with the rule "Requirements for Measuring and Reporting Water Use", WAC 173-173, which describes the requirements for data accuracy, device installation and operation, and information reporting. It also allows a water user to petition the Department of Ecology for modifications to some of the requirements.
2. Recorded water use data shall be submitted via the Internet. To set up an Internet reporting account, contact the Central Regional Office. If you do not have Internet access, you can still submit hard copies by contacting the Central Regional Office for forms to submit your water use data. Water use data shall be submitted to the Department of Ecology by January 31 of each calendar year.
3. In the event the meter(s) or measuring device(s) becomes damaged or inoperable, all water use shall cease until such time as the meter or measuring device is restored to proper working order.

### **Easement and Right-of-Way**

1. The water source and/or water transmission facilities are not wholly located upon land owned by the applicant. Issuance of a water right change authorization by this Department does not convey a right of access to, or other right to use, land which the applicant does not legally possess. Obtaining such a right is a private matter between applicant and owner of that land.

## **YOUR RIGHT TO APPEAL**

You have a right to appeal this decision to the Pollution Control Hearings Board (PCHB) within 30 days of the date of receipt of this decision. The appeal process is governed by chapter 43.21B RCW and chapter 371-08 WAC. "Date of receipt" is defined in RCW 43.21B.001(2).

To appeal you must do the following within 30 days of the date of receipt of this document:

- File your appeal and a copy of this document with the PCHB (See addresses on next page.) Filing means actual receipt by the PCHB during regular business hours.
- Serve a copy of your appeal and this document on Ecology in paper form - by mail or in person. (See addresses on next page.) E-mail is not accepted.
- Serve a copy of your appeal and this decision in paper form – by mail or in person. (See address on next page.) E-mail is not accepted.

Brad Smith, Granite Farms, LLC  
May 4, 2021  
Page 4 of 4

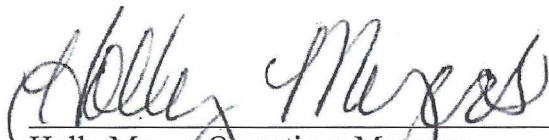
You must also comply with other applicable requirements in chapter 43.21B RCW and chapter 371-08 WAC.

**ADDRESS AND LOCATION INFORMATION**

Street Addresses	Mailing Addresses
<b>Department of Ecology</b> Attn: Appeals Processing Desk 300 Desmond Drive SE Lacey, WA 98503	<b>Department of Ecology</b> Attn: Appeals Processing Desk PO Box 47608 Olympia, WA 98504-7608
<b>Pollution Control Hearings Board</b> 1111 Israel Road SW Ste 301 Tumwater, WA 98501	<b>Pollution Control Hearings Board</b> PO Box 40903 Olympia, WA 98504-0903

For additional information visit the Environmental Hearings Office Website: <http://www.eho.wa.gov>  
To find laws and agency rules visit the Washington State Legislature Website: <http://www1.leg.wa.gov/CodeReviser>

DATED this 4<sup>th</sup> day of May, 2021.

  
Holly Myers, Operations Manager  
Office of Columbia River

HM:KLB:cc (210422)

Enclosure: *Your Right to Be Heard*

By Certified Mail: 7014 3490 0001 5526 8432

cc: Philip Rigdon, Natural Resources Director, Yakama Nation  
Mark Peterson, Attorney

# Seasonal Changes: Proposed Place of Use/Points of Withdrawal

118° 58' 14.1057" W  
046° 08' 11.3899" N

(Satellite Image (Hybrid Street))

118° 49' 37.9355" W  
+ 046° 08' 11.3899" N



046° 04' 28.9818" N  
118° 58' 14.1057" W

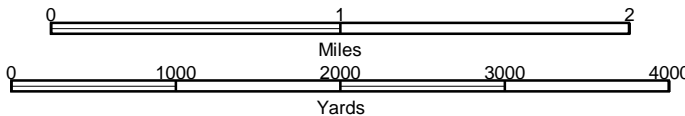
(Satellite Image (Hybrid Street))

Printed: Tue Nov 16, 2021

+ 046° 04' 28.9818" N  
118° 49' 37.9355" W

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SCALE 1:42000



CONTOUR INTERVAL UNKNOWN FT  
[BASE MAP VERTICAL DATUM]



Water Right Solutions

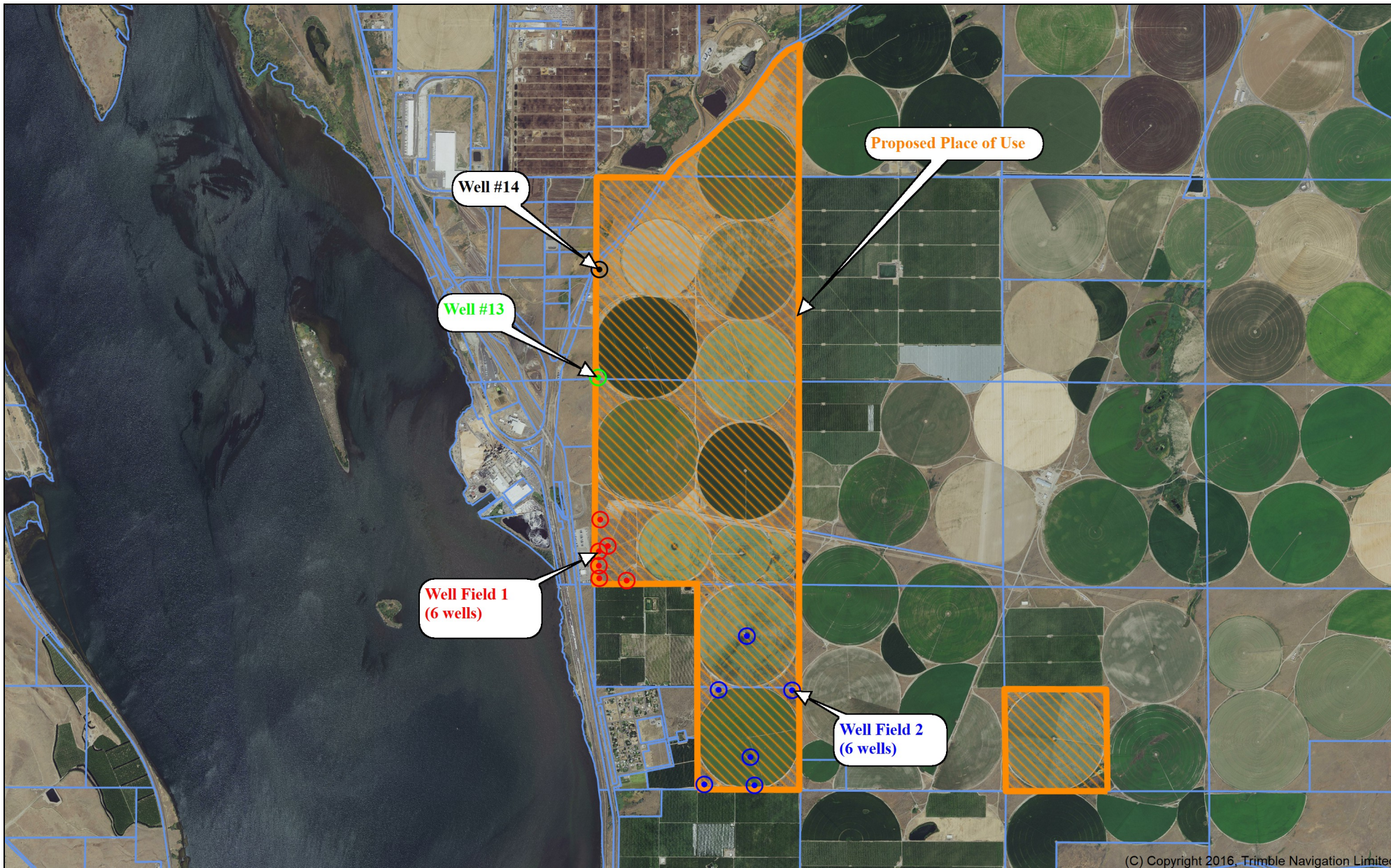
(Satellite Image (Hybrid Street))  
SATELLITE IMAGE (HYBRID STREET), WA  
JUL 1, 2019

# Seasonal Changes: Proposed Place of Use/Points of Withdrawal

118° 58' 14.1057" W  
046° 08' 11.3899" N

(Satellite Image (Hybrid Street))

118° 49' 37.9355" W  
+ 046° 08' 11.3899" N



046° 04' 28.9818" N  
118° 58' 14.1057" W

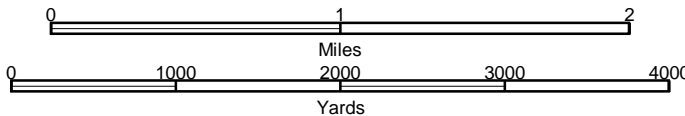
(Satellite Image (Hybrid Street))

Printed: Tue Nov 16, 2021

+ 046° 04' 28.9818" N  
118° 49' 37.9355" W

(C) Copyright 2016, Trimble Navigation Limited

SCALE 1:42000

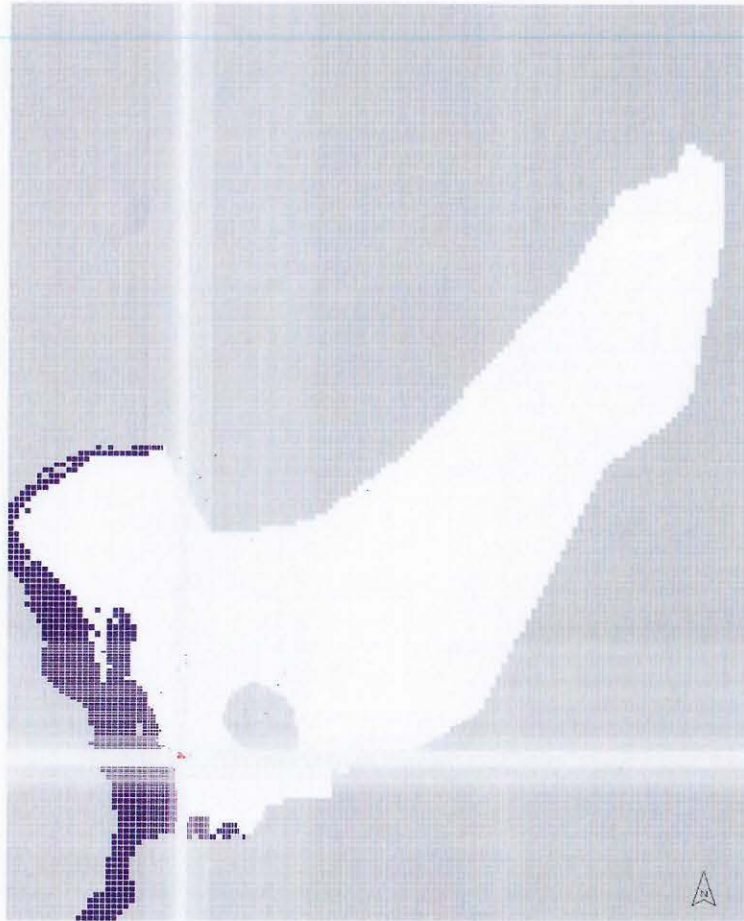


CONTOUR INTERVAL UNKNOWN FT  
[BASE MAP VERTICAL DATUM]






Water Right Solutions

(Satellite Image (Hybrid Street))  
SATELLITE IMAGE (HYBRID STREET), WA  
JUL 1, 2019

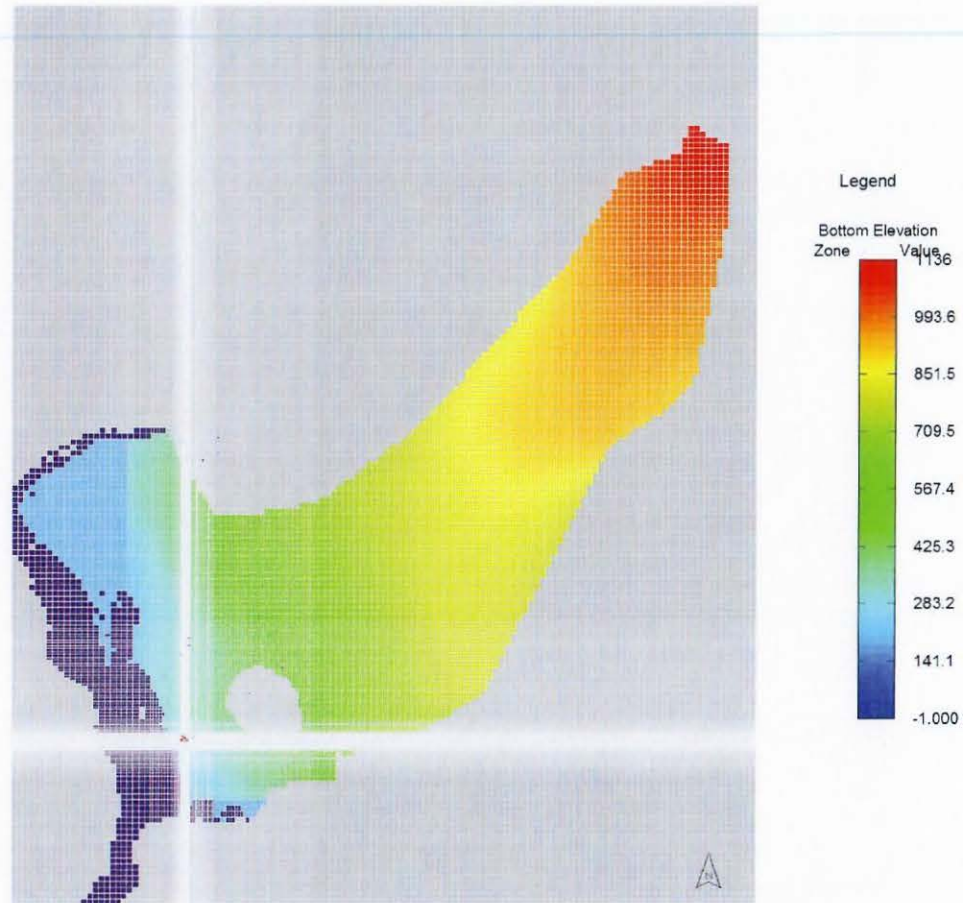


**FIGURE A-1**  
**Model Vicinity Map**

**Port of Walla Walla**  
**North Well Field**

-  Constant Head Boundary
-  No Flow Boundary
-  Active Cells

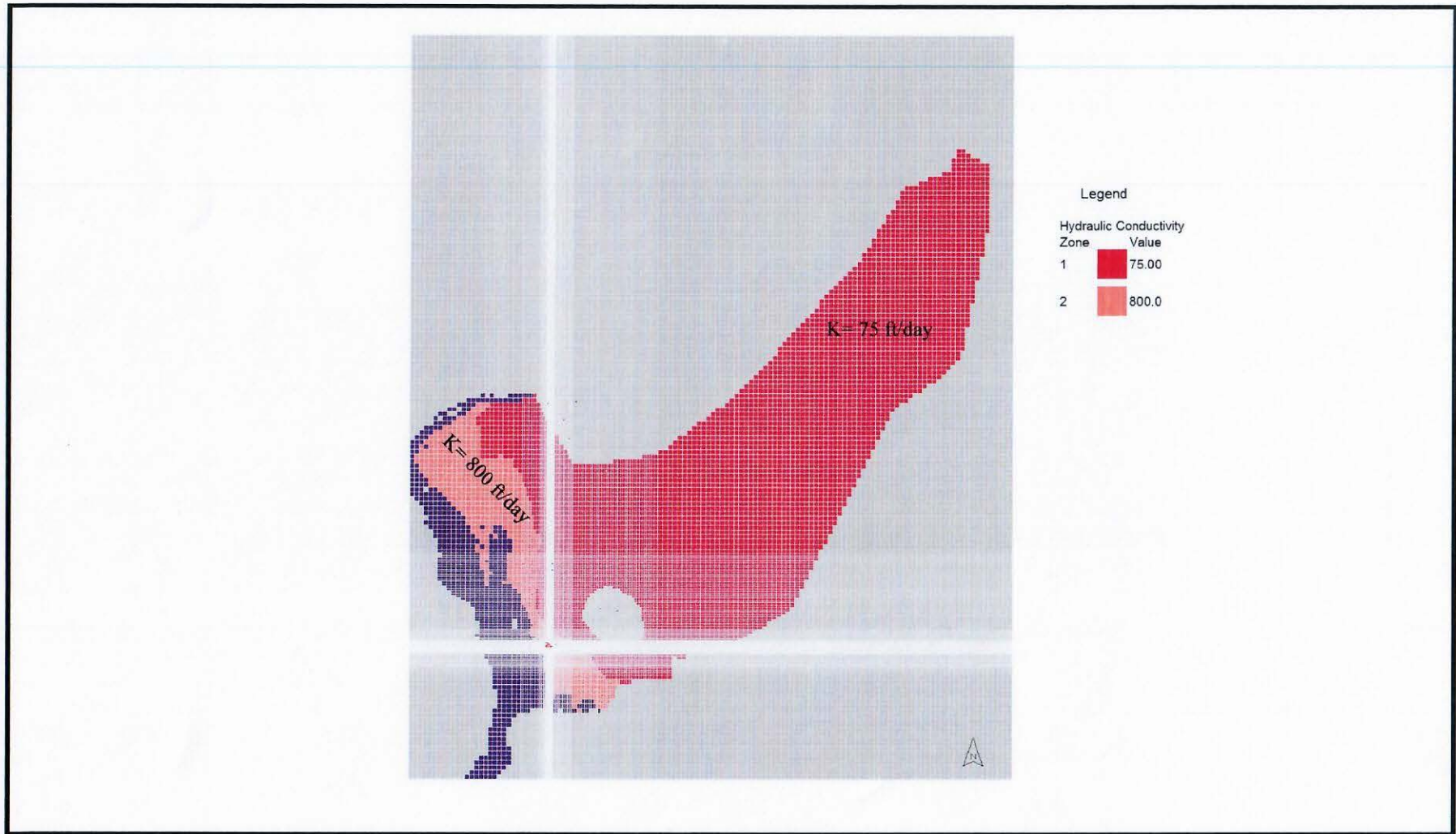




**FIGURE A-2**  
**Aquifer Bottom Elevation**




Port of Walla Walla  
North Well Field





**FIGURE A-3**  
**Hydraulic Conductivity Zones**

Port of Walla Walla  
North Well Field

-  K = 75 ft/day
-  K = 800 ft/day
-  Constant Head Boundary





Legal Description - Proposed Place of Use

**Exhibit 1:**  
**Legal Description**

WALLA WALLA COUNTY, STATE OF WASHINGTON

---

PARCEL A:

Township 7 north, Range 31 east of the Willamette Meridian.

Section 2: All, EXCEPT Burlington Northern Railroad right of way

Tax Parcel #31-07-02-00-0001

Section 11: All, EXCEPT that portion lying within Cummins Road.

Tax Parcel #31-07-11-00-0001

Township 8 north, Range 31 east of the Willamette Meridian.

Section 35: All that portion lying south and east of the Burlington Northern Railroad right of way.

Tax Parcel #31-08-35-41-0003

PARCEL B:

The east half of Section 14 in Township 7 north, of Range 31 east of the Willamette Meridian.

EXCEPTING THEREFROM that portion lying within Nine Mile Canyon Road.

TOGETHER WITH an easement for purposes of ingress and egress and for the purpose of installing and maintaining an irrigation pipeline herein, over and across the southerly 30 feet in width of Section 13 in Township 7 north, of Range 31 east of the Willamette Meridian.

Tax Parcel #31-07-14-11-0007 & #31-07-14-41-0001

ALSO, The southwest quarter of Section 18 in Township 7 north, of Range 32 east of the Willamette Meridian.

EXCEPT the west 40 feet lying within Cummins Road.

Tax Parcel #32-07-18-31-0003

END OF EXHIBIT A

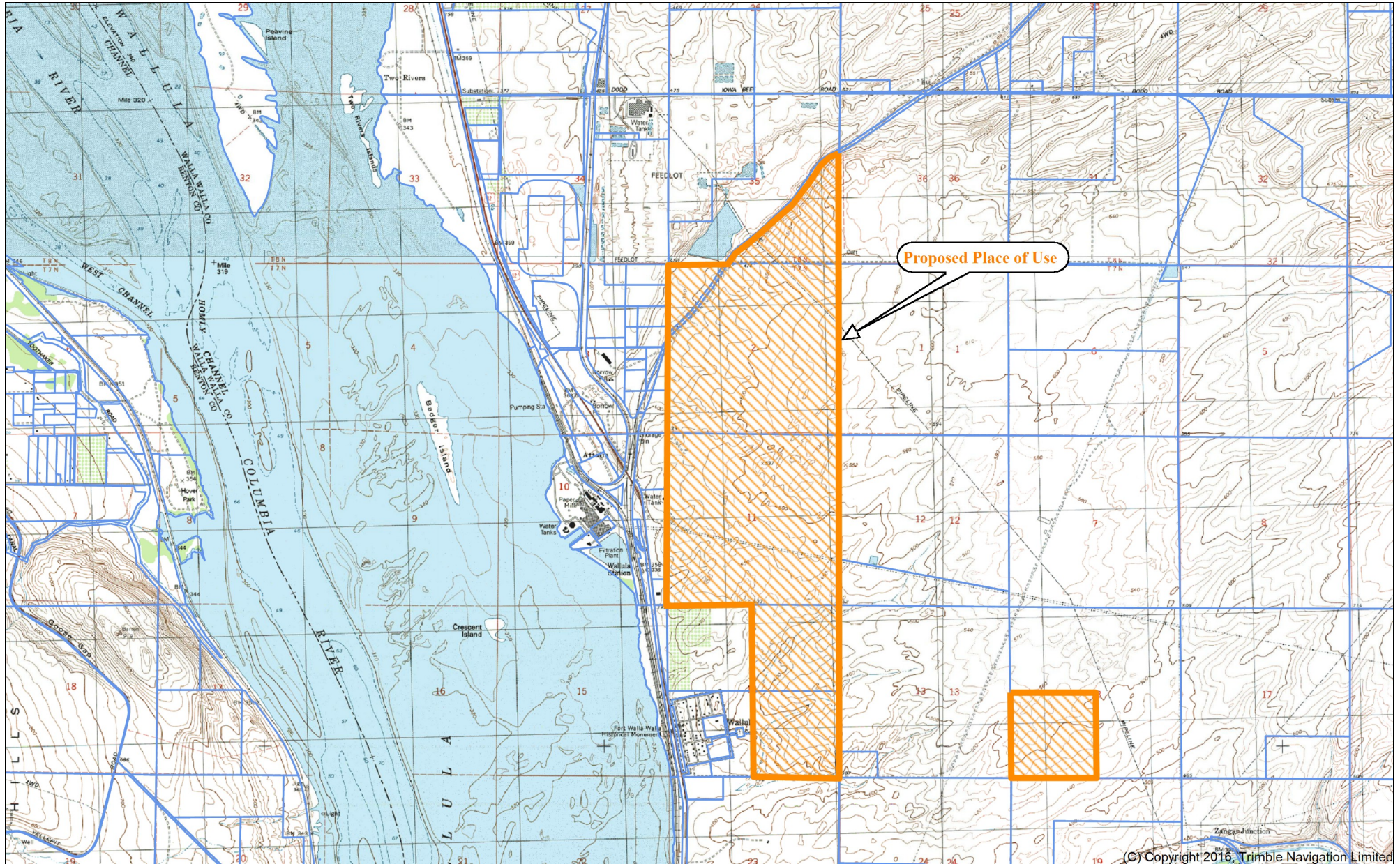
# Seasonal Changes: Proposed Place of Use

(RICHLAND)

118° 59' 27.8470" W  
046° 08' 46.9620" N

(WALLA WALLA)

WALLA WALLA QUADRANGLE  
Walla Walla City Council 1/27/2022  
TOPOGRAPHIC SERIES Page 154 of 155  
118° 49' 13.3139" W  
+ 046° 08' 46.9620" N



Proposed Place of Use

046° 04' 22.1904" N  
118° 59' 27.8470" W

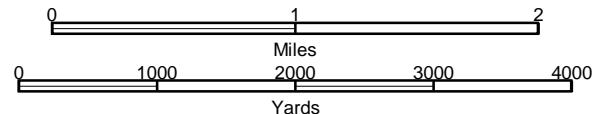
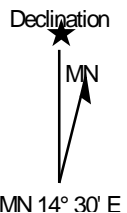
(PENDLETON)  
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Printed: Tue Oct 19, 2021  
+ 046° 04' 22.1904" N  
118° 49' 13.3139" W

(PENDLETON)



Water Right Solutions

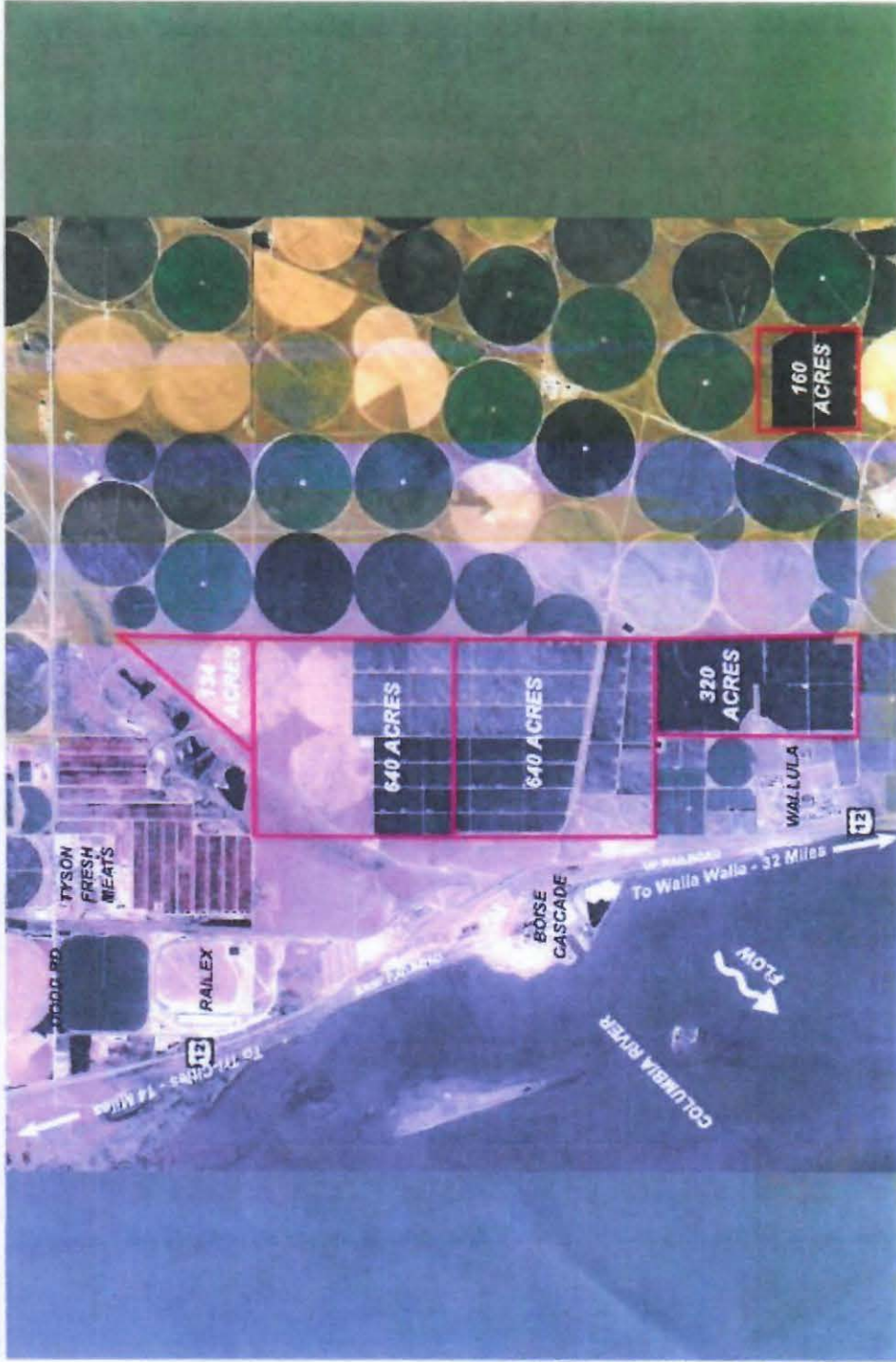


CONTOUR INTERVAL 20 FT  
[BASE MAP VERTICAL DATUM]

WALLA WALLA, WA  
JAN 1, 1992

# WALLULA GAP BUSINESS PARK

**PORT WALLA WALLA**  
JOE CALLEGGIO - TRANSPORTATION  
Wallula, WA



Vicinity Map

May 18, 2012

