

**CITY OF SULTAN  
COUNCIL RETREAT  
COMMUNITY CENTER  
March 22, 2014**

Agenda Items:

1. Public Works Equipment
2. Capital Projects
3. Capital Projects Funding Options
4. Staffing Options
5. Comp Plan Update Schedule

Schedule:

9:00 – 9:15	Mayor's Comments
9:15 – 9:45	Public Works Equipment
9:45 – 10:30	Capital Projects
10:30 – 10:45	Break
10:45 – 12:00	Capital Project Funding Options
12:00- 12:45	Lunch - Ixtapa
12:45 – 1:00	Staffing Options
1:00 – 2:00	Comp Plan Update Schedule

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**SULTAN CITY COUNCIL  
RETREAT COVER SHEET**

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**ITEM NUMBER:** D-1  
**DATE:** March 22, 2014  
**SUBJECT:** Public Works Equipment Replacement  
**CONTACT PERSON:** Ken Walker, City Administer  
Connie Dunn, Public Works Supervisor

**ISSUE:**

- Review Public Works Equipment Needs
- Authorize staff to move forward following the purchasing policy on meeting the equipment needs of the Public Works Department.

**PUBLIC WORKS FUNDING SOURCES**

The City's goal is to lead a well equipped and effective staff in serving the Citizens of Sultan. As the City continues to grow and develop so will the Public Works Department in providing services in a professional manner.

The Public Works Department serves the citizens of Sultan with a wide variety of services, as well as being an integral part of Sultan governmental offices. The divisions within Public Works operations and maintenance are streets, cemetery, water, sewer, garbage and stormwater. Public Works is also responsible for maintenance of the parks and city buildings and these two budgets are included in the General Fund portion of the budget.

The City has 8 Public Works Operating Funds:

- Parks
- Building Maintenance
- 101 Street
- 103 Cemetery
- 400 Water
- 401 Sewer
- 402 Garbage
- 406 Storm

With the exception of the park, building maintenance and street funds (which are part of the general fund and are general revenue and tax supported) the other funds are enterprise funds and must be self-supporting.

## **PUBLIC WORKS 2014 EQUIPMENT NEEDS**

### **Garbage Truck Replacement Fund**

Past history of the City of Sultan:

The city purchased the replacement garbage truck with cash. As part of past rate studies and city practices, the cost of the truck has been amortized with funds set aside to pay cash when the garbage truck needs to be replaced.

The City has had the current garbage truck since 2006. At this time, the City has saved enough money to replace this truck. We would like to purchase a side-load upgrade along with carts and surplus and sell the 1991 International/Dempster truck.

Below and attached you will see staff recommendations.

The estimate replacement garbage truck fund balance is:  
\$373,089 plus \$35,000 designated for 2014.  
Staff is recommending spending up to \$408,000.

#### Curb Side Carts:

Staff Recommendation – Toter (brand name) – (Attachment A)  
Color-Gray (Matches with Recycle Provider's System.  
64 gallon; 864 containers/truck from Factory X 2 = 1,728;  
@ \$48 each = \$82,944 plus tax and shipping=\$100,000

#### Truck:

Cab and Chassis: (Attachment B)  
Good Visibility of area outside of truck  
With sit down driver seat, right side drive  
Good turning radius, for cul-de-sacs and narrow streets  
Easy-use controls

#### Body: (Attachment C)

Minimum of 28 – 30 yard capacity  
Side Cart Collection Arm

#### Accessories:

Fully automated curb side collection Arm  
Camera's, used for backing up, and viewing the hopper into which dumping (verifying no illegal garbage, batteries, TV's, etc)  
Joy stick controls @ convenient location inside the Cab  
Arm Control also outside the cab  
Retrofit the existing 2006 Heil with a semi-automated lifter (\$7,250)

A portion of the change to automated curb side collection would require a retro-fit on Sultan's 2006 International/Heil garbage truck, to be used as a back-up for the toter system at an estimated cost of \$7,250. The 2006 truck will continue to be used for emptying the existing dumpsters; operating approximately 2 half days per week.

**Sweeper Replacement – 2014-15:**

The City purchased the current Athney Sweeper used from the City of Yakima for \$75,007 in 1998. It was purchased through the Local Options Loan Program and is paid in full.

The City will again be looking at a used Sweeper through different outlets: One.7; Environmental Solutions Group; etc. (Attachment D)

With a sweeper purchase the City can sign a lease to own contract, using the \$35,000 as a down payment for the monies set aside in the equipment replacement fund.

Currently, Environmental Solutions has a 2013 Sweeper for \$210,000 Schwarze A7000 on an International Chassis (Attachment E)

This sweeper was a rental to City of Bellevue, then used as a demo 5,000 miles and 45 hours

- **A better deal would be considered by a dealer if two vehicles are purchased at the same time. Also, this could be completed in one contract with a lender or Local Options Loan.**

**Vector Truck Purchase – 2014-15:**

The City of Sultan staff is recommending the city purchase a vector truck to be used in water, sewer and storm, therefore, being funded through all three enterprise funds.

Currently the city has \$100,000 set aside in the equipment replacement fund.

Expenditure tracking:

2012	\$10,034.51	Less Disposal Cost	\$3,841.71
2013	\$25,654.83	Less Disposal Cost	\$4,139.00

In two years, the total monies spent for vactoring only was **\$35,689.34**; plus disposal costs which will continue to incur.

When purchasing a used truck with low mileage and operating hours, included on the truck, power excavation nozzle, line camera, hoses, remote control for operation the vector, pressure hoses and camera.

The City currently has a contract with Ponderosa Pacific for \$6,720.17 to repair streets where there was water/sewer repair. This is on top of vector and disposal fees. Money would be saved in owning a vector truck instead of using the backhoe – vector is quick and contained in a smaller excavation area.

**SEWER:**

In 2013, the City spent \$2,657 in Oct/Nov time frame on one **sewer** issue. There have been other times we have attached a backflow device and garden hose to a fire hydrant and flushed side-sewers.

A second sewer issue that was addressed using an outside vendor was a Birch Avenue side sewer, requiring a camera and video taken so the crew could repair the side sewer later, which has been completed.

In October 2013, the City called Bravo to vactor a non-potable water leak at the Wastewater Treatment Plant because of sewage pipes, telemetry and power lines in the ground making it too dangerous and laborious to dig with a backhoe or by hand.

#### **WATER:**

The **water** department would also use a vactor truck to excavate water meters and repair leaks. Vactoring vs. digging with a backhoe saves labor cost, equipment costs and is a smaller area for surface repair.

#### Examples:

##### 2014

On February 26, 2014, there was a water leak reported at 302 8<sup>th</sup> Street. The leak appeared to be right behind the sidewalk. Matt Wood and Jason Strauss started hand digging at 3 pm. The leak was located just under the back edge of the sidewalk and the crew ended up taking out a panel of sidewalk, having the back hoe and dewatering pump on site to dig. Steve Martin flagged traffic. Mike Williams used the backhoe on the job. Wood and Strauss had 2.5 hours each and Williams and Martin had 2 hours each for a total of 12 hours (which includes a total of 4 hours overtime). With a vactor truck it was estimated a total of 2 hours X 3 person without taking up the concrete. This is a savings of 6 hours, no overtime, no concrete removal, no extra dewatering pump, one pickup truck and the vactor for an estimated savings of 60%.

##### 2013

In Birch Avenue, May 27<sup>th</sup>, there was a service line leak, with a vactor called out for excavation. It took two employees 1 hour labor and a small 3X3 foot asphalt patch. If a backhoe had been used, a trench minimum width of 4X12 foot space would have been needed space to dewater and repair the service line. The cost was \$924.00

Example: Memorial week-end of 2013, Friday night, the city had two water leaks. The first one was a main line break at Fir and Seventh. After approximately 7 hours, three crew members, the back hoe, a dewatering pump, almost hitting a gas main, and a neighborhood without water for the 7 hours, it was repaired. With a Vactor Truck that would have been accomplished in 2-3 hours, minimal overtime, safer, smaller hole less rock and asphalt needed for street repair.

The same Memorial Day week-end, the next morning, Saturday, a call out at 4 am adjacent to US 2 at 5<sup>th</sup> Street there was a mainline leak. Responding was 3 employees for 7 hours of overtime on a holiday week end to dig and repair the mainline leak. This overtime could have been reduced to 2 – 3 hours for the 3 employees with a vactor truck.

Currently on Date Avenue, there is a water meter with a small leak from a street tree twisting its roots around the meter and breaking the line on City side of the meter. This needs to be vacuumed with a vactor truck because to dig this out you literally you would use dinner utensils (soup spoon), which the water crew was doing.

#### **STORMWATER:**

The City could also use a vactor truck for **Stormwater**. In 2013, the City had a shortfall in revenues to meet expenditures in the Stormwater Fund. \$10,000 was cut from catch basin vactoring. In the 2014 budget, there is only \$5,000 earmarked for vactoring of catch basins, which equates to three days of vactoring by an outside source. All this to say; the city is now two years behind on catch basin cleaning, when with a grant received for Department of Ecology, through Snohomish County – all the catch basins in Sultan had been cleaned.

This means it will cost more for vactoring and wages to catch up again than if the Public Works Crew had been able to stay on top of the cleaning with a regular maintenance schedule.

**DUMP TRUCK:**

The current 1980 International dump truck was purchased from Snohomish County surplus in the mid 1996.

The truck is used for hauling rock and soil, on job sites to haul debris, plowing snow, and sanding roads. This truck is wore-out. In 6 hours of use it burns a gallon of oil, the clutches has been going out for the last 10 years. We have been babying this truck along and use it minimally. The staff (most of us) would like to recommend purchasing another used 5 yard dump truck for operation in the Public Works Department. Staff has looked at State Surplus, Richie's Auction and would talk to Snohomish County regarding their trucks going to surplus (Attachment G).

Staff is estimating looking for a good deal and not to spend over \$20,000 from the Equipment Replacement Fund Budget.

**STAFF RECOMMENDATIONS:**

**Garbage Truck**

Purchase new Mack chassis with Heil/Leach body and a fully automated curb side arm, and a retrofit on the existing truck with a semi automatic attachment to empty carts.

Approximate Cost:	\$400,000
Equipment Replacement Fund:	\$408,000

**Sweeper**

Slightly Used Schwarze A7000 on an International Truck from a vendor with a local options loan.

Approximate Cost:	\$202,000
Equipment Replacement Fund:	\$35,000

**Vector Truck**

Slightly Used Demo truck with some extra options – camera, two sizes of hose, hydro-excavation 10 yard hopper, min. 3000psi with a local options loan.

Approximately Cost:	\$210,000
Equipment Replacement Fund:	\$90,000

**Dump Truck**

Used 5 yard dump truck in fair to excellent condition.

Approximate Cost:	\$20,000 (not to exceed)
Equipment Replacement Fund:	\$20,000

In a city with aged infrastructure, there is a great need to do regular maintenance of sewer and storm systems and water leak repair at an economical cost. Staff recommends to purchase a slightly used Vector Truck for the City of Sultan.

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Available in 21, 32, 48, 64, and 96 gallon sizes with universal design for compatibility with both fully and semi-automated lifters

Nestable design allows fully assembled 96, 64, and 48 gallon carts to be stacked one inside another for storage and delivery efficiencies and cost savings

Textured surface resists scratches and hides unsightly dirt

Patented Rugged Rim<sup>®</sup> adds rigidity and extra material in critical wear areas for extended cart life

Large hot stamp area

Standard cart serial number

Molded-in axle journals provide up to 6 times more support than drilled holes

Large footprint and aerodynamic design create industry-leading wind and "set-down" stability

Cart does not fall over when lid is flipped back

Low, narrow profile design is easy to maneuver and fits through gates and doors

Multilingual user instructions are standard

Optional lid hot stamp and raised wording

Large, four color in mold label (IML) is optional

Optional bar code cart identification

Optional UHF RFID tag mounted inside handle

LF RFID option

Factory installed 360° rotating steel stop bar is set in a molded-in, sealed journal

5/8" axle has over 2,000 lbs. of bending strength

Bottom wear strip provides outstanding abrasion protection

CARTS MEET ANSI STANDARDS Z245.30 FOR SAFETY AND Z245.60 FOR LIFTER COMPATIBILITY.\*

\* 21 gallon is below Type B saddle height.

Attachment A



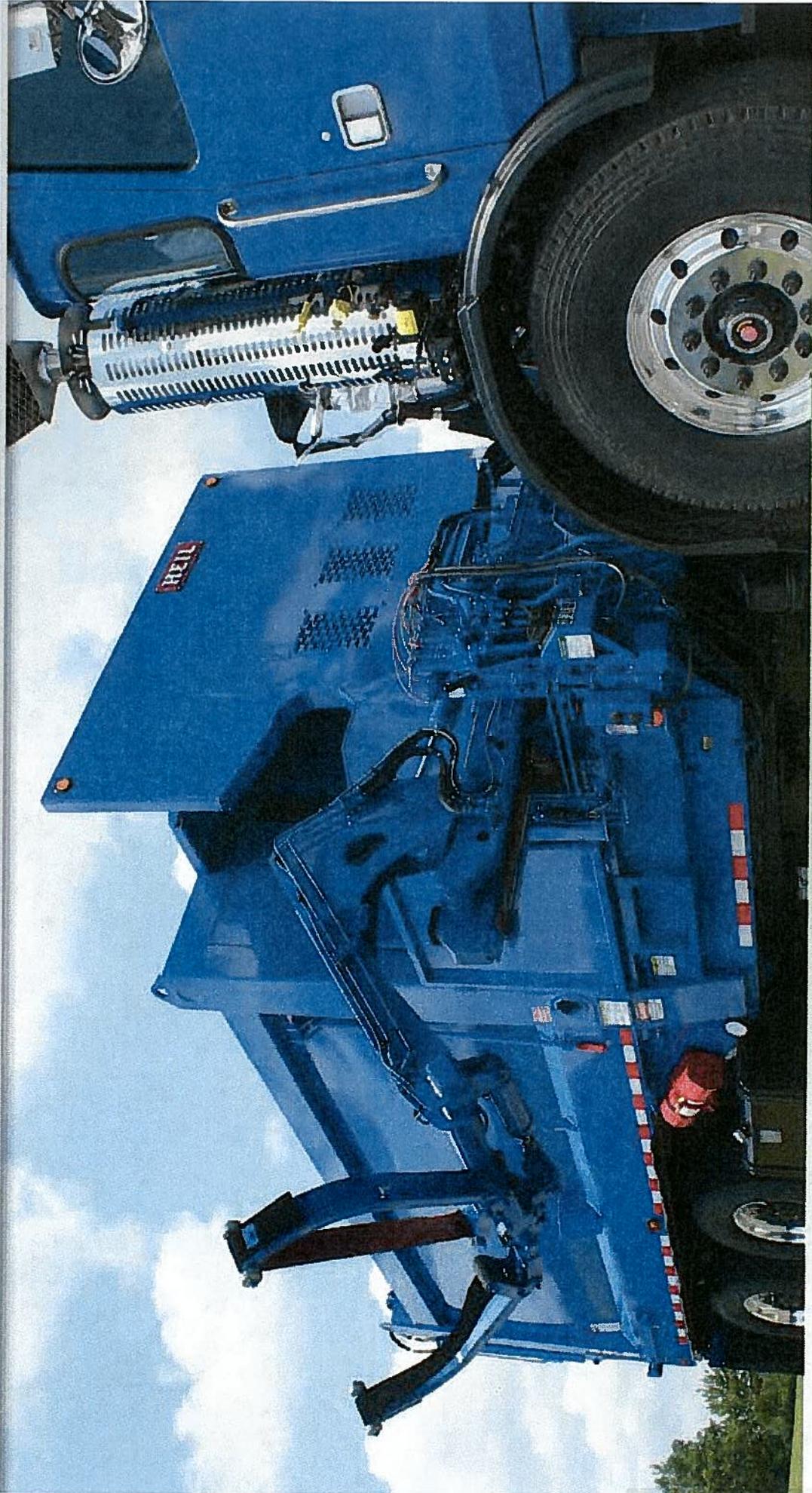


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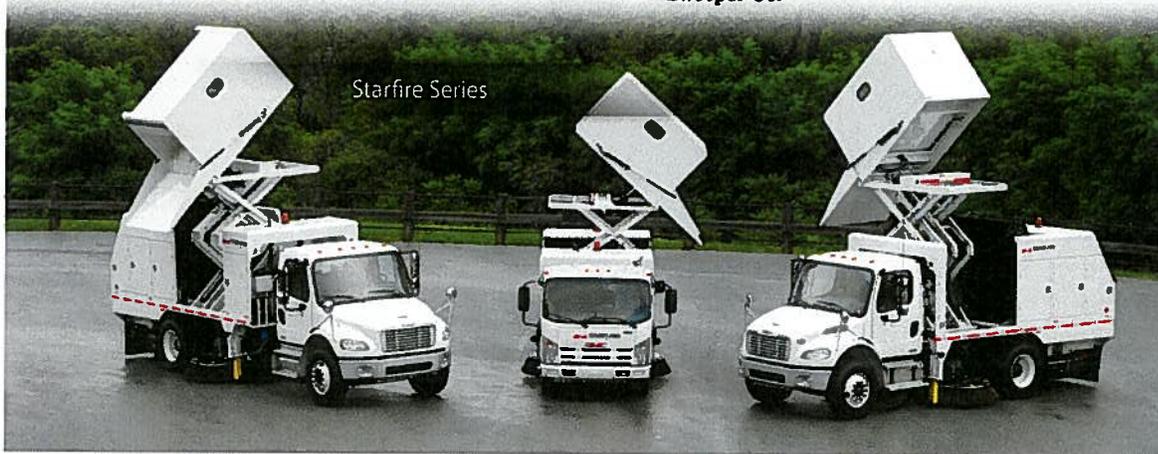
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Starfire Series

### About us

**Effectively Simple.** We believe the simpler a machine is to maintain and operate, the more productive and cost effective it will be. We take time proven designs and tweak them in subtle ways to maximize their cost effectiveness, durability and performance.

Stewart-Amos is bringing new ideas to an old, established industry. In the last 7 years, we have introduced 6 new and unique sweeper models - with many more to come.

In 1938, Al Amos founded our company as a distributor of mineral processing and aggregate production equipment for the limestone quarries located in Pennsylvania. Today, that division has evolved into one of the mid-Atlantic region's premier suppliers of aggregate crushing and conveying equipment. With design and layout, engineering, fabrication, manufacturing, distribution, and installation, the staff of the aggregate division brings their expertise to each project regardless of the size and scope. From turnkey quarry installations to simple plant improvements, Stewart-Amos is the vendor of choice for the aggregate industry.

Also based in Harrisburg, PA; Bob Stewart started a road building machinery distribution company in 1947. The sales of asphalt pavers, compaction equipment, earthmoving machinery, refuse bodies and street sweepers fueled the growth of this division. With the consolidation of the construction machinery manufacturing industry during the late 1980s and early 1990s, the decision was made for the Stewart division to concentrate on providing specialty wear item solutions for the construction and mining industries.

Also at that time, the Stewart division began renting specialized equipment such as hydraulic hammers, mining and construction dewatering pumps, and street sweepers. The street sweeper rental fleet grew to the point that in 2004, a separate company was formed to design and manufacture chassis mounted mechanical broom street sweeping equipment. Stewart-Amos Sweeper Co. combined the talents in engineering, fabrication, and manufacturing from the Equipment Co. with the capabilities of sweeper specific personnel brought on board to spearhead the product line.

Currently, we make 5 different mechanical broom sweepers in three different size categories. Each incorporates our exclusive "3 shaft elevator system" that minimizes chain wear, slashes maintenance costs and ensures more effective sweeping of all types of debris - especially bulky materials.

Our regenerative air sweeper units are built with stainless steel, bolt-together panels that resist rusting and minimize repair costs, which ensure longer run times and easy accessibility. They come standard with 5-year, no-rust-through warranties.

All Stewart-Amos products are proudly made in the United States at our Harrisburg, PA locations.

Whatever your sweeping needs, Stewart-Amos Sweeper Company has just the right product to get the job done. We invite you to learn more about us and contact us to arrange a free, no-obligation demonstration.





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## 2013 Schwarze A7000

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Manufacturer: Chassis: International / Sweeper: Schwarze

Vehicle Type: Sweeper

Year: 2013

Model: Sweeper: A7000

Exterior: White

Miles: 5000

Duty: Medium

Class: Class 6

Cab Style: Conventional

GVWR: 33,000

Transmission: Automatic

SELECT MAKE

SELECT MODEL

CONDITION

VEHICLE TYPE

FULL SPECIFICATIONS

OPTIONAL SECTION

OPTIONAL SECTION

OPTIONAL SECTION



<https://envirocleanequip.com/wp-content/uploads/2014/03/2013-A7000>

Operational

Features

Overview

### Street Sweeper Operational Information

Type of Sweeper: Regenerative Air

Sweeper Hours: 45

Fan Type: Turbine

Hopper Size: 7 yard

Sweeping Path: 144"

Gutter Broom Tilt In-Cab: Yes

Gutter Broom Extension Override (GEO): Yes

Additional Options: Dual Cameras, Hopper drain, Catch Basin Hose, Air Ride Seats.

### Contact Us

Name

E-mail

Security Text



Security Code:

Website by [Morris Tech Solutions, Inc. \(http://morristsolutions.com\)](http://morristsolutions.com)

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### Our Offices

Gresham, OR Location  
2395 NW Eleven Mile Avenue,  
Gresham, OR 97030

Kent, WA Location  
20021 80th Avenue S.  
Ste C-5  
Kent, WA 98032

Phone: (503) 491-3393  
Fax: (503) 491-2283  
Toll Free: 1 (800) 200-8480

### Gresham, OR Location

### Kent, WA Location

# ENVIRO-CLEAN EQUIPMENT, INC.

2395 NW Eleven Mile Ave., Gresham, OR 97030  
PH: 503-491-3393 Toll Free: (800) 200-8480, Fax: (503) 491-2283  
[www.envirocleanequip.com](http://www.envirocleanequip.com)

***For Sale - Used 2007 Vac-Con Sewer Cleaner,  
Model V309LHA-1300 mounted on IH 7600 Chassis.***



**2007 Vac-Con Combination Sewer/Catch Basin Cleaner  
on an IH 7600 Chassis, with only 31,928 Miles.  
Cat C12 "Big Bore" Engine, 380 HP, 5,786 hours.  
Allison 4500 RDS Transmission,  
Deutz 2012C, 138 HP Auxiliary Engine.**

**Sale Price: \$210,000**

Some Features Include:

- 50 GPM @ 3000 PSI Water System
- 1300 Gallon Water Tanks
- FMC Water Pump, Model L1614SC
- Articulating Hose Reel; 600 ft. of 3/4" Sewer Hose
- 50' Capacity Retractable Hand Gun Hose Reel w/35' hose
- Hose Footage Counter, Driver's Side
- Variable Flow Valve
- Hydrostatic Drive
- 3-Stage Fan (Compressor)
- 10 ft. Telescoping Boom w/boom mounted lights/strobe lights
- 9 Yard Debris Tank with debris body flush-out system, 6 jets,
- Pump-off System
- 6" Knife Valve
- Air Purge
- Winter Recirculation System
- Hydro-Excavation Package
- Arrowboard, 30"x60"
- Storage box behind cab
- Hand-held Spot Light
- 5# Fire extinguisher / Triangle kit



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- School Supplies
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- Sporting Goods
- Storage

#### PLEASE NOTE:

A \$50.00 bid deposit will be required on auctions when bidding reaches \$500.00. Please click on "Deposit Required" in bidding section of applicable auctions for explanation of how bid deposits work.

#### Closure Dates:

We will be closed in the mornings on the following dates for in-staff training:  
- Tuesday, March 11th 9am-12:30pm  
- Wednesday, March 12th 9am-12:30pm  
- Thursday, March 13th 9am-11am

We will open again as normal in the afternoon on these days.

#### Online Viewing and Pick-Up Hours:

Tuesday - Friday 9am-12pm & 12:30pm-4pm  
Saturday 9:00am to 3:00pm

**Come check out our Public Store, open Tuesday through Saturday.**

#### Public Store Address:

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# SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

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ITEM NO: Discussion 2  
DATE: March 22, 2014  
SUBJECT: Capital Projects  
CONTACT PERSON: Mick Matheson, P.E., Public Works Director

## ISSUE:

The issue before the Council is to discuss upcoming capital projects that are currently unfunded that will likely require the City to borrow in order to complete the projects.

## DISCUSSION:

### **Roads**

Road projects have historically been grant funded through various programs such as Transportation Improvement Board (TIB), Community Development Block Grants, Surface Transportation Plan (STP), Puget Sound Regional Council, and Legislative Provisos.

#### Current Road Projects

##### **Sultan River Pedestrian Bridge**

The City is working with WHPacific on the design of the pedestrian bridge together with associated sanitary sewer and water facilities. Design is scheduled to be completed in 2014. **The City does not currently have any construction funding for this project.** The City has applied for grants and legislative proviso's and has not yet been successful. The transportation element of this project will need to be funded through a grant or a Public Works Trust Fund Loan. It is not eligible for a traditional loan or bond because the City has no collateral.

##### **Alder Avenue (5<sup>th</sup> Street to 8<sup>th</sup> Street)**

Gray & Osborne has completed the design this road rehabilitation project. The project will go to bid in April with construction occurring this spring and summer. The transportation and utility replacements are 100 percent grant funded assuming construction bids are in line with the engineer's estimate.

##### **High Avenue (1<sup>st</sup> Street to 4<sup>th</sup> Street)**

The City is working with The Blueline Group to design this road rehabilitation project. Design is 90 percent complete. The transportation element is 95 percent funded through a Transportation Improvement Board grant. The City is required to pay a 5% match and has funds budgeted.

##### **4<sup>th</sup> Street (Alder Avenue to Fir Avenue)**

The City is working with The Blueline Group to design this road rehabilitation project. Design is 90 percent complete. The transportation element is 95 percent funded through a Transportation Improvement Board grant. The City is required to pay a 5% match and has funds budgeted.

## **2015 Transportation Plan Update**

Gibson Traffic Consultants, Inc. has provided an estimate to analyze the Traffic Mitigation Fee and Code Support. **The estimated cost of the plan is \$5,000**, but it is believed that additional work will be needed for a full update of the Transportation Plan. This additional fee has not been determined at this point.

## **Storm Drainage**

### **Current Storm Drainage Projects**

#### **Wagley Creek Culvert Replacement at Dyer Road**

The City is working with WHPacific and their subconsultants to prepare a bid-ready set of construction drawings and specifications to replace the twin culverts at Dyer Road with a single fish passage friendly bottomless arch culvert. The City is currently seeking grant funding for the construction. **The estimated cost of construction is \$408,000 and is not funded.** The council must make a decision on how best to finance the stormwater improvements.

#### **Alder Avenue (5<sup>th</sup> Street to 8<sup>th</sup> Street)**

The City is working with Gray & Osborne to design this road rehabilitation project. Design is scheduled to be completed in 2013, with construction in 2014. Drainage improvements are 100 percent grant funded.

#### **High Avenue (1<sup>st</sup> Street to 4<sup>th</sup> Street)**

The City is working with The Blueline Group to design this road rehabilitation project. Design is 90 percent complete. The storm drainage element is 95 percent funded through a Transportation Improvement Board grant. The City is required to pay a 5% match and has funds budgeted.

#### **4<sup>th</sup> Street (Alder Avenue to Fir Avenue)**

The City is working with The Blueline Group to design this road overlay project. Design is 90 percent complete. Since this is an overlay project, the storm drainage element is not grant eligible. **The estimated cost of construction is \$11,924 and is not funded.** The council must make a decision on how best to finance the stormwater improvements.

## **Water**

### **Current Water Projects**

#### **Booster Pump Station Design & Construction**

The City is planning the design the Booster Pump Station Improvements including pump and generator replacement, ventilation improvements, and electrical upgrades. Design is estimated to be \$259,000 and construction at \$1,184,500. **This project is not currently funded.** The City is working with TRANE to possibly obtain grant funding. The fee for working with TRANE is \$190,903 plus sales tax for an Investment Grade Audit for this project.

#### **Alder Avenue (5<sup>th</sup> Street to 8<sup>th</sup> Street)**

The City is working with Gray & Osborne to design this road rehabilitation project. Design is scheduled to be completed in 2013, with construction in 2014. The existing asbestos cement water system is proposed to be replaced with ductile iron. Water improvements are anticipated to be 100 percent grant funded through CDBG and a legislative proviso.

### **High Avenue (1<sup>st</sup> Street to 4<sup>th</sup> Street)**

The City is working with The Blueline Group to design this road rehabilitation project. Design is 90% complete. The TIB grant does not cover water improvements. **Water improvements are currently unfunded, and are estimated to be \$224,179.** The council must make a decision on how best to finance the water improvements.

### **4<sup>th</sup> Street (Alder Avenue to Fir Avenue)**

The City is working with The Blueline Group to design this road overlay project. The TIB grant does not cover water improvements. **Water improvements are currently unfunded, and are estimated to be \$329,213.** The council must make a decision on how best to finance the water improvements.

### **Sultan River Pedestrian Bridge**

The City is working with WHPacific to design a pedestrian bridge over the Sultan River. A 12-inch water main is proposed to be constructed as part of the project. The grant funding in place will not pay for water main construction. **The water related construction element of the bridge is estimated to be \$147,392 and is unfunded.** The council must make a decision on how best to finance the water improvements.

### **Gohr Road**

**The water construction is estimated to be \$315,000 and is unfunded.** The council must make a decision on how best to finance the water improvements.

### **2015 Water System Plan Update**

RH2 has provided the City with an estimate to update the Water System Plan which includes an estimate for financial analysis. **The estimated cost is \$110,000 and is unfunded.** The council must make a decision on how best to finance the Water System Plan update.

## **Sanitary Sewer**

### **Current Projects**

#### **Lift Station Upgrade**

The Main Pump Station Alternatives report was completed in January 2013. RH2 is proceeding with the design of the preferred alternative. **The construction is estimated to cost approximately \$255,300 and is unfunded.** The council must make a decision on how best to finance the sanitary sewer improvements.

#### **Alder Avenue (5<sup>th</sup> Street to 8<sup>th</sup> Street)**

The City is working with Gray & Osborne to design this road rehabilitation project. Design is scheduled to be completed in 2013, with construction in 2014. The existing sanitary sewer system is proposed to be replaced. Sanitary sewer improvements are anticipated to be 100 percent grant funded through CDBG and a legislative proviso.

#### **High Avenue (1<sup>st</sup> Street to 4<sup>th</sup> Street)**

The City is working with The Blueline Group to design this road rehabilitation project. **Sanitary sewer improvements are currently unfunded, and are estimated to be \$93,649.** The council must make a decision on how best to finance the sanitary sewer improvements.

#### **4<sup>th</sup> Street (Alder Avenue to Fir Avenue)**

The City is working with The Blueline Group to design this road overlay project. **Sanitary sewer improvements are currently unfunded, and are estimated to be \$293,535.** The council must make a decision on how best to finance the sanitary sewer improvements.

### **Sultan River Pedestrian Bridge**

The City is working with WHPacific to design a pedestrian bridge over the Sultan River. An 18-inch force main, is part of the project. The grant funding in place will not pay for sanitary sewer improvements. **The sanitary sewer construction element is approximately \$223,776 and is unfunded.** The council must make a decision on how best to finance the sewer improvements.

### **Wastewater Treatment Plant Upgrades Identified by Gray & Osborne as part of TRANE analysis**

The City is working with TRANE to receive grant funding for:

- Installation of a Second Mixer in the Oxidation Ditch
- Control Aerators to Dissolved Oxygen Set point
- Operations Building Heat Pump Replacement
- Wastewater Plant Exterior Lighting

**The fee for the Investment Grade Audit necessary to move forward with the grant application is \$52,709 plus sales tax. This is currently unfunded.** The council must make a decision on how best to finance the Investment Grade Audit.

### **2015 General Sewer Plan Update**

RH2 has provided the City with an estimate to update the General Sewer Plan which includes an estimate for financial analysis. **The estimated cost is \$110,000 and is unfunded.** The council must make a decision on how best to finance the General Sewer Plan update.

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

Agenda Item #: Discussion 3

Date: March 22, 2014

SUBJECT: Capital Equipment and Project Financing

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

**ISSUE:**

The issue is to discuss financing options for the purchase of capital equipment and construction of infrastructure projects.

**Capital Equipment:**

The equipment reserve fund was established to provide funding for vehicles and equipment for the public works department. Operating transfers from the enterprise funds are used to fund equipment replacement purchases.

The Public Works Department has several pieces of equipment to operate and maintain. Staff does an excellent job of making the city equipment last as long as possible. For several years the city has set aside funds for garbage truck replacement. In recent years, the city has implemented an equipment replacement fund by setting aside funds from several departments to purchase equipment to be used in the maintenance and operation of the city.

The fund has a current balance of \$592,896. Council has directed staff to obtain bids for the new garbage truck and cart system for purchase in 2014. The following chart provides cost information for other vital pieces of equipment needed by the city and identifies the funds that will or have contributed to the purchase.

**CAPITAL EQUIPMENT**

Equipment	Water	Sewer	Storm	Street	Garbage	Total	Cash	Finance
Garbage Truck				-	408,000	408,000	408,000	-
Vactor Truck	105,000	63,000	21,000	21,000		210,000	110,000	100,000
Sweeper		-	16,160	185,840		202,000	35,000	167,000
Dump Truck (2015)	10,000		5,000	5,000		20,000	20,000	
<b>Total</b>	<b>115,000</b>	<b>63,000</b>	<b>42,160</b>	<b>211,840</b>	<b>408,000</b>	<b>840,000</b>	<b>573,000</b>	<b>267,000</b>

The city has options available for the purchase of equipment:

1. Purchase: The city can accumulate funds over a number of years to purchase equipment. This is the option used to accumulate funds to replace the garbage truck and purchase carts.
2. Lease or Lease/Purchase: The city can enter into either a lease or a lease/purchase option for equipment.

- Local Options funding: This is a state loan program with low interest rates specifically set up for the purchase of equipment or real estate. The State accepts a Notice of Intent to purchase on January 10<sup>th</sup> and June 20<sup>th</sup> of each year. After the Notice of Intent is approved, the city proceeds with the documents required to complete the loan process and determines the term of the loan. Loan payments are made twice a year. The city has previously used this program to purchase the street sweeper.

**Capital Projects:**

The City has received grant funding for street projects on Alder, High and 4<sup>th</sup> Streets. As part of the overall project, the city needs to upgrade the water, sewer and storm systems under these streets. There are other vital capital project the city needs to move forward with that were discussed under the Capital Projects agenda cover. The following chart shows the financing needs for the projects:

Project	Water	Sewer	Storm	Total
High Avenue	224,179.00	93,649.00		317,828.00
4th Street	329,213.00	293,535.00	11,924.00	634,672.00
Booster Pump Station	1,184,000.00			1,184,000.00
Gohr Road	315,000.00			315,000.00
Lift Station		255,300.00		255,300.00
Wagley Creek Culvert			408,000.00	408,000.00
<b>Sub Total</b>	<b>2,052,392.00</b>	<b>642,484.00</b>	<b>419,924.00</b>	<b>3,114,800.00</b>
				-
Sultan River Pedestrian Bridge	147,392.00	223,776.00		371,168.00
<b>Total</b>	<b>2,199,784.00</b>	<b>866,260.00</b>	<b>419,924.00</b>	<b>3,485,968.00</b>
Percentage of costs	63%	25%	12%	

The Sultan River Bridge project is not ready to move forward for bond financing at this time.

The financing options for water, sewer and storm are limited.

- Grant and loan programs are available. Most applications are due in mid to late 2014 and if approved, the city would not receive any funding until 2015. There is a potential to lose the street funding if the city cannot move forward with the project. (Attachment D provides a detailed list of programs available).
- Use existing city funds. There have two new water/sewer connections over the past two years. The reserve funds have a total of \$394,412 available in water and \$45,500 available in sewer. Most of the funds available have been committed for design work. The city will be able to set aside additional capital funds beginning in 2017 when current debt payments are complete.
- Issue Bonds for the capital projects. There are different types of bonds available to the city.
  - General Obligation Bonds: Normally funded through the pledge of property tax or general fund revenues.

- Revenue Bonds: Funded by the utility ratepayers for public works improvements. Normally used for water, sewer and storm projects
- LID Bonds (Local Improvement District): Used to finance projects that benefit a specific area and paid for by assessments against the benefitted property.

The City has reduced the outstanding principle on debt service payment by \$4,319,320 since January 2008. The following table shows the reduction by debt service type:

	12/2008 Outstanding Debt	2009 New Issue	Total 12/31/2009 Debt	1/1/2014 Outstanding Balance	Total Reduction
General Obligation	\$ 1,429,754	\$ 400,000	\$ 1,829,754	\$ 910,000	\$ 919,754
Revenue Debt	\$ 4,742,746	\$ 315,750	\$ 5,058,496	\$ 2,123,736	\$ 2,934,760
LID Bonds	\$ 2,870,000	\$ -	\$ 2,870,000	\$ 1,640,000	\$ 1,230,000
Total Debt Outstanding	\$ 9,042,500	\$ 715,750	\$ 9,758,250	\$ 4,673,736	\$ 5,084,514

City has contacted three financial institutions to discuss bonds and interim finance options for the proposed capital projects. Information was requested on a \$2.5 to \$3.0 million issue with the proposal for interim financing will the projects are completed. Bond funds need to be spent within three years of issue, however, if you use a line of credit for interim financing, the bond issue is completed when the project is complete and you know the exact dollar amounts. Attachment B provides information on a bond issue with interest only payments for the first two years (to allow the city to pay off the existing bonds) and principal payments beginning in 2017.

Attachment A provides detail on the existing bond and public work debt and the current annual payments. If principal payments were delayed, the annual increase would be about \$125,000 (due in December 2015) and in 2017 the payment for principal and interest would be about \$261,000. The debt requirements would remain the same as the current payment schedule.

- Attachments:
- A. Debt Service Schedule
  - B. Bond Financing Information
  - C. Interim Financing Information
  - D. Grant and Loan Programs

**DEBT SERVICE SCHEDULE**

Outstanding

	2014	2015	2016	2017	2018	2019-25	Total
<b>W/S Revenue Bonds</b>	125,230	123,490	126,250	0	0	0	374,970
<b>Total Revenue Bond Debt</b>	<b>125,230</b>	<b>123,490</b>	<b>126,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>374,970</b>
<b>Public Works Loans</b>							
<b>Water</b>							
PW 98-791-063 Water Reservoir	47,783	46,536	45,290	44,043	42,797	0	226,449
PW 02-691-PRE119 Regional Waterline Study	16,729	16,649	16,569	16,489	16,409	64,036	146,881
SFF 97-78-897-076 Water Filtration Plant	68,577	66,291	64,005	61,719	59,433	0	320,024
<b>Total Water Service Debt</b>	<b>133,088</b>	<b>129,476</b>	<b>125,864</b>	<b>122,251</b>	<b>118,639</b>	<b>64,036</b>	<b>693,354</b>
<b>Sewer</b>							
PW 596-790-056 Sewer Plant Upgrade	110,906	109,829	108,752	0	0	0	329,488
PW 04-691-064 Sewer I & I Project	73,702	73,352	73,003	72,654	72,304	426,494	791,509
DEOLO 10034 Sewer Stormwater Report	10,135	20,445	0	0	0	0	30,580
<b>Total Sewer Service Debt</b>	<b>194,743</b>	<b>203,627</b>	<b>181,756</b>	<b>72,654</b>	<b>72,304</b>	<b>426,494</b>	<b>1,151,577</b>
<b>Total Utility Debt</b>	<b>453,061</b>	<b>456,593</b>	<b>433,869</b>	<b>194,905</b>	<b>190,943</b>	<b>490,530</b>	<b>2,219,901</b>
<b>General</b>							
GO Bonds Community Center	140,275	145,270	149,750	153,705	157,125	0	746,125
GO Bonds Police Equipment	32,523	31,673	30,803	29,913	29,003	189,493	343,406
<b>Total GO Bond Debt</b>	<b>172,798</b>	<b>176,943</b>	<b>180,553</b>	<b>183,618</b>	<b>186,128</b>	<b>189,493</b>	<b>1,089,531</b>
<b>TOTAL DEBT</b>	<b>625,859</b>	<b>633,535</b>	<b>614,422</b>	<b>378,522</b>	<b>377,071</b>	<b>680,023</b>	<b>3,309,431</b>



# City of Sultan

## Bond Financing Discussion

*February 20, 2014,*



**Jim Nelson**  
Senior Vice President  
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Email: [jnelson@dadco.com](mailto:jnelson@dadco.com)

Columbia Center, 701 Fifth Ave., Suite 4050  
Seattle, WA 98104

Website: [www.davidsoncompanies.com/ficm](http://www.davidsoncompanies.com/ficm)

# Types of Bonds?

## **UNLIMITED TAX GENERAL OBLIGATION BOND (Voted) –**

- A bond that is secured by the full faith, credit and taxing power of an issuer. General obligation bonds are typically secured by a pledge of the issuer's ad valorem (i.e. special excess levy) taxing power.

## **LIMITED TAX GENERAL OBLIGATION BOND (Non-voted) –**

- A type of municipal bond that is guaranteed by the municipal government's pledge to use all legal resources, including the levying of property taxes up to a set statutory limit. If a municipality exhausts the property tax resources for bond repayment within that limit, other revenue sources must be used for bond repayment.

## **REVENUE BOND –**

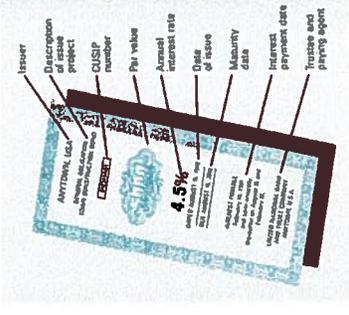
- A bond that is payable from a specific source of revenue. Revenue bonds are payable from identified sources of revenue (typically water and sewer revenues).

## **PUBLIC WORKS TRUST FUND, RURAL DEVELOPMENT, AND SRF LOANS –**

- Direct purchases by the respective State or federal agency. The security pledged may vary, but typically a junior lien obligation for a utility project.

## **LOCAL IMPROVEMENT DISTRICT (LID) BOND –**

- A bond payable from special assessments levied on the benefited properties within a local improvement district. The special benefit for the properties is an increase in property value. The amount of the assessment must be less than the estimated increase in property value from the LID improvements.



# Estimated Payments for Water & Sewer Revenue Bonds

For Discussion Purposes (As of 2/19/2014)

	15 Years	20 Years	25 Years
<b>Fund \$2,500,000 plus Reserve Fund for Water &amp; Sewer Improvements</b>			
<b>Term:</b>			
Bond Size (1):	\$2,695,000	\$2,640,000	\$2,625,000
Estimated Total Interest (2):	\$857,175	\$1,347,225	\$1,835,250
Est. Total Principal & Interest (2):	\$3,552,175	\$3,987,225	\$4,460,250
<b>Est. Average Annual Payment (2):</b>	<b>\$236,812</b>	<b>\$199,361</b>	<b>\$178,410</b>
<b>Receive Net Proceeds for the project:</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>
<b>Receive Reserve Fund deposit of:</b>	<b>\$239,250</b>	<b>\$202,250</b>	<b>\$181,050</b>
Est. True Interest Cost (2):	3.32%	3.94%	4.30%

	15 Years	20 Years	25 Years
<b>Fund \$3,000,000 plus Reserve Fund for Water &amp; Sewer Improvements</b>			
<b>Term:</b>			
Bond Size (1):	\$3,225,000	\$3,165,000	\$3,145,000
Estimated Total Interest (2):	\$1,027,750	\$1,611,475	\$2,203,200
Est. Total Principal & Interest (2):	\$4,252,750	\$4,776,475	\$5,348,200
<b>Est. Average Annual Payment (2):</b>	<b>\$283,517</b>	<b>\$238,824</b>	<b>\$213,928</b>
<b>Receive Net Proceeds for the project:</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>
<b>Receive Reserve Fund deposit of:</b>	<b>\$285,450</b>	<b>\$241,500</b>	<b>\$216,500</b>
Est. True Interest Cost (2):	3.32%	3.94%	4.30%

**Assumptions:**

1. Bond size may be less than the Net Proceeds+Reserve Fund because investors pay a premium (more than 100%), which reduces the bond size. Preliminary and subject to change.
2. Interest cost estimate is preliminary and subject to change...assumes a rating of "A"



# Example with Interest Only Payments (in 2015 and 2016) Financed over 20-years.

**Fund \$3,000,000 plus Reserve Fund, 20-year financing  
First Principal Payment starts in 2017**

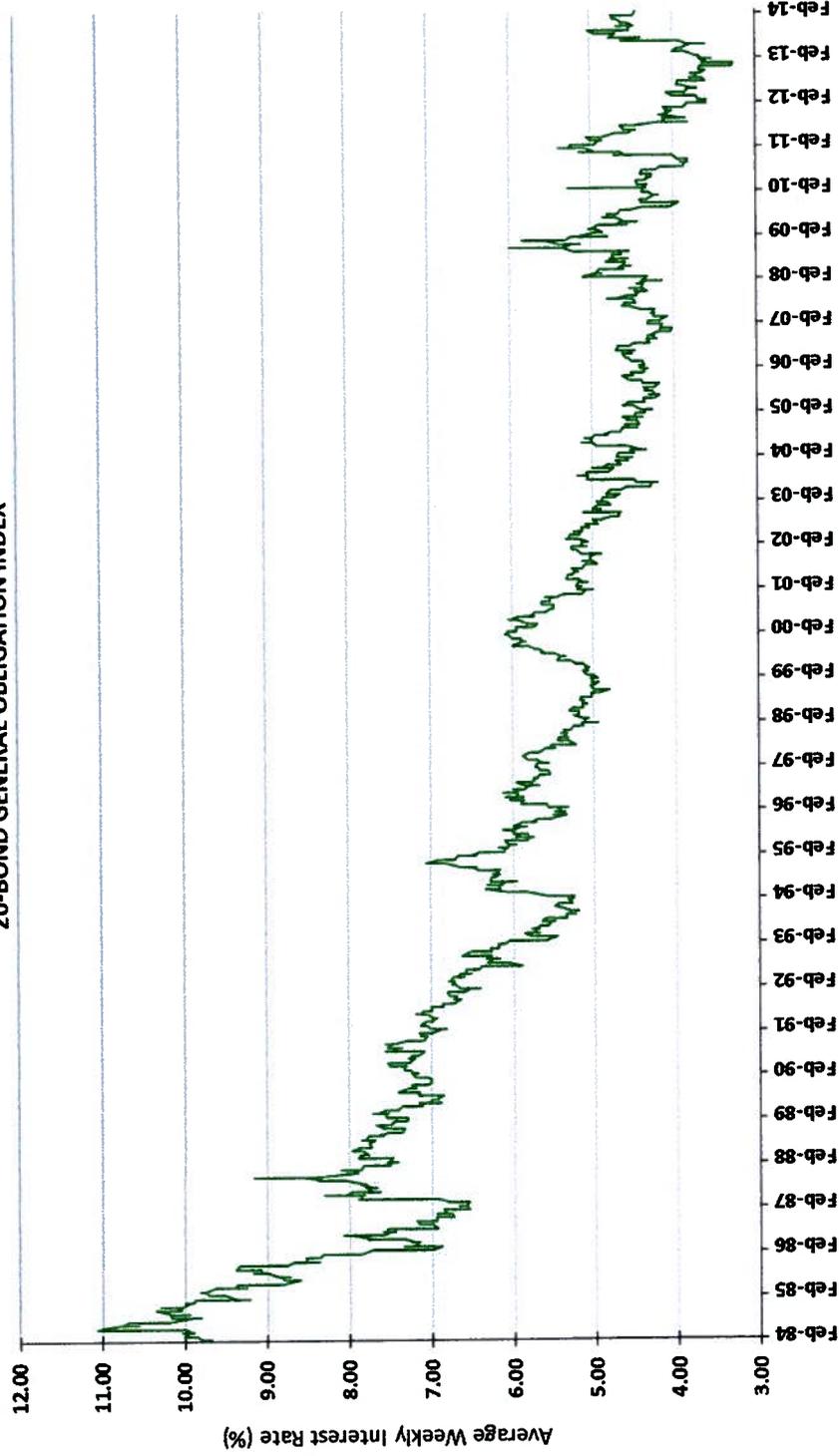
Period Ending	Principal (I)	Coupon (I)	Interest (I)	Annual Payment (I)
12/1/2015	0		125,750	125,750
12/1/2016	0		125,750	125,750
12/1/2017	135,000	2.00%	125,750	260,750
12/1/2018	135,000	2.00%	123,050	258,050
12/1/2019	140,000	2.00%	120,350	260,350
12/1/2020	140,000	2.00%	117,550	257,550
12/1/2021	145,000	3.00%	114,750	259,750
12/1/2022	150,000	3.00%	110,400	260,400
12/1/2023	155,000	3.00%	105,900	260,900
12/1/2024	160,000	4.00%	101,250	261,250
12/1/2025	165,000	4.00%	94,850	259,850
12/1/2026	170,000	4.00%	88,250	258,250
12/1/2027	180,000	4.50%	81,450	261,450
12/1/2028	185,000	4.50%	73,350	258,350
12/1/2029	195,000	4.50%	65,025	260,025
12/1/2030	205,000	5.00%	56,250	261,250
12/1/2031	215,000	5.00%	46,000	261,000
12/1/2032	225,000	5.00%	35,250	260,250
12/1/2033	235,000	5.00%	24,000	259,000
12/1/2034	245,000	5.00%	12,250	257,250
<b>Total</b>	<b>3,180,000</b>		<b>1,747,175</b>	<b>4,927,175</b>
<b>Est. True Interest Cost (I):</b>		<b>3.97%</b>		

**Assumptions:**

1. Bond size may be less than the Net Proceeds+Reserve Fund because investors pay a premium (more than 100%), which reduces the bond size. Preliminary and subject to change.
2. Interest cost estimate is preliminary and subject to change, assumes a rating of "A+".

# Interest Rate Market

Bond Buyer Index (As of February 13, 2014)  
(30-Year History)  
20-BOND GENERAL OBLIGATION INDEX\*

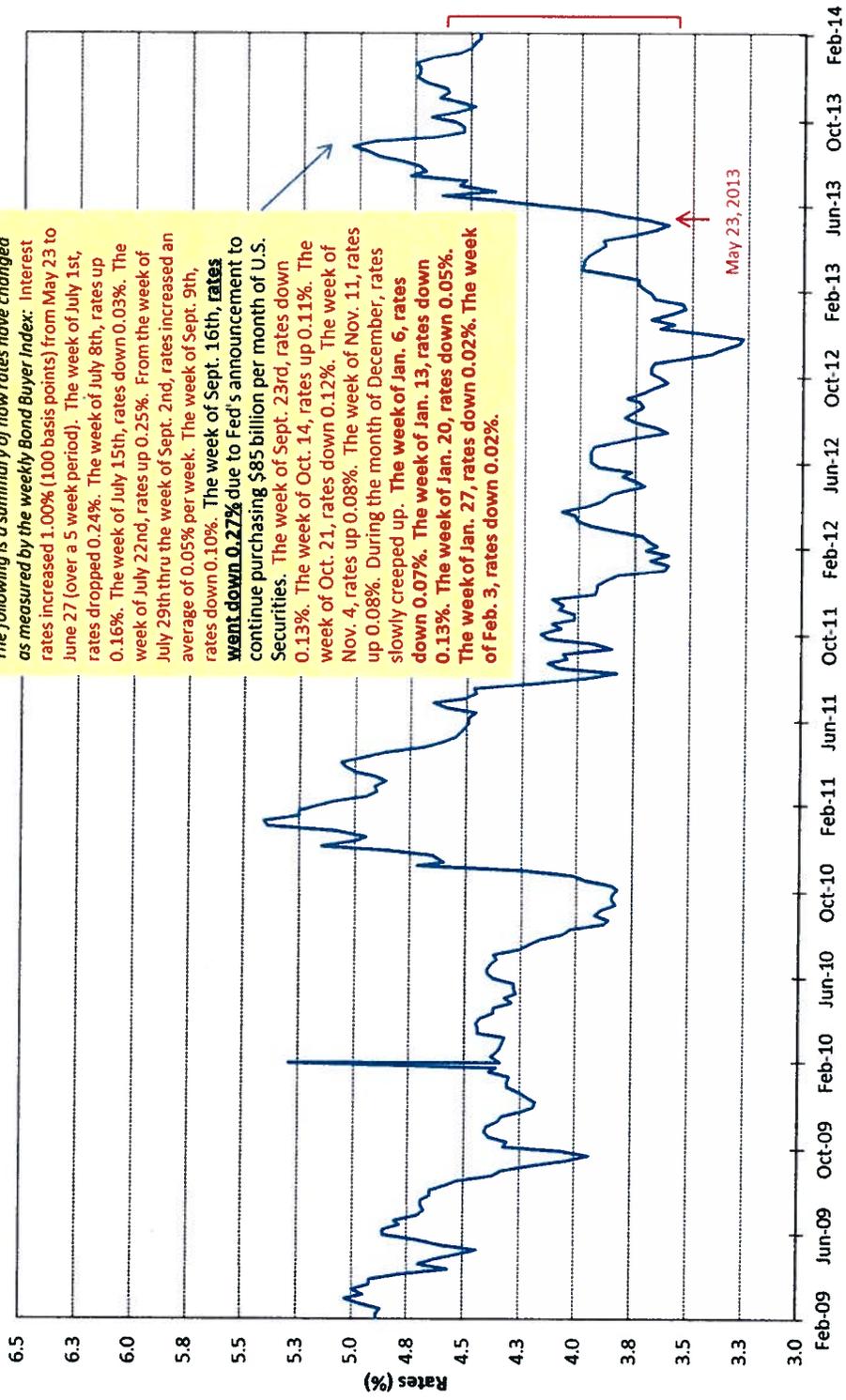


\*The "20-Bond G.O. Index" is comprised of 20 different issuers whose bonds have an average rating of AA/Aa2 maturing in 20 years.



## Bond Buyer Index 20-Year General Obligation Index\* (5 year history) As of February 13, 2014

The following is a summary of how rates have changed as measured by the weekly Bond Buyer Index: Interest rates increased 1.00% (100 basis points) from May 23 to June 27 (over a 5 week period). The week of July 1st, rates dropped 0.24%. The week of July 8th, rates up 0.16%. The week of July 15th, rates down 0.03%. The week of July 22nd, rates up 0.25%. From the week of July 29th thru the week of Sept. 2nd, rates increased an average of 0.05% per week. The week of Sept. 9th, rates down 0.10%. The week of Sept. 16th, rates went down 0.27% due to Fed's announcement to continue purchasing \$85 billion per month of U.S. Securities. The week of Sept. 23rd, rates down 0.13%. The week of Oct. 14, rates up 0.11%. The week of Oct. 21, rates down 0.12%. The week of Nov. 4, rates up 0.08%. The week of Nov. 11, rates up 0.08%. During the month of December, rates slowly crept up. The week of Jan. 6, rates down 0.07%. The week of Jan. 13, rates down 0.13%. The week of Jan. 20, rates down 0.05%. The week of Jan. 27, rates down 0.02%. The week of Feb. 3, rates down 0.02%.



\*The "20-Bond G.O. Index" is comprised of 20 different issuers whose bonds have an average rating of AA/Aa2 maturing in 20 years.



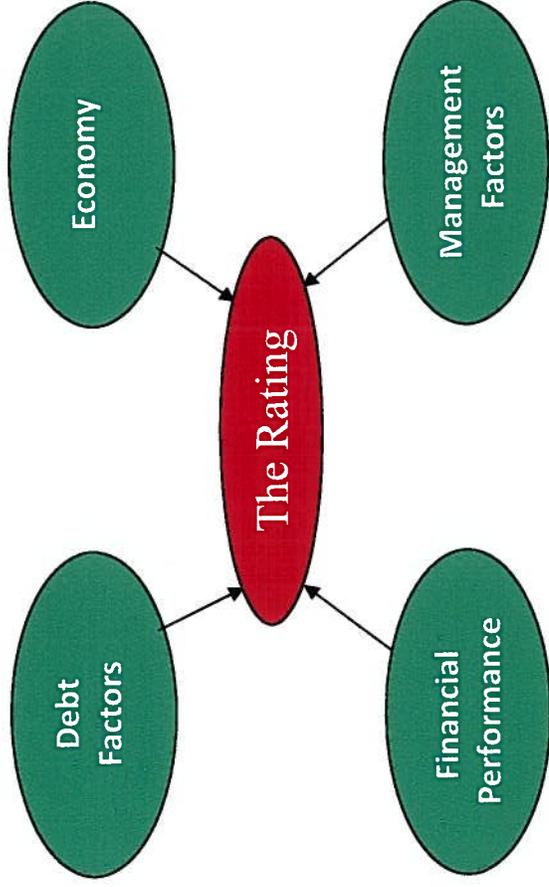
# Bond Rating Grades

- ❖ A rating grade achieves a lower interest cost.
- ❖ Investors (i.e., buyers of municipal bonds) view the rating grade as an indication of risk (i.e. likelihood to default on payments).
- ❖ A higher bond rating grade results in lower interest rates because investors feel this is an indication of reduced risk. Therefore, the higher the bond rating, the lower the interest rate on the bonds.

	S&P	Moody's
Best Quality	AAA	Aaa
High Quality	AA+	Aa1
	AA	Aa2
	AA-	Aa3
Upper Medium Grade	A+	A1
	A	A2
	A-	A3
Lower Medium Grade	BBB+	Baa1
	BBB	Baa2
	BBB-	Baa3
Non-investment Grade/Speculative	BB+	Ba1
	BB	Ba2
	BB-	Ba3
Highly Speculative	B+	B1
	B	B2
	B-	B3
Substantial Risks	CCC+	Caa1
	CCC	Caa2
Default imminent with little prospect for recovery	CCC-	Caa3
	CC	Ca
In Default	C	C

# Key Factors For the Rating

*Bond raters consider the local economy, finances and other factors.*



# Bond Financing Process

Steps	Target Dates	Action
		City goes thru a process of capital improvement planning, prioritizing the projects, determining the sources of revenue for the bond payments (i.e., regular taxes, voted tax, sales tax increase, ratepayer charges, property assessments, etc.), discuss options for funding (grants, PWTF, Bonds, etc.), determine Debt Limit and affordability analysis, begin the bond financing process as follows:
<b>1</b>	<b>Week 1</b>	Underwriter begins drafting the Preliminary Official Statement (i.e., <i>financing terms, source of payment, prepayment options, local/regional economy, last 5 years of financials, etc.</i> )
<b>2</b>	<b>Week 3</b>	Underwriter releases draft Preliminary Official Statement (POS) for review and comments.
<b>3</b>	<b>Week 4</b>	City & Bond Attorney provide comments and remaining information to the Underwriter.
<b>4</b>	<b>Week 4</b>	Bond attorney sends out the draft Bond Ordinance to City and Underwriter to review.
<b>5</b>	<b>Week 5</b>	<b>City Council approves the Bond Ordinance and Delegation Parameters</b>
<b>6</b>	<b>Week 5</b>	Underwriters releases information package to the rating agency (Standard & Poor's ("S&P")).
<b>7</b>	<b>Week 6</b>	Practice conference call and rating presentation (via conference call) with S&P.
<b>8</b>	<b>Week 7</b>	Receive rating grade from S&P, release the POS, and begin marketing the Bonds to prospective investors.
<b>9</b>	<b>Week 8</b>	Review market conditions/pre-pricing call with City staff.
<b>10</b>	<b>Week 9</b>	Set the final interest rates for the Bonds ( <i>based on comparable bonds sales, spread to MMD index, market conditions</i> ), approve Contract of Purchase.
<b>11</b>	<b>Week 10</b>	<b>Closing and Delivery of Bond proceeds.</b>

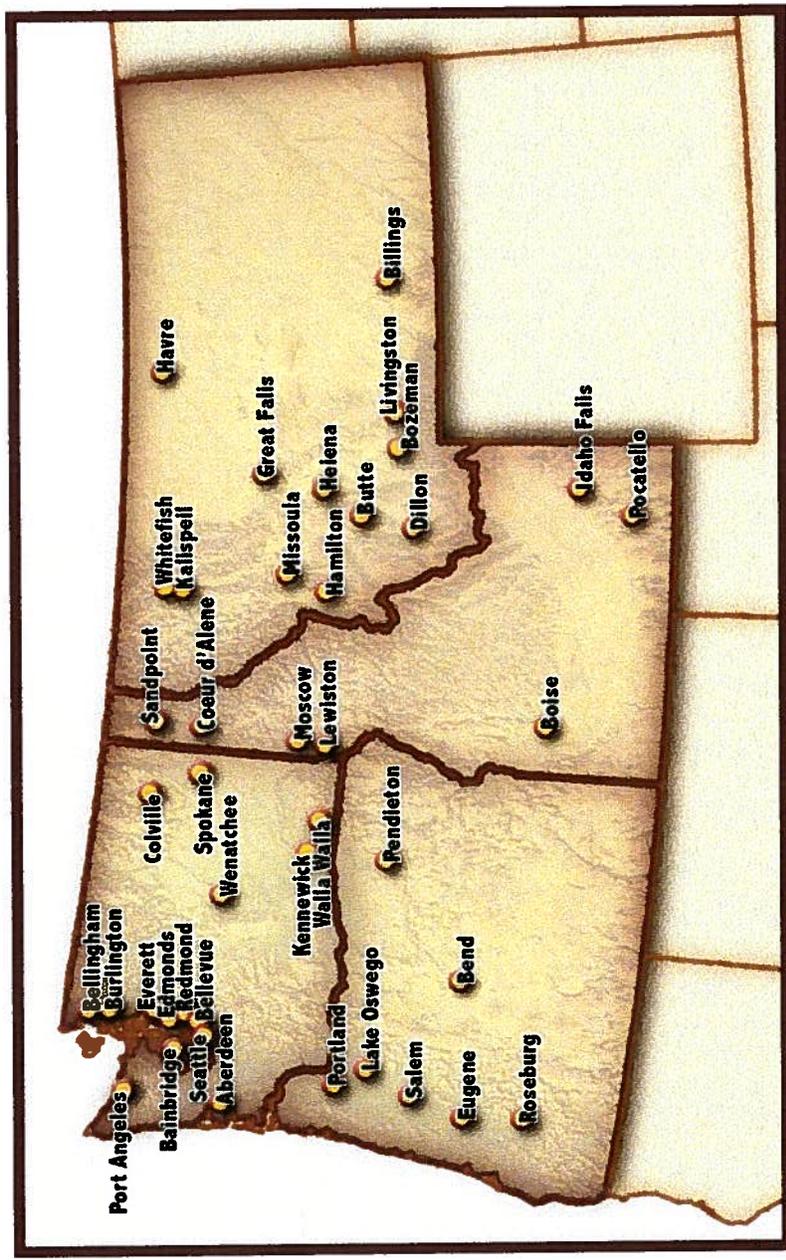


# Davidson Introduction

- Ranked 1st in Washington State and 4<sup>th</sup> in the country in 2013 for number of negotiated municipal transactions completed.
- We are the largest financial services company headquartered in the Pacific Northwest. Originated in 1935.
- Depth of Public Finance team: Our team has a wide-range of experience including ratings, disclosure and analytical expertise with all types of issuers of bonds.
- Broad Public Finance experience: We are in the market as underwriter or financial advisor with bond issues ranging from under \$1 million to over \$100 million.
- Our 44-office network includes 15 offices in Washington State and over 1,450 employees firm-wide.
- Local presence: We have a retail office in **Everett** that can market your bonds to local investors.
- D.A. Davidson has over approximately \$65 million in net capital as of January 31, 2013.

# Davidson's Market Coverage

- 44 retail offices located in the Northwest (15 retail offices in [Washington State](#) enabling us to effectively market bonds to local investors)
- Strong national, regional and local institutional coverage with 61 institutional salespeople to market bonds to banks, insurance companies, mutual funds
- 3 regional municipal underwriting/bond trading desks in Seattle, Denver and Omaha



Source: D.A. Davidson & Co.

# Public Finance Services

- Debt Structuring and Analysis
- Disclosure and Continuing Disclosure
- Financial Advisory
- Direct Placement
  - Banks
  - Others
- Rating Agency Analysis and Presentations
- Ongoing Service after the Bond sale:
  - Cashflow Analysis
  - Assist with communications between the municipality and rating agency
- Fixed and Variable Debt
- Refunding Analysis
- Taxable and Tax-exempt
- Planning and Analysis for LID, RID and ULID Projects
- Non-voted Debt and Affordability Analysis
- Voted Bonds and Tax Levy Impact Analysis
- Revenue Bonds and Parity Coverage



# Davidson's Strong Nationwide and Local Presence



Despite our regional focus in the West and Midwest, Davidson ranks among the top investment banks in tax-exempt negotiated financings nationally.

2013 WA Neg Underwritings - Ranking by No. of Issues

Rank	Firm	No. of Issues	Mkt. Share	Par (US\$ mil)
1	D A Davidson & Co	51	32.3	647.7
2	Piper Jaffray & Co	49	31.0	969.8
3	Citi	13	8.2	568.4
4*	J P Morgan Securities LLC	12	7.6	687.5
4*	Martin Neilson & Co Inc	12	7.6	24.2
6	Barclays	5	3.2	631.7
7*	RBC Capital Markets	4	2.5	99.2
7*	Bank of America Merrill Lynch	4	2.5	287.4
9*	Goldman Sachs & Co	2	1.3	108.6
9*	Morgan Stanley	2	1.3	131.1
9*	Ziegler	2	1.3	44.7
9*	Wells Fargo & Co	2	1.3	9.7

Source: SDC, 1/7/14

2013 National Neg Underwritings - Ranking by No. of Issues

Rank	Firm	No. of Issues	Share	Par (US\$ mil)
1	RBC Capital Markets	532	7.9	16,782.2
2	Stifel Nicolaus & Co Inc	473	7.0	7,824.1
3	Piper Jaffray & Co	459	6.8	8,691.5
4	D A Davidson & Co	345	5.1	1,938.1
5	Raymond James	291	4.3	8,220.2
6	Robert W Baird & Co Inc	282	4.2	3,207.7
7	Citi	263	3.9	27,687.4
8	Bank of America Merrill Lynch	260	3.9	29,532.4
9	J P Morgan Securities LLC	234	3.5	26,988.6
10	Ameritas Investment Corp	213	3.2	718.7

Source: SDC, 1/7/14

# Davidson's Public Finance Team

## JIM NELSON

SENIOR VICE PRESIDENT

(206) 389-4062

27 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA



- Specializes in general municipal finance with counties, cities, ports, fire districts, parks districts, water & sewer districts, as well as other special districts. Jim has served as bond underwriter to a number of Washington municipalities, including Sultan, Snohomish, Duvall, Carnation, Snoqualmie, North Bend, Lake Forest Park, Shoreline Water District, Ronal Waste Water District, Olympic View Water & Sewer District, Snohomish County Fire District No. 7, Leavenworth, Cashmere, Chelan, East Wenatchee, Ellensburg, Moses Lake, Mukilteo Water & Wastewater District, Si View Metropolitan Park District, etc. Jim is very experienced in assisting Washington municipalities with rating presentations.
- Prior to joining D.A. Davidson, he held positions with Martin Nelson & Co., U.S. Bank and Prudential Securities.
- He has completed over 300 financings with a par amount greater than \$4.5 billion.
- FINRA Series 53 and Series 63 Licenses .
- B.A. in Economic Geography from the University of Washington.

## DAVE TRAGESER

SENIOR VICE PRESIDENT

(206) 903-8699

28 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA



- Specializes in general municipal finance with counties, cities, ports, school districts, fire districts, water and sewer districts, as well as special districts, housing authorities, non-profits and tribal governments. Dave's clients include: Monroe, Puyallup, Lake Stevens Sewer District, Cross Valley Water District, West Sound Utility, Skyway Water & Sewer District, Lacey, Bremerton, Gig Harbor, Tacoma, Pierce County, etc. etc. He has completed over 300 financings, both short and long-term.
- Completed over 300 financings, underwritten over \$4.5 billion of bonds.
- Series 7, Series 53, and Series 63 Licenses, Bachelors Degree in Business Administration from Pacific Lutheran University and a Masters in Business Administration from Seattle University.

# Davidson's Public Finance Team

## MARK FROIO, CFA

VICE PRESIDENT, UNDERWRITING

(206) 903-8684

27 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA



- Responsible for northwestern regional municipal trading and underwriting. Manages the competitive and negotiated underwriting accounts for transactions in Washington, Oregon, Montana, and Idaho.
- Prior to joining D.A. Davidson, he held positions with Merrill Lynch, Prudential Securities and U.S. Bancorp Piper Jaffray.
- B.A. in Economics with a minor in English from Hamilton College in Clinton, New York.
- Earned the prestigious Chartered Financial Analyst designation in the field of investment management and investment research analysis.

## SUZANNE EIDE

VICE PRESIDENT

(206) 903-8690

12 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA



- She has served as the lead debt structuring professional for senior managed financings on behalf of general municipal, ports, school district, tribal, utility and non-profit clients including Aberdeen School District, Cosmopolis School District, City of Ocean Shores, Lake Stevens Sewer District, City of Gig Harbor, City of Puyallup, City of Tacoma, Pierce County, and Kitsap County, among many others.
- During her 10 years in public finance, has assisted clients in the issuance of over \$1 billion in bond financing.
- Prior to joining D.A. Davidson, Ms. Eide was with Banc of America Securities for 6 years.
- B.S. in Finance from the University of Illinois at Urbana-Champaign, MBA from University of Washington
- FINRA Series 7 and 63 securities licenses.

# Davidson's Public Finance Team

## MAURA LENTINI

*VICE PRESIDENT*

(206) 903-8687

13 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA



- She specializes in credit analysis and crafting rating presentations, as well as structuring transactions and debt capacity studies for healthcare, higher education and municipal clients.
- Prior to joining Davidson, she was a rating analyst for the Public Finance Group at Moody's Investors Service in New York. As a member of the Higher Education and other Not-for-Profit Institutions ratings team at Moody's, Ms. Lentini was the lead analyst responsible for a portfolio of over 100 colleges, universities and other not-for-profit institutions and a rating committee member for the education sector nationwide.
- Ms. Lentini holds an MPA degree and a MA degree in International Relations from Syracuse University. She holds a Bachelor's degree from Cornell University with Distinction in all Subjects.
- Series 7 and Series 66 FINRA licenses.

## CRYSTAL VOGL

*VICE PRESIDENT*

(888) 389-8001

13 YEARS IN PUBLIC FINANCE

MAIN OFFICE: SEATTLE, WA &  
GREAT FALLS, MO



- Oversees and manages our disclosure area for Northwest issuers and will be responsible for all document preparation.
- Applies for ratings and bond insurance, providing required credit information. She has prepared disclosure materials and rating presentations for numerous issuers in Washington State.
- Expert in assisting municipalities with Continuing Disclosure deadlines and Material Event Notices.
- Expert in preparing Closing Memos and coordinating the Bond Closing process with the municipality, bond attorney, Treasurer's Office, Escrow Agent, Paying Agent and Depository Trust Company.
- B.S. in Business Finance from Montana State University; FINRA Series 52 and 63 securities licenses.

# Access to Unmatched Resources and Service

- Rating assistance → Maura Lentini, former Senior Moody's analyst
- Disclosure → Crystal Vogl, over 13 years of experience
- Bond Structure → Suzanne Eide, direct experience with refunding and complex financial plans
- Market Knowledge → Mark Froio, full-time in-state underwriter
- Banker Experience → Jim Nelson, 27 years of experience with over 300 issues underwritten. Jim serves a large number of Washington municipalities and has prior experience serving the City of Sultan.

# Who We Serve?

## Cities We Serve

Spokane	Bonney Lake	Fife	Brier
Tacoma	Monroe	Snohomish	Steilacoom
Kent	Aberdeen	Port Townsend	North Bend
Spokane Valley	Centralia	College Place	Prosser
Bellingham	Sunnyside	Hoquiam	Ocean Shores
Lacey	Washougal	Burlington	Woodland
Bremerton	East Wenatchee	Liberty Lake	Omak
Puyallup	Lake Forest Park	Ephrata	Sultan
Bothell	West Richland	Othello	Chelan
Wenatchee	Kelso	Chehalis	Deer Park
Pullman	Ferndale	Selah	Forks
Bainbridge Island	Port Orchard	Gig Harbor	Cashmere
Oak Harbor	Snoqualmie	Yelm	Friday Harbor
Moses Lake	Grandview	Milton	Leavenworth
Mukilteo	Cheney	Duvall	Cle Elum
Mill Creek	Newcastle	Sequim	Carnation
Ellensburg	Shelton	Firecrest	Long Beach
Battle Ground	Sumner	Normandy Park	Goldendale
Covington	Edgewood	Stanwood	Lake Stevens
Turnwater	Poulsbo	Airway Heights	Cashmere



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*Required Disclosure Pursuant to MSRB Rule G-23: An underwriter's primary role will be to purchase as principal, or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer. In its capacity as underwriter and not as financial advisor, an underwriter may provide incidental financial advisory services at the issuer's request, including advice regarding the structure, timing, terms and other similar matters concerning the issuance. However, an underwriter does not assume any financial advisory or fiduciary responsibilities with respect to the issuer.*



March 14, 2014

Laura Koenig  
 City of Sultan  
 319 Main Street  
 Sultan, WA 98294

Dear Ms. Koenig:

We are pleased to express our interest in considering the credit accommodation described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association ("Wells Fargo" or "Bank"), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

**BORROWER:** City of Sultan, WA (the "Borrower")

**PURCHASER:** Wells Fargo Bank, National Association ("Wells Fargo" or the "Bank"), or a wholly-owned subsidiary of the Bank.

**FACILITY AMOUNT:** Up to \$3,000,000 in principal.

**STRUCTURE:** The Bank will purchase floating rate bond anticipation notes, (the "Bonds").  
  
The Bank anticipates funding this credit facility as a Drawdown structure, with funds being disbursed by the Bank to the Borrower as needed over a 36 month draw period.

**PURPOSE:** The Bonds will be used to provide interim financing for City Water and Sewer projects

**TERM:** The Bonds will mature 36 months from issuance.

**SECURITY:** Pledge on water and sewer revenues.

**REPAYMENT TERMS:** Semi-annual payments interest with principal due at maturity.

**INTEREST RATE:** The Bonds will contain an Index Floating Rate Mode whereby the interest rate on the Bonds will be reset monthly at 65.2% of LIBOR plus an Applicable Spread of 1.10%  
  
The Index Rate is subject to adjustment upon a) the occurrence of an event of taxability, b) a reduction in the maximum federal corporate tax rate and/or c) the incurrence of increased costs.

**COMPUTATION BASIS:** Computations of interest shall be calculated on the basis of a 360-day year and actual days elapsed.

**PREPAYMENT PROVISIONS:** The Loan may be prepaid without penalty on any regularly scheduled payment date.

**CLOSING FEE:** .50% of Bond Par amount payable at closing.

**OTHER FEES:** Usual and customary for this type of financing, including attorney's fees (bond and bank), and customary language regarding increased costs, capital adequacy and taxes.

Whether or not the transaction is executed, the Borrower will pay all fees and expenses relating to the preparation of the Financing Documentation.

*Estimated Fees:*

Bond Counsel	At cost
Bank Counsel	\$10,000 - \$15,000

**INCREASED COSTS AND CAPITAL ADEQUACY; TAXES:** Customary for facilities of this type, including, without limitation, provisions concerning increased costs, taxes, changes in capital adequacy, capital requirements and other requirements of law (including Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III), or their interpretation, illegality, unavailability, and reserves without proration or offset and payments free and clear of withholding or other taxes.

**TAXABLE RATE:** In case of a determination of taxability, the Borrower will prepay the bonds within 60 days with a premium so that the total amount of premium plus interest paid from the date of taxability through the date of prepayment would be calculated at the Tax Free Rate multiplied by a Tax-Exempt factor currently estimated at 1.54 plus any other expenses incurred by the Bondholder as a result of the determination of taxability.

**RATE ADJUSTMENT** In order that the bondholder maintains a certain tax-equivalent yield on its investment, the tax-free rate is subject to further adjustments (beyond the changes outlined in the paragraph above) in the event of further governmental legislation which adversely affects the tax-equivalent yield to the bondholder.

**PRINCIPAL FINANCIAL COVENANTS:** Usual and customary for this type of financing, including but not limited to:

- Minimum Debt Service Coverage to be determined during credit underwriting process
- Restrictions on additional indebtedness without Bank permission
- The Bonds shall be cross defaulted with all other indebtedness

**DEFAULT RATE:** Wells Fargo Prime Rate plus 4.00%

**CONDITIONS PRECEDENT TO CONSIDERING CREDIT ACCOMMODATION:** Usual and customary for this type of financing. The Facility will be governed by an Agreement for the benefit of the Bank, which agreement will contain conditions and covenants and other provisions that would be usual and customary for this type of financing, including but not limited to:

- 1) Approval of Bank's senior credit management
- 2) Receipt of due diligence information satisfactory to the Bank.
- 3) No material adverse change in the assets, operations, condition (financial or otherwise) or prospects of the Borrower, nor in the facts and information regarding such entities as represented to date prior to Closing.
- 4) It is assumed that the transaction will be "bank-qualified" under the \$10 million small issuer exemption as defined in the Tax Reform Act of 1986.

- 5) The Borrower shall cause the Issuer to designate the Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code.
- 6) Receipt of Opinion of Bond Counsel acceptable to the Bank, Bank Counsel and Trustee
- 7) Receipt of the Opinion of Borrower Counsel acceptable to the Bank, Bank Counsel, and Trustee
- 8) Disclosure of any pending or threatened litigation (with such pending or threatened litigation acceptable to the Bank)
- 9) Execution and delivery of the Financing Documents and all certificates, authorizations and opinions requested in form and substance satisfactory to the Bank, with legal opinions to cover such matters as the Bank may require.
- 10) Payment of all fees, including but not limited to, appraisal fees, environmental fees, legal fees and closing fees.
- 11) Other conditions deemed appropriate.

**EMMA AND RATING AGENCY DISCLOSURE:**

To maintain transparency with its existing bondholders and the rating agencies, Wells Fargo requests that the Borrower a) post the Resolution, and Ordinance on the MSRB’s EMMA site following the closing of the transaction, provided that pricing and certain other information contained therein, as directed by the Bank, shall be redacted prior to such posting and b) deliver relevant financing documents to the rating agencies.

**BANKING RELATIONSHIP:**

In an effort of good faith, the Borrower will be asked to include the Bank in future banking requests. It is assumed that the Borrower will establish an account with the Bank for the purposes of principal and interest payment.

**REPORTING REQUIREMENTS:**

Usual and customary for transactions of this nature including but not limited to:

- Annual Audited Financial Statements
- Annual Budget

**FUTURE MODIFICATIONS:**

The terms, conditions and interest rates herein reference the financing and the par amount indicated herein and are subject to revision in the discretion of the Bank, including, without limitation, in the event that (i) the par amount changes, (ii) the transaction deviates materially from what was initially described in conjunction therewith, (iii) the proposed financing does not close (other than as a result of action/inaction by the Bank) or (iv) events occur resulting in a material disruption of the market.

**NO ADVISORY OR FIDUCIARY ROLE:**

The Borrower acknowledges and agrees that: (i) the transaction contemplated by this term sheet is an arm’s length, commercial transaction between the Borrower and Wells Fargo Bank, N.A., in which Wells Fargo Bank, N.A. is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borrower; (ii) Wells Fargo Bank, N.A. has not assumed any advisory or fiduciary responsibility to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Wells Fargo Bank, N.A. or its affiliates have provided other services to the Borrower on other matters); (iii) the only obligations Wells Fargo Bank, N.A. has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (iv) the Borrower has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**REPS AND  
WARRANTIES:**

Usual and customary for this type of financing.

**TRANSFER  
PROVISIONS:**

While the Bank is purchasing the Bonds for its own account without a current intention to transfer them, the Bank reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Bonds without the consent of the Borrower.

**EVENTS OF DEFAULT:**

Usual and customary for transactions of this type, to include without limitation: (i) nonpayment of principal, interest, fees or other amounts when due under any of the loan documents; (ii) non-compliance with any representation or warranty; (iii) violation of any covenant continuing beyond any agreed cure period; (iv) default under any other indebtedness; (v) bankruptcy or insolvency event; (vi) unpaid judgment; (vii) material adverse change; (viii) invalidity of any of the Bond documents.

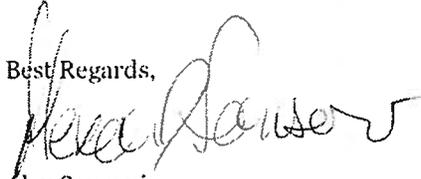
**CONFIDENTIALITY:**

This Term Sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with this Financing who agree to be bound by such confidentiality requirements, or as may be required by law.

Notwithstanding anything herein to the contrary, any party hereto may disclose to any and all persons, without limitation of any kind the tax treatment or tax structure of this transaction. Furthermore, the parties to this transaction may disclose, as required by federal or state laws, any information as required to comply with such federal or state laws.

This expression of interest is not intended to be, and should not be construed as, a commitment to enter into a direct purchase of bonds, nor should it be construed as an attempt to establish all of the terms and conditions relating to such an accommodation. It is intended only to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Borrower and Bank.

Best Regards,



Alex Sansoni  
Vice President  
Wells Fargo Bank, N.A.

Acknowledged and accepted as of \_\_\_\_\_:

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

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

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

**Attachment D**  
**Summary of Some Grant and Loan Programs**  
**for Drinking Water and Wastewater Projects**  
**Updated 1-22-14**

Please contact Cathi Read at [cathi.read@commerce.wa.gov](mailto:cathi.read@commerce.wa.gov) if you would like to update your program information or if you would like an electronic copy of this document.

## PLANNING

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CDBG-POG</b> Community Development Block Grant – Planning-Only Grant Program	<ul style="list-style-type: none"> <li>• Comprehensive plans</li> <li>• Infrastructure plans</li> <li>• Feasibility studies</li> <li>• Community action plans</li> <li>• Low-income housing assessments</li> </ul>	Projects must principally benefit low- to moderate-income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>• Cities or towns with fewer than 50,000 people</li> <li>• Counties with fewer than 200,000 people</li> </ul>	Grant <ul style="list-style-type: none"> <li>• Up to \$24,000 for a single jurisdiction.</li> <li>• Up to \$35,000 for single jurisdiction projects that address urgent public health and safety needs.</li> <li>• Up to \$40,000 for multiple jurisdictions/joint application.</li> </ul>	2013 applications accepted through April 2014 on a fund-available basis. 2014 applications accepted beginning October 1, 2014.  <b>Contacts:</b> Phyllis Cole, 360-725-4001 <a href="mailto:phyllis.cole@commerce.wa.gov">phyllis.cole@commerce.wa.gov</a>  Jon Galow, 509-847-5021 <a href="mailto:Jon.galow@commerce.wa.gov">Jon.galow@commerce.wa.gov</a>
<b>PWTF PLANNING</b> Public Works Trust Fund – Planning Program	<ul style="list-style-type: none"> <li>• Single or multiple system plans covering PWTF eligible systems</li> <li>• Updates to existing capital facilities plans</li> <li>• Environmental studies</li> <li>• Cultural/historical project reviews</li> </ul>	Counties, cities, and special-purpose districts that meet certain requirements (contact Regional Service Coordinator).  No school or port districts.	No planning funding is currently available.	Note: Availability of future funds is dependent on approval by the Governor and Legislature.  <b>Contact:</b> Isaac Huang, Regional Service Coordinator, 360-725-3162 <a href="mailto:isaac.huang@commerce.wa.gov">isaac.huang@commerce.wa.gov</a>
<b>CERB PLANNING AND FEASIBILITY GRANTS</b> Community Economic Revitalization Board – Project-Specific Planning Program	Project-specific feasibility and pre-development studies that advance community economic development goals for industrial sector business development.	Eligible statewide <ul style="list-style-type: none"> <li>• Counties, cities, towns, port districts, special districts.</li> <li>• Federally recognized tribes</li> <li>• Municipal corporations, quasi-municipal corporations w/ economic development purposes.</li> </ul>	Grant <ul style="list-style-type: none"> <li>• Up to \$50,000 per application.</li> <li>• Requires 25 percent matching funds.</li> </ul>	Applications accepted year-round. The Board meets six times a year.  <b>Contacts:</b> Janea Eddy, 360-725-3151 <a href="mailto:janea.eddy@commerce.wa.gov">janea.eddy@commerce.wa.gov</a>  Dawn Eychaner, 360-725-4052 <a href="mailto:Dawn.eychaner@commerce.wa.gov">Dawn.eychaner@commerce.wa.gov</a>

<p><b>RCAC RURAL COMMUNITY ASSISTANCE CORPORATION</b> Feasibility and Pre-Development Loans</p>	<p>Water and/or wastewater planning; environmental work; and other work to assist in developing an application for infrastructure improvements.</p>	<p>Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 or less if guaranteed by USDA Rural Development financing.</p>	<ul style="list-style-type: none"> <li>• Maximum \$50,000 for feasibility loan.</li> <li>• Maximum \$350,000 for pre-development loan.</li> <li>• 1 year term.</li> <li>• 5.5% interest rate.</li> </ul>	<p>Applications accepted anytime</p> <p><b>Contact:</b> Josh Griff 720-951-2163 <a href="mailto:jgriff@rcac.org">jgriff@rcac.org</a></p> <p>Applications available on-line at <a href="http://www.rcac.org">www.rcac.org</a></p>
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**PLANNING – continued**

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<p><b>ECOLOGICAL INTEGRATED WATER QUALITY FUNDING PROGRAM</b> State Water Pollution Control Revolving Fund Centennial Clean Water Fund</p>	<p>Planning projects associated with publicly-owned wastewater and stormwater facilities.</p> <p>The integrated program also funds planning and implementation of nonpoint source pollution control activities.</p>	<p>Counties, cities, towns, conservation districts, or other political subdivision, municipal or quasi-municipal corporations, and tribes</p> <p><u>Preconstruction Set-aside</u> Jurisdictions listed above with a population of 25,000 or less and a MHI (median household income) below the statewide average receive priority for loan funds.</p> <p><u>Preconstruction Set-aside (Distressed Communities)</u> Jurisdictions listed above with a population of 25,000 or less and a MHI below 80% of the statewide average.</p>	<p>Loan, at either: (SFY 2015 interest rates)</p> <ul style="list-style-type: none"> <li>• 2.7% interest for 6-20 year term, or</li> <li>• 1.4% interest for 5 year term</li> </ul> <p><u>Pre-Construction Set-aside (Distressed Communities)</u> 50% forgivable principal loan and 50% loan, at either: (SFY 2015 interest rates)</p> <ul style="list-style-type: none"> <li>• 2.7% interest for 6-20 year term, or</li> <li>• 1.4% interest for 5 year term</li> </ul>	<p>Applications typically accepted September 1 through first Friday in November.</p> <p><b>Contact:</b> David Dunn 360-407-6503 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a></p> <p><a href="http://www.ecy.wa.gov/programs/wq/funding/funding.html">http://www.ecy.wa.gov/programs/wq/funding/funding.html</a></p>

<p><b>RD PRE-DEVELOPMENT GRANTS (PPD)</b> U.S. Dept. of Agriculture Rural Development – Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants</p>	<p>Water and/or sewer planning; environmental work; and other work to assist in developing an application for infrastructure improvements.</p>	<p>Low-income, small communities and systems serving areas under 10,000 population.</p>	<p>Loans; Grants in some cases, depending on funding availability.  Maximum \$25,000 grant Requires minimum 25% match</p>	<p>Applications accepted year-round, on a fund-available basis.  <b>Contact:</b> Gene Dobry 360-704-7733 <a href="mailto:eugene.dobry@wa.usda.gov">eugene.dobry@wa.usda.gov</a> <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a></p>
<p><b>RD 'SEARCH' GRANTS: SPECIAL EVALUATION ASSISTANCE FOR RURAL COMMUNITIES</b> U.S. Dept. of Agriculture Rural Development – Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants</p>	<p>Water and/or sewer planning; environmental work; and other work to assist in developing an application for infrastructure improvements.</p>	<p>Low-income, small communities and systems serving areas under 2,500 population.</p>	<p>Maximum \$30,000 grant. No match required.</p>	<p>Applications accepted year-round, on a fund-available basis  <b>Contact:</b> Gene Dobry 360-704-7733 <a href="mailto:eugene.dobry@wa.usda.gov">eugene.dobry@wa.usda.gov</a> <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a></p>

**PRE-CONSTRUCTION ONLY**

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<p><b>PWTF PRE-CON</b> Public Works Trust Fund – Pre-Construction Program</p>	<p>Low-interest loans are available to fund pre-construction activities that prepare a specific project for construction.</p>	<p>Counties, cities, special purpose districts, and quasi-municipal organizations that meet certain requirements.  School districts and port districts are not eligible.</p>	<p>The Public Works Board has requested approval of supplemental funding of \$10 million. If approved by the Governor and Legislature, funds will be available in July 2014.  Loan terms to be made available once program is funded.</p>	<p>Check the Public Works Board website periodically at <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> to obtain the latest information on program details or to contact Public Works Board staff.  Map of Regional Service Coordinators: <a href="http://www.pwb.wa.gov/technical-assistance/Regional-Service-Coordinator/Pages/default.aspx">http://www.pwb.wa.gov/technical-assistance/Regional-Service-Coordinator/Pages/default.aspx</a></p>
<p><b>ECOLOGY: INTEGRATED WATER QUALITY FUNDING</b></p>	<p>Design projects associated with publicly-owned</p>	<p>Counties, cities, towns, conservation districts, or other political subdivision, municipal</p>	<p>Loan, at either: (SFY 2015 interest rates) • 2.7% interest for 6-20 year</p>	<p>Applications typically accepted September 1 through first Friday in November.</p>

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>PROGRAM</b> State Water Pollution Control Revolving Fund  Centennial Clean Water Fund	wastewater and stormwater facilities.  The integrated program also funds planning and implementation of nonpoint source pollution control activities.	or quasi-municipal corporations, and tribes.  <u>Preconstruction Set-aside</u> Jurisdictions listed above with a population of 25,000 or less and a MHI (median household income) below the statewide average receive priority for loan funds.  <u>Preconstruction Set-aside (Distressed Communities)</u> Jurisdictions listed above with a population of 25,000 or less and a MHI below 80% of the statewide average.	term, or <ul style="list-style-type: none"> <li>• 1.4% interest for 5 year term</li> </ul> <u>Pre-Construction Set-aside (Distressed Communities)</u> 50% forgivable principal loan and 50% loan, at either: (SFY 2015 interest rates) <ul style="list-style-type: none"> <li>• 2.7% interest for 6-20 year term, or</li> <li>• 1.4% interest for 5 year term</li> </ul>	<b>Contact: David Dunn</b> 360-407-6503 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a>  <a href="http://www.ecy.wa.gov/programs/wq/funding/funding.html">http://www.ecy.wa.gov/programs/wq/funding/funding.html</a>
<b>RCAC</b> <b>RURAL COMMUNITY ASSISTANCE CORPORATION</b> Feasibility and Pre-Development Loans	Water and/or wastewater planning; environmental work; and other work to assist in developing an application for infrastructure improvements.	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 or less if guaranteed by USDA Rural Development financing.	<ul style="list-style-type: none"> <li>• Maximum \$50,000 for feasibility loan.</li> <li>• Maximum \$350,000 for pre-development loan.</li> <li>• 1 year term.</li> <li>• 5.5% interest rate.</li> </ul>	Applications accepted anytime  <b>Contact: Josh Griff</b> 720-951-2163 <a href="mailto:jgriff@rcac.org">jgriff@rcac.org</a> Applications available on-line at <a href="http://www.rcac.org">www.rcac.org</a>
<b>RURAL WATER REVOLVING LOAN FUND</b> Pre-Development Loans	Pre-development costs associated with proposed water and wastewater projects.  Short-term costs incurred for replacement equipment, small scale extension of services,	Systems applying must be public entities. This includes municipalities, counties, special purpose districts, Native American Tribes, and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.	<ul style="list-style-type: none"> <li>• Loan amounts may not exceed \$100,000 or 75% of the total project cost, whichever is less.</li> <li>• Interest rates at the lower of the poverty or market interest rate as published by USDA RD RUS, with a minimum of 3% at the time of closing.</li> </ul>	Applications accepted anytime.  <b>Contact: Tracey Hunter</b> Evergreen Rural Water of WA 360-462-9287 <a href="mailto:thunter@erwow.org">thunter@erwow.org</a>  Download application online: <a href="http://www.nrwa.org/benefits/rifapp.pdf">http://www.nrwa.org/benefits/rifapp.pdf</a>

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
	<p>or other small capital projects that are not a part of regular operations and maintenance.</p>		<ul style="list-style-type: none"> <li>• 5-year, interest only, pre-development loans will also be available.</li> <li>• Maximum repayment period is 10 years. Additional ranking points for a shorter repayment period. The repayment period cannot exceed the useful life of the facilities or financed item.</li> </ul>	
<p><b>SOURCE WATER PROTECTION GRANT PROGRAM</b></p>	<p>Drinking water source protection plans, feasibility studies, and hydrogeologic studies; and source protection actions/projects identified as a priority in a water system, local or regional plan.</p>	<p>Counties, cities, towns, and special purpose districts.</p> <p>Homeowner's associations and non-municipal water systems are not eligible.</p> <p>Project must be considered a priority for drinking water source protection by Department of Health Regional Office.</p>	<ul style="list-style-type: none"> <li>• Grants</li> <li>• Funding is dependent upon project needs, but typically does not exceed \$30,000.</li> </ul>	<p>Applications accepted anytime; grants awarded on a funds available basis.</p> <p><b>Contact:</b> Kitty Weisman  Source Water Protection Program Manager, Washington State Department of Health, Office of Drinking Water  360-236-3114  <a href="mailto:Kitty.weisman@doh.wa.gov">Kitty.weisman@doh.wa.gov</a></p>

## CONSTRUCTION and DESIGN/CONSTRUCTION

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CDBG-GP</b> Community Development Block Grant – General Purpose Grant Program	Final design and construction of wastewater, drinking water, side connections, stormwater, streets, bridge, community facility, economic development, and housing rehabilitation projects.	Projects must principally benefit low- to moderate-income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>• Cities or towns with fewer than 50,000 people</li> <li>• Counties with fewer than 200,000 people</li> </ul>	Grant <ul style="list-style-type: none"> <li>• Up to \$1,000,000, depending on project type, financial need, and past grant awards.</li> <li>• No match required, but local contribution and gap financing preferred.</li> </ul>	Application materials available mid-April 2014. Applications due mid-June 2014.  <b>Contact:</b> Kaaren Roe 360-725-3018 <a href="mailto:kaaren.roe@commerce.wa.gov">kaaren.roe@commerce.wa.gov</a>
<b>PWTF</b> Public Works Trust Fund – Construction Program	New construction, replacement, and repair of existing infrastructure for domestic water, sanitary sewer, stormwater, solid waste, road or bridge projects, and reasonable growth.	Counties, cities, special purpose districts, and quasi-municipal organizations that meet certain requirements (contact a Regional Service Coordinator for more information). No school districts or port districts.	Loan  Up to \$200 million may be available for funding, pending legislative approval.  Interest rates are set by loan term and average daily municipal bond market rates 30-60 days prior to the application cycle.  The repayment term cannot exceed the life of the improvement.  Local match is required.	2015 Application Cycle: Applications will be accepted in Spring 2014, and funds may be available in July 2015, subject to legislative approval.  Please visit <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> for information.  <b>Contact:</b> Isaac Huang, Regional Service Coordinator 360-725-3162 <a href="mailto:isaac.huang@commerce.wa.gov">isaac.huang@commerce.wa.gov</a>
<b>RD</b> U.S. Dept. of Agriculture Rural Development - Rural Utilities Service - Water and Waste Disposal Direct Loans and Grants	Pre-construction and construction associated with building, repairing, or improving drinking water, solid waste facilities and wastewater facilities.	<ul style="list-style-type: none"> <li>• Cities or towns with fewer than 10,000 population.</li> <li>• Counties, special purpose districts, non-profit corporations or tribes unable to get funds from other sources at reasonable rates and terms.</li> </ul>	Loans; Grants in some cases <ul style="list-style-type: none"> <li>• Interest rates vary (currently 2.625 – 4.375%).</li> <li>• Up to 40-year loan term.</li> <li>• No pre-payment penalty.</li> </ul>	Applications accepted year-round on a fund-available basis.  <b>Contact:</b> Gene Dobry 360-704-7733 <a href="mailto:eugene.dobry@wa.usda.gov">eugene.dobry@wa.usda.gov</a>  <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a>

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<p><b>DWSRF</b> Drinking Water State Revolving Fund</p>	<p>Drinking water system infrastructure projects aimed at increasing public health protection. The program now includes dedicated funding for subsidy.</p> <p>There is a limited amount of principal forgiveness for communities with high affordability index numbers and water system restructuring/ consolidation projects.</p>	<p>Community and non-community water systems (includes for-profit and non-profit systems, but not federal or state-owned systems); both privately- and publicly-owned systems are eligible</p>	<p>Loan</p> <ul style="list-style-type: none"> <li>• 1 percent loan fee (water systems receiving subsidy are not subject to loan fees).</li> <li>• \$12 million per jurisdiction per year. (2013 limit)</li> <li>• \$24 million for jointly-owned projects. (2013 limit)</li> <li>• 1 to 1.5 percent interest rate.</li> <li>• Loan repayment period: 20 years or life of the project, whichever is less.</li> <li>• No local match required.</li> </ul>	<p>The Fall 2014 application cycle will start September 1, 2014 and end September 30, 2014.</p> <p><b>Contact:</b> Karen Klocke 360-236-3116 <a href="mailto:karen.klocke@doh.wa.gov">karen.klocke@doh.wa.gov</a></p> <p><a href="http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm">www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm</a></p>
<p><b>ECOLOGY: INTEGRATED WATER QUALITY FUNDING PROGRAM</b> State Water Pollution Control Revolving Fund  Centennial Clean Water Fund</p>	<p>Construction projects associated with publicly-owned wastewater and stormwater facilities.</p> <p>The integrated program also funds planning and implementation of nonpoint source pollution control activities.</p>	<p>Counties, cities, towns, conservation districts, or other political subdivision, municipal or quasi-municipal corporations, and tribes</p> <p>Hardship Assistance Jurisdictions listed above with a population of 25,000 or less</p>	<p>Loan, at either: (SFY 2015 interest rates)</p> <ul style="list-style-type: none"> <li>• 2.7% interest for 6-20 year term, or</li> <li>• 1.4% interest for 5-year term</li> </ul> <p>Hardship assistance for the construction of wastewater treatment facilities may be available in the form of a reduced interest rate, grant subsidy, or loan forgiveness. Hardship assistance is based on impact to residential ratepayers and the community MHI. Hardship funding is only available for the portion of a facility serving existing residential need.</p>	<p>Applications typically accepted September 1 through first Friday in November.</p> <p><b>Contact:</b> David Dunn 360-407-6503 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a></p> <p><a href="http://www.ecy.wa.gov/programs/wq/funding/funding.html">http://www.ecy.wa.gov/programs/wq/funding/funding.html</a></p>

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CERB</b> Community Economic Revitalization Board - Construction Program	<p>Public facility projects required by private sector expansion and job creation.</p> <p>Projects must support significant job creation or significant private investment in the state.</p> <ul style="list-style-type: none"> <li>Bridges, roads and railroad spurs, domestic and industrial water, sanitary and storm sewers</li> <li>Electricity, natural gas and telecommunications</li> <li>General purpose industrial buildings, port facilities</li> <li>Acquisition, construction, repair, reconstruction, replacement, rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>Counties, cities, towns, port districts, special districts</li> <li>Federally-recognized tribes</li> <li>Municipal and quasi-municipal corporations with economic development purposes.</li> </ul>	<p>Loans; grants in unique cases</p> <ul style="list-style-type: none"> <li>Projects without a committed private partner allowed for in rural areas.</li> <li>\$2 million maximum per project, per policy.</li> <li>Interest rates:               <ul style="list-style-type: none"> <li>3% for non-distressed counties</li> <li>2.5% for distressed counties</li> </ul> </li> <li>20-year maximum loan term</li> <li>Match for committed private partners: 20% (of total project cost).</li> <li>Match for prospective partners: 50% (of total project cost).</li> <li>Applicants must demonstrate gap in public project funding and need for CERB assistance.</li> <li>CERB is authority for funding approvals.</li> </ul>	<p>Applications accepted year-round. The Board meets six times a year.</p> <p><b>Contacts:</b> Janaea Eddy            360-725-3151  <a href="mailto:janea.eddy@commerce.wa.gov">janea.eddy@commerce.wa.gov</a></p> <p>Dawn Eychaner            360-725-4052  <a href="mailto:Dawn.eychaner@commerce.wa.gov">Dawn.eychaner@commerce.wa.gov</a></p>
<b>RCAC</b> <b>RURAL COMMUNITY ASSISTANCE CORPORATION</b> Construction Loans	<p>Water, wastewater, solid waste and stormwater facilities that primarily serve low-income rural communities. Can include pre-development costs.</p>	<p>Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 populations or less if using Rural Development financing as the takeout</p>	<ul style="list-style-type: none"> <li>Maximum \$2 million with commitment letter for permanent financing</li> <li>Security in permanent loan letter of conditions</li> <li>1-3 year term</li> <li>5.5% interest rate</li> <li>1% loan fee</li> </ul>	<p>Applications accepted anytime</p> <p><b>Contact:</b> Josh Griff            720-951-2163  <a href="mailto:jgriff@rcac.org">jgriff@rcac.org</a></p> <p>Applications available on-line at <a href="http://www.rcac.org">www.rcac.org</a></p>
<b>RCAC</b> <b>RURAL COMMUNITY ASSISTANCE CORPORATION</b>	<p>Water, wastewater, solid waste and stormwater facilities that primarily serve</p>	<p>Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000</p>	<ul style="list-style-type: none"> <li>For smaller capital needs, normally not to exceed \$100,000.</li> </ul>	<p>Applications accepted anytime</p> <p><b>Contact:</b> Josh Griff</p>

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
Intermediate Term Loan	low-income rural communities.	population or less.	<ul style="list-style-type: none"> <li>• Maximum 20 year term</li> <li>• 5% interest rate</li> <li>• 1% loan fee</li> </ul>	720-951-2163 jgriff@rcac.org  Applications available on-line at <a href="http://www.rcac.org">www.rcac.org</a>
<b>RURAL WATER REVOLVING LOAN FUND</b>	Short-term costs incurred for replacement equipment, small scale extension of services, or other small capital projects that are not a part of regular operations and maintenance for drinking water and wastewater projects.	Public entities, including municipalities, counties, special purpose districts, Native American Tribes, and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.	<ul style="list-style-type: none"> <li>• Loan amounts may not exceed \$100,000 or 75% of the total project cost, whichever is less. Applicants will be given credit for documented project costs prior to receiving the RLF loan.</li> <li>• Interest rates at the lower of the poverty or market interest rate as published by USDA RD RUS, with a minimum of 3% at the time of closing.</li> <li>• Maximum repayment period is 10 years. Additional ranking points for a shorter repayment period. The repayment period cannot exceed the useful life of the facilities or financed item.</li> </ul>	Applications accepted anytime.  <b>Contact:</b> Tracey Hunter Evergreen Rural Water of WA 360-462-9287 <a href="mailto:thunter@erwow.org">thunter@erwow.org</a>  Download application online: <a href="http://www.nrwa.org/benefits/rlf_app.pdf">http://www.nrwa.org/benefits/rlf_app.pdf</a>
<b>SOURCE WATER PROTECTION GRANT PROGRAM</b>	Drinking water source protection plans, feasibility studies, and hydrogeologic studies; and source protection actions/projects identified as a priority in a water system, local or regional plan.	Counties, cities, towns, and special purpose districts.  Homeowner's associations and non-municipal water systems are not eligible.	<ul style="list-style-type: none"> <li>• Grants.</li> <li>• Funding is dependent upon project needs, but typically does not exceed \$30,000.</li> </ul>	Applications accepted anytime; grants awarded on a funds available basis.  <b>Contact:</b> Kitty Weisman Source Water Protection Program Manager, Washington State

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
		Project must be considered a priority for drinking water source protection by Department of Health Regional Office.		Department of Health, Office of Drinking Water 360-236-3114 <a href="mailto:Kitty.weisman@doh.wa.gov">Kitty.weisman@doh.wa.gov</a>

## EMERGENCY

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>PWTF</b> Public Works Trust Fund – Emergency Program	Projects necessary due to natural disaster, or immediate/emergent threat to public health and safety  For domestic water systems, sanitary sewer, stormwater, solid waste, roads and bridges	Counties, cities, special purpose districts, and quasi-municipal organizations that meet certain requirements (contact a Regional Service Coordinator for more information).  No school or port districts.	No emergency funding is currently available.	Note: Availability of future funds is dependent on approval by the Governor and Legislature.  <b>Contact:</b> Isaac Huang Regional Service Coordinator 360-725-3162 <a href="mailto:Isaac.huang@commerce.wa.gov">Isaac.huang@commerce.wa.gov</a>
<b>CDBG - IT</b> Community Development Block Grant – Imminent Threat Grant Program	Repair unanticipated water, sewer and other public drainage facility damages that pose an immediate, urgent threat to public health and safety. Requires formal declaration of emergency.	<ul style="list-style-type: none"> <li>• Non-entitlement cities or towns with fewer than 50,000 people</li> <li>• Non-entitlement counties with fewer than 200,000 people</li> </ul>	Grant up to \$50,000; pending availability of funds <ul style="list-style-type: none"> <li>• Eligible costs can be reimbursed upon formal declaration of emergency.</li> <li>• Intended for a temporary fix while funding for permanent solution is secured.</li> </ul>	Applications accepted year-round.  <b>Contact:</b> Kaaren Roe 360-725-3018 <a href="mailto:kaaren.roe@commerce.wa.gov">kaaren.roe@commerce.wa.gov</a>
<b>RD – ECWAG</b> Emergency Community Water Assistance Grants	Domestic water projects needing emergency repairs due to an incident such as: a drought; earthquake; flood; chemical spill; fire; etc. A significant decline in quantity or quality of potable water supply that was caused by an emergency.	Public bodies, tribes and private non-profit corporations serving rural areas with populations under 10,000	Grant; pending availability of funds <ul style="list-style-type: none"> <li>• \$150,000 limit for incident related emergency repairs to an existing water system.</li> <li>• \$500,000 limit to alleviate a significant decline in potable water supply caused by an emergency.</li> </ul>	Applications accepted year-round on a fund-available basis  <b>Contact:</b> Gene Dobry 360-704-7733 <a href="mailto:eugene.dobry@wa.usda.gov">eugene.dobry@wa.usda.gov</a>  <a href="http://www.rurdev.usda.gov/wa">http://www.rurdev.usda.gov/wa</a>
<b>RCAC</b> <b>RURAL COMMUNITY ASSISTANCE CORPORATION</b> Intermediate Term Loan	Water, wastewater, solid waste and stormwater facilities that primarily serve low-income rural	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less.	<ul style="list-style-type: none"> <li>• For smaller capital needs, normally not to exceed \$100,000.</li> <li>• Maximum 20 year term</li> </ul>	Applications accepted anytime  <b>Contact:</b> Josh Griff 720-951-2163

Program	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
	communities.		<ul style="list-style-type: none"> <li>• 5% interest rate</li> <li>• 1% loan fee</li> </ul>	<a href="mailto:jgriff@rcac.org">jgriff@rcac.org</a> Applications available on-line at <a href="http://www.rcac.org">www.rcac.org</a>
<b>RURAL WATER REVOLVING LOAN FUND</b> Disaster area emergency loans	Contact staff for more information on emergency loans.	Public entities, including municipalities, counties, special purpose districts, Native American Tribes, and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.	90-day, no interest, disaster area emergency loans with immediate turn-around.	Applications accepted anytime.  <b>Contact:</b> Tracey Hunter Evergreen Rural Water of WA 360-462-9287 <a href="mailto:thunter@erwow.org">thunter@erwow.org</a>  Download application online: <a href="http://www.nrwa.org/benefits/rifapp.pdf">http://www.nrwa.org/benefits/rifapp.pdf</a>
<b>HMA/ HMGP MITIGATION PLANNING &amp; PROJECT AWARDS</b> FEMA Pre- and Post-Disaster awards	Cost-effective flood, seismic, wildfire, and wind infrastructure mitigation projects.	Counties, cities, special purpose districts, and quasi-municipal organizations that meet certain requirements and have approved Hazard Mitigation Plan with FEMA.	Annual, but Congress is reducing Pre-Disaster HMA awards.  Hazard Mitigation Grant Program – Available after Presidentially-Declared major disasters.  Awards range from \$50,000 to \$3 million, based on statewide competition.	Availability of future funds is dependent on approval by FEMA and Congress.  <b>Contact:</b> Peter Tassoni State Hazard Mitigation Officer 253-512-7072 <a href="mailto:Peter.Tassoni@mil.wa.gov">Peter.Tassoni@mil.wa.gov</a>

## SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

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ITEM NO: D-4  
DATE: March 22, 2014  
SUBJECT: Staffing Options  
CONTACT PERSON: Ken Walker, City Administrator

### **ISSUE:**

The issue before the city council is to consider alternatives for restructuring staff and payroll costs in 2014 and 2015. Employee staffing levels need to be adjusted to meet current and developing needs. Expected and actual circumstances make this an opportune time to ensure that staffing is adequate to provide the levels of service desired. It is necessary to make adjustments to manage and plan for necessary expenditures. Direction provided to the mayor and city staff will be used to ensure that staffing configurations meet the Council's objectives for 2014.

### **STAFF RECOMMENDATION:**

Review the proposed alternative staffing configurations for midyear 2014 and 2015. Provide direction to the mayor and staff.

### **SUMMARY:**

The city has 18 full-time employees, paid from various funds based on the activities that they perform. Staffing decisions are made based on actual needs and the ability to fund those positions. The mayor and city council continue to look for ways to do more with less, using numerous methods to control personnel costs. City administration believes that it is time to institute changes that will produce additional savings.

It is normal to have employees in different stages of their careers. Over 20% of the current workforce is within 5 years of anticipated retirement. Contingency plans are being implemented for continuity of service. A specific employee has indicated that they are ready to reduce the amount of time worked, requiring a restructuring that will provide some limited cost reductions.

### **DISCUSSION:**

City staff have prepared some specific actions for council discussion. These are based on the following set of assumptions. The city council should review the assumptions to ensure they meet the council's overall policy direction and 2014 budget themes.

## Assumptions

1. The adopted 2014 distribution of salaries and benefits will be used as the basis for the fiscal analysis presented to council. Different positions have different impacts to the general fund
2. Any changes should limit the impact to customer facing functions including public safety; park and street maintenance; economic development; community development; code enforcement and animal control. The idea is to fund those positions that provide direct service to the public.
3. Positions may be combined or reclassified to maintain customer facing services and limit the impact to employees. There may be opportunities to use job sharing or reclassification to maintain levels-of-service while lowering personnel costs.
4. If possible the cost savings will support a sustainable reduction to ensure a sufficient cushion to carry the city through 2015.

## Proposals

### Community Development Director Position

- o Currently the Community Development Director position is operating with a 20% furlough through the end of 2014. This was due to the continued low level of development activity in the city. Based on Sultan's development activity level, it is felt that the Community Development Director position is no longer justified. While it appears that development activity in neighboring communities is on the rise, it is anticipated that Sultan will lag behind. Still, our sister cities have chosen to operate with a less senior level position during this period of slow growth. I feel that it is prudent at this time to follow suit and no longer fill the Community Development Director position. The appropriate level position based on development needs and Sultan's financial capability is the Planning Associate position included in the Agreement by and between the City of Sultan and the Public, Professional & Office-Clerical Employees and Drivers Local Union No. 763 (Union). The current position represents a salary range of between \$6,996.00 and \$7,936.00 per month while the new position represents between \$23.79 and \$30.34 per hour. The total savings could be as much as \$32,125.00 plus matching benefits. Management proposes that this action be taken in a timely manner to facilitate transitioning to complete the Comprehensive Plan Update due July 1, 2015.

### Grants Coordinator/Economic Development Officer

- o The current Grants Coordinator/Economic Development Director wishes to go half time effective January 01, 2015. This will be accomplished by limiting the

position to Grants Coordination only. This action will result in a savings in wages of \$30,228.00.

#### Community Service Officer

Currently this position is part time with only 20 hours per week. The non-grant duties of the Grants Coordinator/Economic Development Officer would be combined with the Community Service Officer, making the position 40 hours per week. The additional cost would be \$25,667.

#### **ANALYSIS**

City operations can be maintained without sacrificing levels of service by reorganizing city staff and making these changes

Staff is seeking direction from the city council in order to prepare the mayor's recommended budget for council review in October.

## SULTAN CITY COUNCIL RETREAT AGENDA ITEM COVER SHEET

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**ITEM NO:** Discussion 5

**DATE:** March 22, 2014

**SUBJECT:** Overview of 2015 Comprehensive Plan Update

**CONTACT PERSON:** Robert Martin, Community Development Director

**ISSUE:**  
Provide Council with a summary of the work program for the 2015 Comprehensive Plan Update.

**DISCUSSION:**

General Concepts of Comprehensive Plan:

Sultan is required to adopt and maintain its Comprehensive Plan as provided by the Growth Management Act (GMA), RCW 36.70A. The Comprehensive Plan is the controlling land use policy document for the community. Elements of the Plan address the following topics: Community Design; Land Use; Housing; Natural Environment; Economic Development; Parks and Recreation; Transportation; Capital Facilities; Utilities. All program level decisions of the City need to be in conformance with the applicable policies in the Comprehensive Plan.

History/Background:

- The City developed a Comprehensive Plan in 2004. This document resulted in many legal challenges and was declared by the State to be non-compliant with the GMA.
- In 2008, a revision of the 2004 plan was successful in getting the non-compliance ruling lifted, but it was not a plan that the community could use in a meaningful way to move into the future.
- In 2011, the City adopted a fully updated Comprehensive Plan that laid the ground work for future coordination with Snohomish County and its cities as the 2015 update cycle approached.

This plan provided clear guidance about revision of the Urban Growth Area and the population allocation so that Sultan could revise the unrealistic population numbers that drive the city's high utility impact fees. These revisions could not be accomplished by the 2011 Plan, but the policies in that plan make the revisions possible in 2015 when the rest of the jurisdictions in the Snohomish County are also involved in plan revision.

2015 Update Overview:

The 2015 update is mandated by the State for the major Puget Sound Counties and their cities. Sultan is well placed for this cycle due to the extensive work done in the 2011 update. The main emphasis of the 2015 update for Sultan will be realignment of the Urban Growth Area (UGA) in the Land Use Element. This will allow the City to accommodate its recently reduced population allocation in a much more compact and effectively serviced land area. Moving population to areas that can be served with lower cost utility extensions will allow the City to review and potentially reduce impact fees.

Realignment of the UGA will require significant work in the Plan's Capital Facilities and Utilities Elements as well as the Land Use Element.

As always, the public involvement program is foundational to all of the work on the Plan from initial scoping to final adoption in mid-2015.

Grant and Work Plan:

In recognition of the scale of the task, and the financial condition of most smaller jurisdictions, the Dept. of Commerce has provided a grant program to assist in the 2014/2015 work needed to accomplish the 2015 update. The City of Sultan received \$18,000, half for 2014 and half for 2015. The Dept. of Commerce Grant required submittal of a work plan to guide the City and track progress with the State. **Attachment A** provides the work plan submitted to qualify for the grant. This plan will be the guide and schedule for the project. It is tracked with the state deadlines for 2015 updates for all jurisdictions, whether they are grant eligible or not.

*UGA Realignment:*

While "Comprehensive Plan Update" means generally the same thing to all jurisdictions, there are areas of specific emphasis that differ depending on the issues in the current plan. For Sultan, the emphasis is reconfiguration of the UGA as discussed above, and the utility and transportation element that follows from those UGA changes.

*New Land Use Designations:*

The 2011 Plan also calls for two new land use designations, Mixed Use Center (MUC) and Airport Approach Overlay (AA). The MUC zone is to be located near US-2 at the east and west ends of the corridor. The specific properties which receive this zone will be determined by the 2015 Plan. The AA zone location is determined by application of Federal Aviation Administration regulations.

*Expense Centers:*

The utility and transportation studies to accommodate the new UGA alignment will be the most involved and costly components of the update process.

Production of new plan elements and mapping will be another significant expense center.

Council and Planning Board Involvement:

As with the 2011 Plan Update, the Council and the Planning Board play a leadership role in the process, particularly in the public involvement program. Public involvement opportunities must be provided at each step of the process. Representatives of the Board and Council should be visible and active in these public interactions to ensure that the community's elected and appointed officials are hearing and interpreting the interests of their citizens.

**ATTACHMENTS:**

Attachment A: Work Plan for 2014/2015 Update Process

**ATTACHMENT A**

**DEPT. OF COMMERCE PLANNING GRANT  
WORK PLAN FOR 2014/2015 UPDATE PROCESS**

<b>Goals/ Actions/ Deliverables</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Status</b>
<b>Example: Goal 0.0</b>	<b>Description of Action or Deliverable...</b>	<i>Date of Execution</i>	12/31/12	
<b>Goal 1.0</b>	<b>Review relevant plans and regulations to determine if there are any sections that need revision.</b>			
Action 1.1	Review the comprehensive plan using the Commerce periodic update checklist.	Date of Execution (DOE)	03/31/14	
Action 1.2	Review the development regulations, including the critical areas regulations using the Commerce periodic update checklist.	DOE	03/31/14	
Deliverable 1.1	Completed Commerce periodic update checklists for comprehensive plan and development regulations.	DOE	03/31/14	
Deliverable 1.2	First grant status report due to Department of Commerce for Goal 1.0.	DOE	12/31/13	Complete
Performance Measure 1.0	Grantee has completed review of relevant plans and regulations to determine if there are any sections that need revision.		03/31/14	
<b>Goal 2.0</b>	<b>Reconfigure Urban Growth Area.</b>			
Action 2.1	Secure place on County 2015 UGA Docket.	02/01/14	07/25/14	

Action 2.2	Conduct SEPA analysis of proposed UGA modifications with County as required by Docket agreement.	09/01/14	02/01/15	
Action 2.3	Conduct/participate in City and County public meetings on the Sultan UGA.	03/01/14	05/01/14	
Deliverable 2.1	Written report describing results of the public meeting process on the Sultan UGA.	03/01/14	06/30/14	
Action 2.4	Revise text of Comprehensive Plan to accommodate UGA reconfiguration.	07/01/14	03/01/15	
Deliverable 2.2	Revised Comprehensive Plan that adopts new UGA.	05/01/15	06/30/15	
Performance Measure 2.0	Grantee has completed the actions required to reconfigure the Urban Growth Area.		06/30/15	
<b>Goal 3.0</b>	<b>Implement new land use designations called for in 2011 Comprehensive Plan.</b>			
Action 3.1	Conduct public meeting on text and map modifications.	03/01/14	06/30/15	
Action 3.2	Determine areas for new "Centers" zones.	03/01/14	07/01/14	
Action 3.3	Determine areas for density reallocation in flood-prone areas.	04/01/14	08/01/14	
Action 3.4	Analyze and refine locations of Public/Institutional zone.	05/01/14	09/01/14	
Action 3.5	Text and map modifications to include new designations in Comprehensive Plan.	01/01/15	04/01/15	
Deliverable 3.1	Revised Comprehensive Plan that adopts new land use designations.	05/01/15	06/30/15	

Deliverable 3.2	Second grant status report due to Department of Commerce for Goal 1.0, Goal 2.0, and Goal 3.0.	01/01/14	06/30/14	
Deliverable 3.3	Third grant status report due to Department of Commerce for Goal 2.0 and Goal 3.0.	07/01/14	12/31/14	
Deliverable 3.4	Grant closeout report due to Department of Commerce.	01/01/15	06/30/15	
Performance Measure 3.0	Grantee has completed the actions required to implement the new land use designations called for in the 2011 Comprehensive Plan.		06/30/15	