

**AGENDA**

**DES MOINES CITY COUNCIL  
REGULAR MEETING  
City Council Chambers  
21630 11<sup>th</sup> Avenue S, Des Moines, Washington**

**November 17, 2016 – 7:00 p.m.**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**CORRESPONDENCE**

**COMMENTS FROM THE PUBLIC**

**BOARD AND COMMITTEE REPORTS/COUNCILMEMBER COMMENTS**

**PRESIDING OFFICER'S REPORT**

**ADMINISTRATION REPORT**

Item 1: MARINA PARKING UPDATE

Page 1 Item 2: MONTHLY FINANCIAL REPORT

Item 3: EMPLOYEE RECOGNITION PROGRAM

**CONSENT CALENDAR**

Page 15 Item 1: CONSULTANT CONTRACT FOR PORT OF SEATTLE GRANT  
Motion is to approve the draft Consultant Agreement with the Holmes Group, LLC, in an amount not to exceed \$60,200, for the purposes of providing a Marina District Feasibility Study, and authorize the City Manager to sign the draft Agreement substantially in the form as attached.

**NEW BUSINESS**

Page 37 Item 1: LOCAL GOVERNMENT 101, PART 10: FINANCE  
Staff Presentation: Finance Director Donyele Mason

**NEXT MEETING DATE**

December 1, 2016 City Council Regular Meeting

**EXECUTIVE SESSION**

Performance of a Public Employee under RCW 42.30.110(1)(g) – 45 Minutes

**ADJOURNMENT**

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# AGENDA ITEM

BUSINESS OF THE CITY COUNCIL  
City of Des Moines, WA

SUBJECT: Monthly Financial Report

FOR AGENDA OF: November 10, 2016

ATTACHMENTS:

- 1. City Council Monthly Financial Report

DEPT. OF ORIGIN: Finance

DATE SUBMITTED: November 17, 2016

CLEARANCES:

- Legal N/A
- Finance *DM*
- Marina N/A
- Economic Development N/A
- Parks, Recreation & Senior Services N/A
- Planning, Building & Public Works N/A
- Police N/A
- Courts N/A

APPROVED BY CITY MANAGER  
FOR SUBMITTAL *[Signature]*

**Purpose and Recommendation**

The purpose of this agenda item is to provide an update on the city wide financial condition year to date through October 31, 2016.

**Background**

City Council has asked the Finance Department to provide a monthly update on the financial condition of the city. Attachment 1 provides the requested information. Please note the general fund revenues have been updated to EXCLUDE the One-Time Revenues and is consistent across all General Fund Revenue reporting.

**Financial Impact**

None.

**Recommendation or Conclusion**

None.

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## CITY COUNCIL MONTHLY FINANCIAL REPORT

SEPTEMBER 2016

## GENERAL FUND MONTHLY REPORT

## REVENUES &amp; EXPENDITURES

## OCTOBER

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>REVENUES</b>						
310 Taxes	12,024,912	9,632,692	80%	11,732,376	9,110,124	78%
320 Licenses & Permits	1,962,670	1,862,930	95%	2,048,118	1,704,714	83%
330 Intergovernmental	642,875	603,972	94%	680,664	537,082	79%
340 Charges Goods/Services	3,257,976	2,936,085	90%	2,938,642	2,605,649	89%
350 Fines & Forfeitures	221,350	143,376	65%	237,702	204,006	86%
360 Misc Revenues	476,800	549,815	115%	369,181	344,615	93%
380 Other Financing Sources	-	10,015		24,570	12,232	50%
<b>TOTAL</b>	<b>18,586,583</b>	<b>15,738,885</b>	<b>85%</b>	<b>18,031,253</b>	<b>14,518,422</b>	<b>81%</b>
<b>EXPENDITURES</b>						
021 City Council	80,227	73,395	91%	65,728	56,256	86%
022 Muni Court	868,613	786,371	91%	954,950	763,370	80%
023 City Manager	1,538,326	1,192,831	78%	1,490,849	1,228,756	82%
024 Financial & Tech Services	1,605,087	1,395,641	87%	1,397,379	1,072,490	77%
026 Legal	574,861	477,833	83%	578,925	481,244	83%
030 Police	8,228,758	6,544,257	80%	7,578,932	6,173,190	81%
040 Plan, Bldg & PW Admin	3,559,056	2,877,890	81%	3,350,194	2,722,644	81%
045 Recr, Sr. Serv & Rentals	1,877,305	1,612,887	86%	1,903,281	1,621,242	85%
050 NonDepartmental	133,872	135,267	101%	121,877	117,893	97%
<b>TOTAL</b>	<b>18,466,105</b>	<b>15,096,372</b>	<b>82%</b>	<b>17,442,115</b>	<b>14,237,085</b>	<b>82%</b>
<b>REVENUES MORE THAN OR (LESS THAN) EXPENDITURES</b>	<b>120,478</b>	<b>642,513</b>		<b>589,138</b>	<b>281,337</b>	

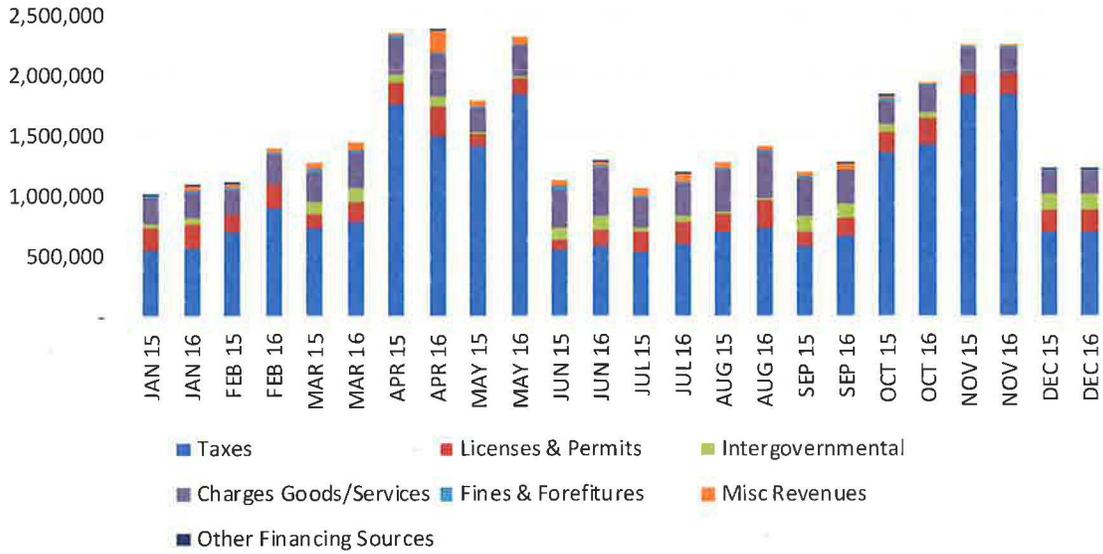
October is 10 months of 12 83.3%

Looking at 2015 % to date provides an indication of "normal" seasonality of revenues and expenditures. Information can be skewed by One-Time Revenues for either year. Looking at 9 months of 12 (75%) gives a bench mark if activity occurred evenly throughout the year.

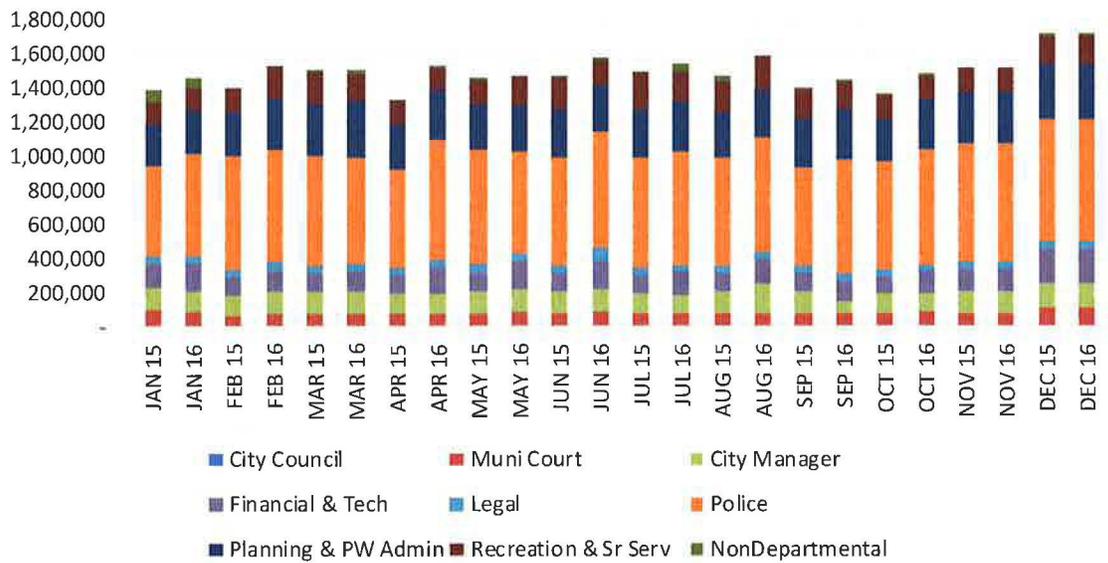
- The above revenues include **only ON-GOING revenues** and now EXCLUDE ONE-TIME revenues. See graphs below for monthly tax revenue information.
- Municipal Court expenses are running high due to the settlement of the court clerk union contract, extra wages paid to finalizing scanning of court records and settlement of credit card fees.
- City Manager is running low due to the on-going vacancy in the Executive Asst/HR Technician position and the vacant City Manager position.

- Finance & Technology is high due to moving the Technology division from an internal service fund to a division of the General Fund. The portion of spending related to serving other funds was not included in the original budget. This was picked up as a 2016 Revised Budget Adjustment.
- Legal is running higher than last year due to the retirement and cash out of benefits for the City Attorney.
- Recreation is running slightly higher than last year and more than the 83% rate due to the fact they earn more revenues in the summer (summer camps) than in the last few months of the year.
- Intergovernmental revenues generally come from the state quarterly (but not all in the same months). E.g. liquor tax sharing, city assistance, marijuana tax sharing, etc.
- Misc. Revenues includes facility rentals, interest, etc.
- NonDepartmental includes annual pay-outs for organizations (AWC, Pollution Control, etc.)

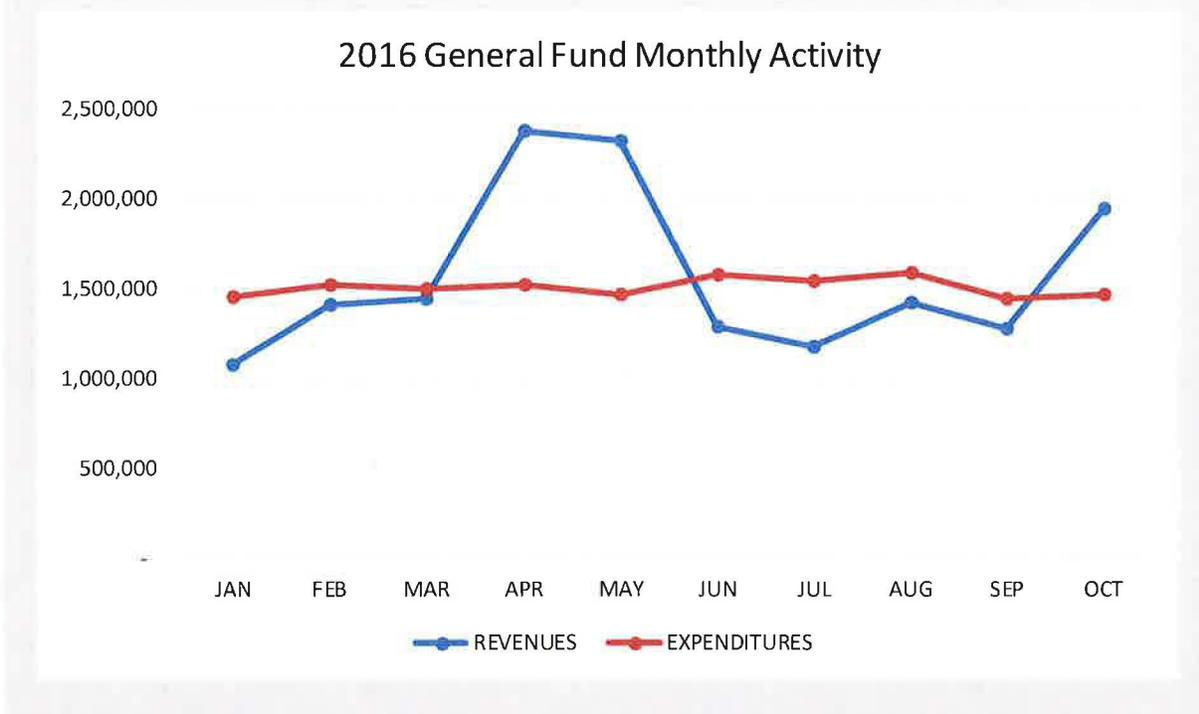
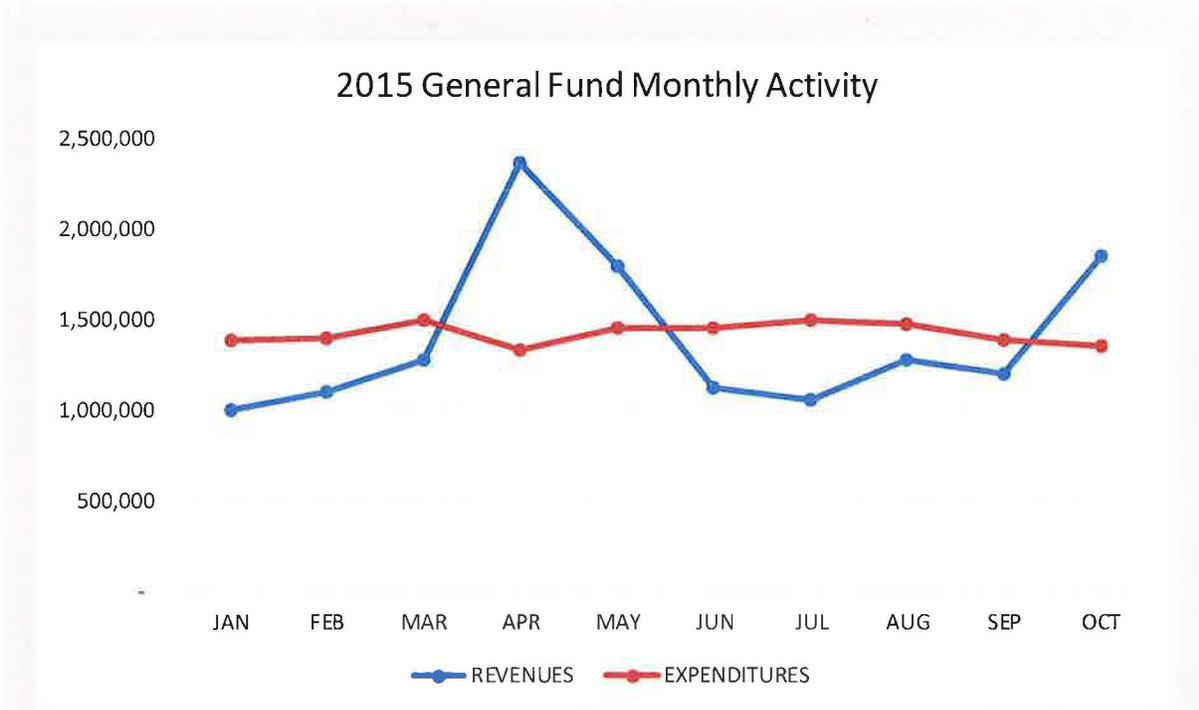
### General Fund Revenues by Month



### General Fund Expenditures by Month



- The above graph INCLUDES only ON-GOING revenues and now EXCLUDES ONE-TIME revenues.
- Permit and Charges revenues are higher due to several business park permits and fees. Actual revenues for these line items are now at 100% or more of 2016 revenue budget amounts.

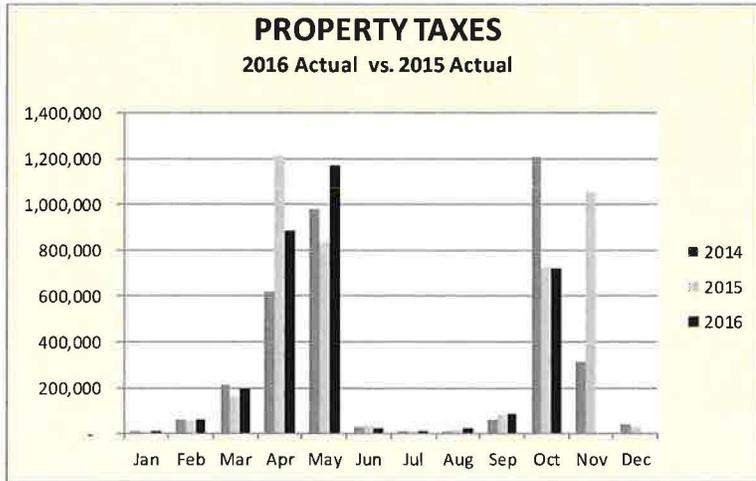


- October 2016 revenues are more than October's expenditures (\$475,193) but are just over (5%) last year's October's revenue (\$102,566). As Technology Services was moved to the General Fund (from separate internal service fund) then General Fund now has internal service revenue from other funds each month.
- October 2016's expenditures were \$1,472,189 which is \$122,512 (9%) more than October 2015.

**2016 YTD Compared to 2015 YTD:** **48,002** **1.5%**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>% Mo Chg</u>
Jan	9,718	7,766	11,423	25.1%
Feb	62,078	55,462	57,840	11.9%
Mar	192,691	159,802	215,499	20.6%
Apr	884,255	1,214,531	615,905	-27.2%
May	1,172,679	834,623	981,322	40.5%
June	24,323	34,134	26,089	-28.7%
Jul	8,130	12,380	12,065	-34.3%
Aug	19,914	15,762	7,950	26.3%
Sep	87,561	76,908	60,275	13.9%
Oct	<b>721,023</b>	<b>723,002</b>	<b>1,207,885</b>	<b>-0.3%</b>
Nov		1,054,756	316,753	
Dec		29,206	40,485	
<b>Totals</b>	<b>3,182,372</b>	<b>4,218,332</b>	<b>3,553,491</b>	

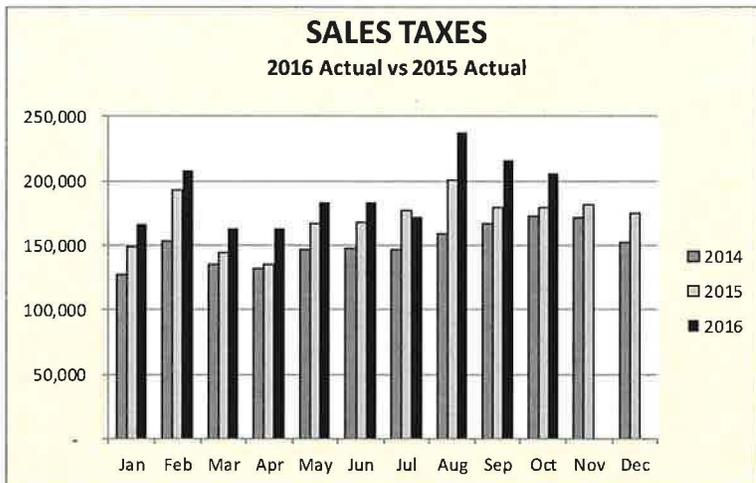
**2016 YTD Compared to Annual Budget:** **4,573,530** **69.6%**



**2016 YTD Compared to 2015 YTD:** **205,826** **12.2%**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>% Mo Chg</u>
Jan	166,482	148,542	126,879	12.1%
Feb	207,580	192,640	153,733	7.8%
Mar	162,512	144,525	134,800	12.4%
Apr	162,783	135,180	132,043	20.4%
May	183,308	166,575	146,468	10.0%
Jun	182,764	167,671	147,711	9.0%
Jul	172,341	176,608	147,093	-2.4%
Aug	236,926	200,510	159,385	18.2%
Sep	216,225	179,594	166,522	20.4%
Oct	<b>205,441</b>	<b>178,690</b>	<b>171,951</b>	<b>15.0%</b>
Nov		181,241	171,692	-100.0%
Dec		174,869	152,640	-100.0%
<b>Totals</b>	<b>1,896,361</b>	<b>2,046,645</b>	<b>1,810,917</b>	

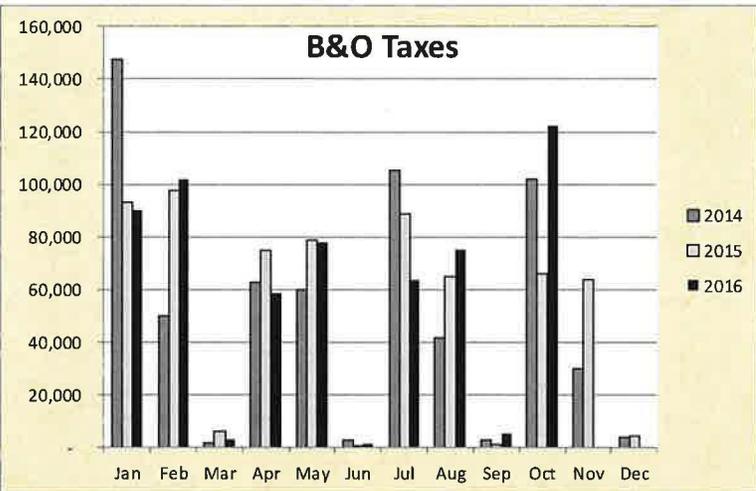
**2016 YTD Compared to Annual Budget:** **2,141,030** **88.6%**



**2016 YTD Compared to 2015 YTD:** **25,497** **4.5%**

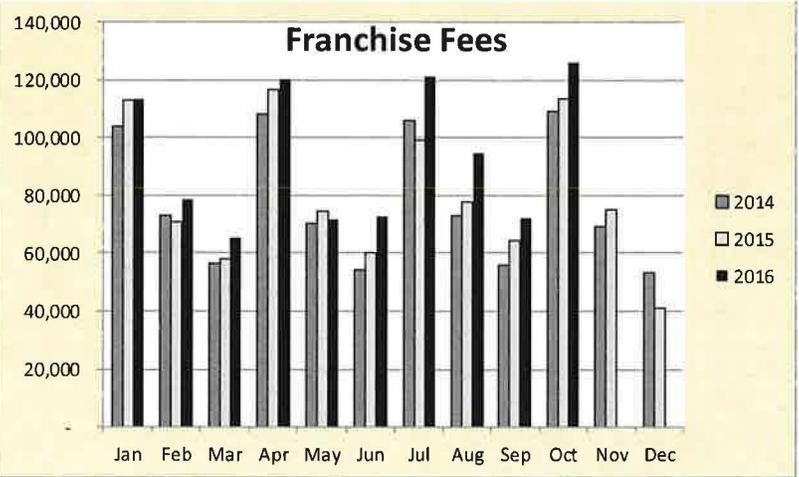
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>% Mo Chg</u>
Jan	89,942	93,389	147,677	-3.7%
Feb	101,825	97,788	49,873	4.1%
Mar	3,106	6,095	1,493	-49.0%
Apr	58,292	75,027	62,741	-22.3%
May	78,035	78,927	59,921	-1.1%
Jun	1,262	745	2,971	69.4%
Jul	63,661	88,597	105,554	-28.1%
Aug	74,863	64,797	41,690	15.5%
Sep	5,211	1,192	2,890	337.2%
Oct	<b>122,095</b>	<b>66,238</b>	<b>102,251</b>	<b>84.3%</b>
Nov		63,614	30,155	
Dec		4,682	4,108	
<b>Totals</b>	<b>598,292</b>	<b>641,091</b>	<b>611,324</b>	

**2016 YTD Compared to Annual Budget:** **640,000** **93.5%**

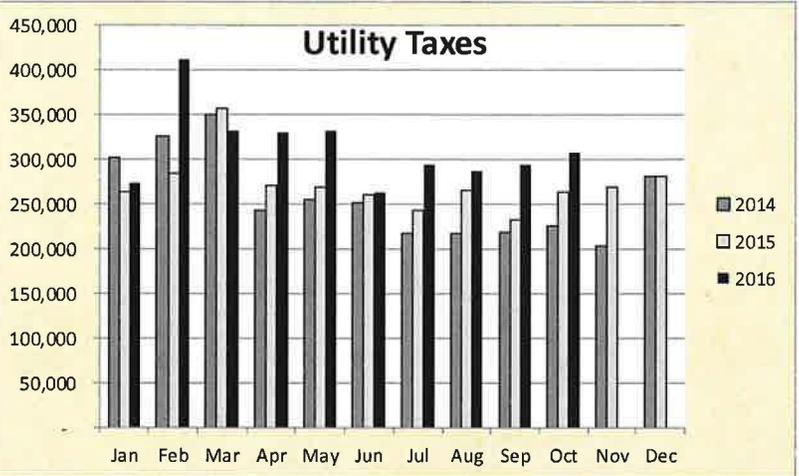


- All revenues sources shown above go to the General Fund.
- The Tax revenue shown in the above graphs EXCLUDE ONE-TIME REVENUES for all years.

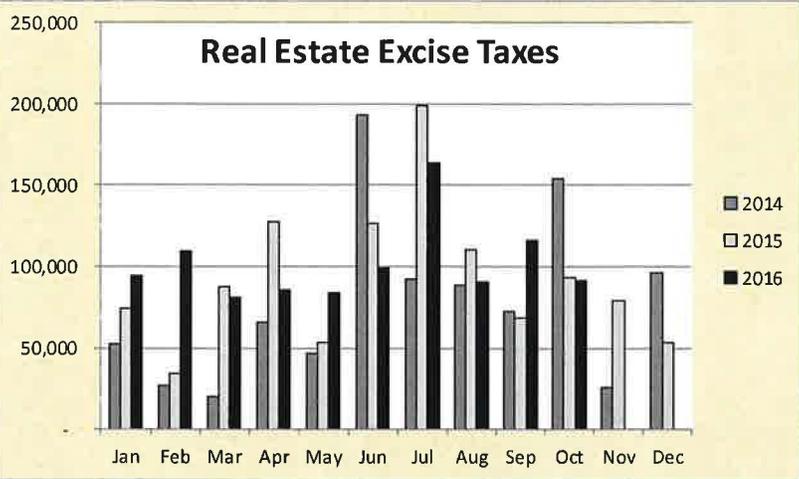
2016 YTD Compared to 2015 YTD:				
	2016	2015	2014	% Mo Chg
Jan	113,463	112,750	104,055	0.6%
Feb	78,834	71,075	73,165	10.9%
Mar	65,347	57,924	56,436	12.8%
Apr	120,207	116,879	108,097	2.8%
May	71,583	74,423	70,303	-3.8%
Jun	72,626	60,470	54,540	20.1%
Jul	121,248	99,070	106,309	22.4%
Aug	94,804	77,663	73,166	22.1%
Sep	72,099	64,435	55,862	11.9%
<b>Oct</b>	<b>126,141</b>	<b>113,761</b>	<b>109,105</b>	<b>10.9%</b>
Nov		74,997	69,418	-100.0%
Dec		40,908	53,544	-100.0%
<b>Totals</b>	<b>936,352</b>	<b>964,355</b>	<b>934,000</b>	
<b>2016 YTD Compared to Annual Budget:</b>			<b>996,000</b>	<b>94.0%</b>



2016 YTD Compared to 2015 YTD:				
	2016	2015	2014	% Mo Chg
Jan	273,337	264,911	302,063	3.2%
Feb	410,967	284,340	326,082	44.5%
Mar	332,039	357,130	351,131	-7.0%
Apr	331,283	270,479	243,314	22.5%
May	333,168	269,809	254,925	23.5%
Jun	264,151	260,950	251,914	1.2%
Jul	293,988	243,353	217,888	20.8%
Aug	287,778	265,630	218,164	8.3%
Sep	293,791	233,833	219,620	25.6%
<b>Oct</b>	<b>307,931</b>	<b>263,509</b>	<b>226,349</b>	<b>16.9%</b>
Nov		269,275	203,122	
Dec		281,830	280,978	
<b>Totals</b>	<b>3,128,434</b>	<b>3,265,049</b>	<b>3,095,550</b>	
<b>2016 YTD Compared to Annual Budget:</b>			<b>3,722,352</b>	<b>84.0%</b>



2016 YTD Compared to Annual Budget:				
	2016	2015	2014	% Mo Chg
Jan	93,909	74,382	52,276	26.3%
Feb	109,153	33,884	26,826	222.1%
Mar	80,623	88,020	19,742	-8.4%
Apr	86,005	127,450	66,103	-32.5%
May	84,072	53,190	46,430	58.1%
Jun	99,166	127,038	193,059	-21.9%
Jul	163,905	199,170	91,941	-17.7%
Aug	90,084	110,322	88,753	-18.3%
Sep	116,119	68,647	72,437	69.2%
<b>Oct</b>	<b>91,603</b>	<b>93,478</b>	<b>154,557</b>	<b>-2.0%</b>
Nov		78,694	25,792	
Dec		53,220	96,222	
<b>Totals</b>	<b>1,014,639</b>	<b>1,107,495</b>	<b>934,138</b>	
<b>2016 YTD Compared to Annual Budget:</b>			<b>984,520</b>	<b>103.1%</b>



- Real Estate Excise Taxes go to the Construction Fund and not the General Fund. All other revenues sources shown above go to the General Fund.
- The Tax revenue shown in the above graphs EXCLUDE ONE-TIME REVENUES for all years.

**SPECIAL REVENUE FUNDS MONTHLY REPORT**  
**OCTOBER**

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>STREETS</b>						
Begin Fund Balance	273,872	273,872		240,555	240,555	
Revenues	1,532,000	1,292,444	84%	1,254,492	1,020,800	81%
Expenditures	1,494,294	1,077,569	72%	1,221,175	988,795	81%
Net Activity	37,706	214,875		33,317	32,005	
Ending Fund Balance	311,578	488,747		273,872	272,560	
<b>ARTERIAL PAVEMENT</b>						
Begin Fund Balance	-	-		-	-	
Revenues	15,000	281,630	1878%	-	-	
Expenditures	15,000	-	0%	-	-	
Net Activity	-	281,630		-	-	
Ending Fund Balance	-	281,630		-	-	
<b>POLICE DRUG SEIZURE</b>						
Begin Fund Balance	10,342	10,342		7,546	7,546	
Revenues	500	27	5%	25,640	24,396	95%
Expenditures	6,000	-	0%	22,844	-	0%
Net Activity	(5,500)	27		2,796	24,396	
Ending Fund Balance	4,842	10,369		10,342	31,942	
<b>HOTEL/MOTEL TAX</b>						
Begin Fund Balance	9,593	9,593		8,161	8,161	
Revenues	84,000	81,162	97%	27,678	22,718	82%
Expenditures	80,000	70,400	88%	26,246	20,342	78%
Net Activity	4,000	10,762		1,432	2,376	
Ending Fund Balance	13,593	20,355		9,593	10,537	
<b>REDONDO ZONE</b>						
Begin Fund Balance	22,064	22,064		-	-	
Revenues	53,750	45,432	85%	101,235	97,230	96%
Expenditures	58,597	64,173	110%	79,171	71,246	90%
Net Activity	(4,847)	(18,741)		22,064	25,984	
Ending Fund Balance	17,217	3,323		22,064	25,984	

Special Revenue funds are volatile by their nature for both revenue and spending patterns. **Redondo Zone - A** \$21,000 subsidy (transfer) from the General Fund to Redondo Zone Revenues is included in the November 2016 budget adjustment.

**142 AUTOMATION FEES**

Begin Fund Balance	22,985	22,985		-	-	
Revenues	100,000	142,780	143%	22,985	19,735	86%
Expenditures	96,726	82,666	85%	-	-	
Net Activity	3,274	60,114		22,985	19,735	
Ending Fund Balance	26,259	83,099		22,985	19,735	

**180 ABATEMENT**

Begin Fund Balance	1,350	1,350		-	-	
Revenues	500	20,000	4000%	1,350	1,592	118%
Expenditures	200	3,316	1658%	-	-	
Net Activity	300	16,684		1,350	1,592	
Ending Fund Balance	1,650	18,034		1,350	1,592	

**190 (ASE) AUTOMATED SPEED ENFORCEMENT**

Begin Fund Balance		-		-	-	
Revenues	356,000	313,379	88%	362,149	299,306	83%
Expenditures	411,914	199,655	48%	297,760	222,129	75%
Net Activity	(55,914)	113,724		64,389	77,177	
Ending Fund Balance	(55,914)	113,724		64,389	77,177	

**199 (TBD) TRANSPORTATION BENEFIT DISTRICT**

Begin Fund Balance	48,160	48,160		-	-	
Revenues	880,000	678,599	77%	456,831	390,796	86%
Expenditures	434,200	671,421	155%	408,671	339,597	83%
Net Activity	445,800	7,178		48,160	51,199	
Ending Fund Balance	493,960	55,338		48,160	51,199	

October is 10 months of 12

83%

- The Automation fee revenues come from development activity and therefore are expected to fluctuate through the year. The fund is still on track to meet its revenue budget for the year.
- ASE is running a little ahead, but this revenue source declines in the summer when school is out.
- The TBD will need a supplemental budget adjustment for expenditures. The Original Budget for expenditures only included the first \$20 of car tab spending. The new, additional \$20 was included in revenues but not in the budget. Revenues for the new \$20 started in April.
- The Abatement Fund's revenues reflect a \$20,000 transfer from the General Fund.

**DEBT SERVICE FUNDS MONTHLY REPORT  
OCTOBER**

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>201 REET 1 ELIGIBLE DEBT SERVICE</b>						
Begin Fund Balance		-			-	
Revenues	140,410	117,010	83%	132,659	119,500	90%
Expenditures	142,117	9,739	7%	133,023	8,803	7%
Net Activity	<u>(1,707)</u>	<u>107,271</u>		<u>(364)</u>	<u>110,697</u>	
Ending Fund Balance	<u>(1,707)</u>	<u>107,271</u>		<u>(364)</u>	<u>110,697</u>	
<b>202 REET 2 ELIGIBLE DEBT SERVICE</b>						
Begin Fund Balance		-			-	
Revenues	264,855	220,720	83%	252,459	252,442	100%
Expenditures	264,855	110,715	42%	252,371	102,989	41%
Net Activity	<u>-</u>	<u>110,005</u>		<u>88</u>	<u>149,453</u>	
Ending Fund Balance	<u>-</u>	<u>110,005</u>		<u>88</u>	<u>149,453</u>	

Expenditure activity reflects monthly charge for General Fund Administrative Services. In prior years Debt Service funds were not assessed their related costs for General Fund Admin Services. Semi-annual interest payments are made in June and December each year. The principal payment is made once a year in December.

**MARINA FUND 401 OPERATIONS MONTHLY REPORT**

(Budget Basis/Working Capital Basis)

OCTOBER

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>REVENUES</b>						
374 Intergov't Grants		8,046		38,729	38,729	100%
340 Charges Goods & Services	1,209,023	73,801	6%	1,165,902	84,073	7%
Fuel Sales	1,103,986	805,013		1,060,735	1,012,928	
350 Fines & Foreitures	15,220	15,488	102%	17,716	13,216	75%
36X Moorage, Parking & Misc	2,874,307	2,349,861	82%	2,792,606	2,352,692	84%
369 Interfund Maint Services	25,000	36,580	146%	34,940	30,241	
TOTAL	5,227,536	3,288,789	63%	5,110,628	3,531,879	69%
<i>Fuel gallons sold</i>	<i>420,609</i>	<i>367,402</i>		<i>404,432</i>	<i>382,096</i>	
<b>EXPENDITURES</b>						
10 Salaries	651,693	477,163	73%	609,486	518,460	85%
20 Benefits	271,946	182,695	67%	247,773	208,354	84%
30 Supplies	1,118,218	106,624	10%	1,048,961	123,316	12%
Fuel Purchases	949,368	671,340		901,648	865,264	
40 Services	876,082	723,390	83%	817,501	673,241	82%
60 Capital	-	-		7,286	7,286	100%
90 Capital Transfers	250,000	46,345		-		
90 Debt Transfers	819,830	683,190	83%	821,216	684,347	83%
TOTAL	4,937,137	2,890,747	59%	4,453,871	3,080,268	69%
<b>REVENUES MORE THAN OR (LESS THAN) EXPENDITURES</b>						
	290,399	398,042		656,757	451,611	
Ending Cash & Investments		1,477,597			909,626	
Min Reserves - 20%		937,427				
Avail to Xfer to Capital Projects		290,170				
<i>Oct is 10 month of 12</i>		<i>83.3%</i>				

- Marina revenue is running slightly behind last year but net income is generally on-track for the year.
- Fuel sales are down somewhat resulting in about \$13,991 less net fuel profit.
- The 2016 net will be lowered by \$150,000 in November to reflect a new set aside for 2019 Dredging.

**SWM FUND 450 OPERATIONS MONTHLY REPORT**

(Budget Basis/Working Capital Basis)

OCTOBER

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>REVENUES</b>						
Intergov't Grants		15,025				
Charges Goods & Services	3,264,518	2,646,784	81%	2,756,227	2,093,634	76%
Interest & Miscellaneous	2,000	14,894	745%	14,439	11,819	82%
<b>TOTAL</b>	<b>3,266,518</b>	<b>2,676,703</b>	<b>82%</b>	<b>2,770,666</b>	<b>2,105,453</b>	<b>76%</b>

<b>EXPENDITURES</b>						
Salaries	799,230	668,180	84%	761,468	637,008	84%
Benefits	393,022	297,397	76%	342,924	282,892	82%
Supplies	75,300	51,069	68%	39,127	34,618	88%
Services	1,375,804	1,165,359	85%	1,077,055	905,141	84%
Capital				27,698	27,698	100%
Capital Transfers		-		108,498	79,714	73%
<b>TOTAL</b>	<b>2,643,356</b>	<b>2,182,005</b>	<b>83%</b>	<b>2,356,770</b>	<b>1,967,071</b>	<b>83%</b>

<b>REVENUES MORE THAN OR (LESS THAN) EXPENDITURES</b>	<b>623,162</b>	<b>494,698</b>		<b>413,896</b>	<b>138,382</b>	
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Ending Cash & Investments		<u>2,045,075</u>			<u>1,288,093</u>	
Min Reserves - 20% Revenues		<u>653,304</u>				
Waiting for CIP Xfer to Fund 451		<u>1,391,771</u>				

October is 10 months of 12 83.3%

- SWM is generally on-track for the year. Charges for Goods & Services come through the King County property tax billing system so April/May and October/November are peak revenue months for this fund.

## INTERNAL SERVICE FUNDS MONTHLY REPORT

(Budget Basis/Working Capital Basis)

## OCTOBER

	2016 Budget Annual	2016 Actual Year to Date	%	2015 Actual Annual	2015 Actual Year to Date	%
<b>500 EQUIPMENT RENTAL OPS</b>						
Begin Fund Balance	43,756	239,158		198,523	198,523	
Revenues	602,215	465,232	77%	526,482	448,054	85%
Expenditures	545,245	348,966	0.64	485,847	395,175	81%
Net Activity	56,970	116,266		40,635	52,879	
Ending Fund Balance	100,726	355,424		239,158	251,402	
<b>501 EQUIPMENT RENTAL REPLACE</b>						
Begin Fund Balance	1,424,750	1,618,468		1,628,405	1,628,405	
Revenues	865,334	732,359	85%	462,364	302,356	65%
Expenditures	851,860	694,203	81.5%	472,301	445,182	94%
Net Activity	13,474	38,156		(9,937)	(142,826)	
Ending Fund Balance	1,438,224	1,656,624		1,618,468	1,485,579	
<b>506 FACILITY MAJOR REPAIRS</b>						
Begin Fund Balance	65,423	53,339		166,401	166,401	
Revenues	75,830	63,642	84%	102,760	63,301	62%
Expenditures	79,000	77,074	98%	215,822	164,136	76%
Net Activity	(3,170)	(13,432)		(113,062)	(100,835)	
Ending Fund Balance	62,253	39,907		53,339	65,566	
<b>511 COMPUTER REPLACEMENT</b>						
Begin Fund Balance	126,766	271,177		317,436	317,436	
Revenues	401,207	408,457	102%	162,084	117,270	72%
Expenditures	262,540	145,182	55%	208,343	202,929	97%
Net Activity	138,667	263,275		(46,259)	(85,659)	
Ending Fund Balance	265,433	534,452		271,177	231,777	
<b>520 SELF INSURANCE</b>						
Begin Fund Balance	99,622	138,795		150,014	150,014	
Revenues	828,455	687,507	83%	637,551	531,252	83%
Expenditures	666,660	603,614	91%	648,770	619,384	95%
Net Activity	161,795	83,893		(11,219)	(88,132)	
Ending Fund Balance	261,417	222,688		138,795	61,882	
<b>530 UNEMPLOY INSURANCE</b>						
Begin Fund Balance	322,817	338,159		284,467	284,467	
Revenues	58,435	46,838	80%	56,143	46,653	83%
Expenditures	75,000	26,842	36%	2,451	2,451	100%
Net Activity	(16,565)	19,996		53,692	44,202	
Ending Fund Balance	306,252	358,155		338,159	328,669	

October is 10 months of 12

83%

# AGENDA ITEM

BUSINESS OF THE CITY COUNCIL  
City of Des Moines, WA

SUBJECT: Consultant Contract for Port of Seattle Grant

FOR AGENDA OF: November 17, 2016

ATTACHMENTS:

1. Draft Consultant Agreement
2. Port of Seattle Economic Development Partnership Program Grant Materials

DEPT. OF ORIGIN: Administration

DATE SUBMITTED: November 10, 2016

CLEARANCES:

- Legal JG
- Finance DM
- Marina NA
- Parks, Recreation & Senior Services NA
- Planning, Building & Public Works NA
- Police NA
- Courts NA

APPROVED BY CITY MANAGER  
FOR SUBMITTAL: [Signature]

**Purpose and Recommendation**

The purpose of this agenda item is to seek City Council approval of the draft Consultant Agreement with the Holmes Group, LLC (THG) to provide a Feasibility Study of downtown and marina property owned by the City.

**Suggested Motion**

**MOTION: "I move to approve the draft Consultant Agreement with the Holmes Group, LLC, in an amount not to exceed \$60,200, for the purposes of providing a Marina District Feasibility Study, and authorize the City Manager to sign the draft Agreement substantially in the form as attached."**

**Background**

The City of Des Moines recently applied for and received grant funding from the Port of Seattle Century Agenda 2016 Economic Development Partnership Program.

The Port of Seattle established the Century Agenda to "add 100,000 jobs through economic growth led by the Port of Seattle, for a total of 300,000 port-related jobs in the region." This keeps with

requirements under RCW 53.08.245 that established the importance and central role that port districts can and need to perform in regard to economic development activities.

The grant was based on 2015 population for the City of Des Moines, which was 30,100 (Washington State Office of Financial Management). The Port will provide \$1 per capita, therefore the City received a grant of \$30,100. The terms of the grant require a 50% city match of \$30,100, for a maximum grant expenditure of \$60,200.

### **Discussion**

In accordance with the terms of the Grant, the City intends to contract with THG, LLC to provide the following services:

- 1) A conceptual, pre-design feasibility study of what type of structure could be constructed on the Marina floor, within the buildable footprint, within current land use elements including height restrictions (35 feet), how such a structure could accommodate multiple use options including retail, hotel, commercial, and an internal parking structure. An important component of the study will be to look at integration of such a structure with the downtown by providing pedestrian connections, potentially using a Harbor Steps Park approach from the Marina to the downtown. This study would also consider sustainable options, including the potential for green roofs and possibly connecting the foot of 223<sup>rd</sup> Avenue to the structure to provide direct access from the downtown onto to the proposed structure.
- 2) An economic demand study to assess the future market demand created by the DMCBP and including the capacity of the Marina and the downtown to serve as “destination locations.” The study will assess the demand compatibility of a boutique hotel and the areas of competitive advantage that come with massive job creation within the city and the presence of SeaTac within a short radius. The study will be conducted along the lines of how the private sector evaluates investment opportunities and not simply demographic data that sits on the shelf.
- 3) A parking study to include the Marina and downtown based on current and future demand to assess parking requirements, parking alternatives, demand management options, multi-modal possibilities and an estimate of the number of spaces that would be feasible in a Marina parking structure integrated into a hotel and other uses, that would serve retail, hotel, Marina and Beach Park events, and provide a parking resource for downtown businesses as well.

### **Financial Impact**

The grant is based on 2015 population for the City of Des Moines, which was 30,100 (Washington State Office of Financial Management). The Port will provide \$1 per capita, therefore the City is eligible for a grant of \$30,100 requiring a 50% city match of \$15,100. The City has opted to match the grant at 100% to provide for a maximum grant expenditure of \$60,200.

The grant funds will be released on a cost reimbursement basis. The General Fund and the Marina Fund included \$7,500 each in the 2016 Operating Budget Adjustment calculation and are able to absorb this amount without a budget adjustment. The remaining \$45,200 of expenditures are expected to be paid in

2017 and are not currently included in the 2017 Operating Budget. If the amounts cannot be absorbed, then staff will include these impacts as part of the 2017 Operating Budget Adjustment process.

**Recommendation or Conclusion**

The City Manager recommends approval of the Draft Agreement.

**Concurrence**

The City Attorney's Office, Harbormaster, Finance Department, and PBPW concur.

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## **CONSULTANT SERVICES CONTRACT between the City of Des Moines and**

### **The Holmes Group, LLC**

THIS CONTRACT is made between the City of Des Moines, a Washington municipal corporation (hereinafter the "City"), and The Holmes Group, LLC organized under the laws of the State of Washington, located and doing business at 1324 N. Liberty Lake Road PMB 3661, Liberty Lake, WA 99019 (hereinafter the "Consultant").

#### **I. DESCRIPTION OF WORK.**

Consultant shall perform the following services for the City in accordance with the following described plans and/or specifications:

See attached Scope of Work (Exhibit A)

Consultant further represents that the services furnished under this Contract will be performed in accordance with generally accepted professional practices within the Puget Sound region in effect at the time those services are performed.

**II. TIME OF COMPLETION.** The parties agree that work will begin on the tasks described in Section I above immediately upon the effective date of this Contract. Upon the effective date of this Contract, Consultant shall complete the work described in Section I [Type either "within" or "by" depending on deadline in next form field] [Insert either a date specific or enter # of days, weeks, months, years, etc.].

#### **III. COMPENSATION.**

- A. The City shall pay the Consultant, based on time and materials, an amount not to exceed \$60,000 for the services described in this Contract. This is the maximum amount to be paid under this Contract for the work described in Section I above, and shall not be exceeded without the prior written authorization of the City in the form of a negotiated and executed amendment to this Contract. The Consultant agrees that the amount budgeted for as set forth in Exhibit A for its services contracted for herein shall remain locked at the negotiated rate(s) for a period of one (1) year from the effective date of this Contract.

- B. The Consultant shall submit monthly payment invoices to the City for work performed, and a final bill upon completion of all services described in this Contract. The City shall provide payment within forty-five (45) days of receipt of an invoice. If the City objects to all or any portion of an invoice, it shall notify the Consultant and reserves the option to only pay that portion of the invoice not in dispute. In that event, the parties will immediately make every effort to settle the disputed portion.

**IV. INDEPENDENT CONTRACTOR.** The parties intend that an Independent Contractor-Employer Relationship will be created by this Contract and that the Consultant has the ability to control and direct the performance and details of its work; however, the City shall have authority to ensure that the terms of the Contract are performed in the appropriate manner.

**V. CHANGES.** The City may issue a written change order for any change in the Contract work during the performance of this Contract. If the Consultant determines, for any reason, that a change order is necessary, Consultant must submit a written change order request to the person listed in the notice provision section of this Contract, section XVI(C), within fourteen (14) calendar days of the date Consultant knew or should have known of the facts and events giving rise to the requested change. If the City determines that the change increases or decreases the Consultant's costs or time for performance, the City will make an equitable adjustment. The City will attempt, in good faith, to reach agreement with the Consultant on all equitable adjustments. However, if the parties are unable to agree, the City will determine the equitable adjustment as it deems appropriate. The Consultant shall proceed with the change order work upon receiving either a written change order from the City or an oral order from the City before actually receiving the written change order. If the Consultant fails to require a change order within the time specified in this paragraph, the Consultant waives its right to make any claim or submit subsequent change order requests for that portion of the contract work. If the Consultant disagrees with the equitable adjustment, the Consultant must complete the change order work; however, the Consultant may elect to protest the adjustment as provided in subsections A through E of Section VI, Claims, below.

The Consultant accepts all requirements of a change order by: (1) endorsing it, (2) writing a separate acceptance, or (3) not protesting in the way this section provides. A change order that is accepted by Consultant as provided in this section shall constitute full payment and final settlement of all claims for contract time and for direct, indirect and consequential costs, including costs of delays related to any work, either covered or affected by the change.

**VI. CLAIMS.** If the Consultant disagrees with anything required by a change order, another written order, or an oral order from the City, including any direction, instruction, interpretation, or determination by the City, the Consultant may file a claim as provided in this section. The Consultant shall give written notice to the City of all claims within fourteen (14) calendar days of the occurrence of the events giving rise to the claims, or within fourteen (14) calendar days of the date the Consultant knew or should have known of the facts or events giving rise to the claim, whichever occurs first. Any claim for damages, additional payment for any reason, or extension of time, whether under this Contract or otherwise, shall be conclusively deemed to have been waived by the Consultant unless a

timely written claim is made in strict accordance with the applicable provisions of this Contract.

At a minimum, a Consultant's written claim shall include the information set forth in subsections A, items 1 through 5 below.

**FAILURE TO PROVIDE A COMPLETE, WRITTEN NOTIFICATION OF CLAIM WITHIN THE TIME ALLOWED SHALL BE AN ABSOLUTE WAIVER OF ANY CLAIMS ARISING IN ANY WAY FROM THE FACTS OR EVENTS SURROUNDING THAT CLAIM OR CAUSED BY THAT DELAY.**

- A. Notice of Claim. Provide a signed written notice of claim that provides the following information:
1. The date of the Consultant's claim;
  2. The nature and circumstances that caused the claim;
  3. The provisions in this Contract that support the claim;
  4. The estimated dollar cost, if any, of the claimed work and how that estimate was determined; and
  5. An analysis of the progress schedule showing the schedule change or disruption if the Consultant is asserting a schedule change or disruption.
- B. Records. The Consultant shall keep complete records of extra costs and time incurred as a result of the asserted events giving rise to the claim. The City shall have access to any of the Consultant's records needed for evaluating the protest.

The City will evaluate all claims, provided the procedures in this section are followed. If the City determines that a claim is valid, the City will adjust payment for work or time by an equitable adjustment. No adjustment will be made for an invalid protest.

- C. Consultant's Duty to Complete Protested Work. In spite of any claim, the Contractor shall proceed promptly to provide the goods, materials and services required by the City under this Contract.
- D. Failure to Protest Constitutes Waiver. By not protesting as this section provides, the Consultant also waives any additional entitlement and accepts from the City any written or oral order (including directions, instructions, interpretations, and determination).
- E. Failure to Follow Procedures Constitutes Waiver. By failing to follow the procedures of this section, the Consultant completely waives any claims for protested work and accepts from the City any written or oral order (including directions, instructions, interpretations, and determination).

**VII. LIMITATION OF ACTIONS.** CONSULTANT MUST, IN ANY EVENT, FILE ANY LAWSUIT ARISING FROM OR CONNECTED WITH THIS CONTRACT WITHIN 120 CALENDAR DAYS FROM THE DATE THE CONTRACT WORK IS COMPLETE OR CONSULTANT'S ABILITY

TO FILE THAT CLAIM OR SUIT SHALL BE FOREVER BARRED. THIS SECTION FURTHER LIMITS ANY APPLICABLE STATUTORY LIMITATIONS PERIOD.

**VIII. TERMINATION.** Either party may terminate this Contract, with or without cause, upon providing the other party thirty (30) days written notice at its address set forth on the signature block of this Contract. After termination, the City may take possession of all records and data within the Consultant's possession pertaining to this project, which may be used by the City without restriction. If the City's use of Consultant's records or data is not related to this project, it shall be without liability or legal exposure to the Consultant.

**IX. DISCRIMINATION.** In the hiring of employees for the performance of work under this Contract or any subcontract, the Consultant, its subcontractors, or any person acting on behalf of the Consultant or subcontractor shall not, by reason of race, religion, color, sex, age, sexual orientation, national origin, or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.

**X. INDEMNIFICATION.** Consultant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

The City's inspection or acceptance of any of Consultant's work when completed shall not be grounds to avoid any of these covenants of indemnification.

Should a court of competent jurisdiction determine that this Contract is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Consultant's negligence.

IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE CONSULTANT'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE MUTUALLY NEGOTIATED THIS WAIVER.

The provisions of this section shall survive the expiration or termination of this Contract.

**XI. INSURANCE.** The Consultant shall procure and maintain for the duration of the Contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

**No Limitation.** Consultant's maintenance of insurance as required by the Contract shall not be construed to limit the liability of the Consultant to the coverage

provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

**A. Minimum Scope of Insurance.** Consultant shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

**Minimum Amounts of Insurance:** Consultant shall maintain the following insurance limits:

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

**B. Other Insurance Provisions.** The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability and Commercial General Liability insurance:

1. The Consultant's insurance coverage shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.
2. The Consultant's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

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

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

**XII. EXCHANGE OF INFORMATION.** The City will provide its best efforts to provide reasonable accuracy of any information supplied by it to Consultant for the purpose of completion of the work under this Contract.

**XIII. OWNERSHIP AND USE OF RECORDS AND DOCUMENTS.** Original documents, drawings, designs, reports, or any other records developed or created under this Contract shall belong to and become the property of the City. All records submitted by the City to the Consultant will be safeguarded by the Consultant. Consultant shall make such data, documents, and files available to the City upon the City's request. The City's use or reuse of any of the documents, data and files created by Consultant for this project by anyone other than Consultant on any other project shall be without liability or legal exposure to Consultant.

**XIV. CITY'S RIGHT OF INSPECTION.** Even though Consultant is an independent contractor with the authority to control and direct the performance and details of the work authorized under this Contract, the work must meet the approval of the City and shall be subject to the City's general right of inspection to secure satisfactory completion.

**XV. WORK PERFORMED AT CONSULTANT'S RISK.** Consultant shall take all necessary precautions and shall be responsible for the safety of its employees, agents, and subcontractors in the performance of the contract work and shall utilize all protection necessary for that purpose. All work shall be done at Consultant's own risk, and Consultant shall be responsible for any loss of or damage to materials, tools, or other articles used or held for use in connection with the work.

**XVI. MISCELLANEOUS PROVISIONS.**

A. Non-Waiver of Breach. The failure of the City to insist upon strict performance of any of the covenants and agreements contained in this Contract, or to exercise any option conferred by this Contract in one or more instances shall not be construed to be a waiver or relinquishment of those covenants, agreements or options, and the same shall be and remain in full force and effect.

B. Resolution of Disputes and Governing Law.

1. **Alternative Dispute Resolution.** If a dispute arises from or relates to this Contract or the breach thereof and if the dispute cannot be resolved through direct discussions, the parties agree to endeavor first to settle the dispute in an amicable manner by mediation administered by a mediator under JAMS Alternative Dispute Resolution service rules or policies before resorting to arbitration. The mediator may be selected by agreement of the parties or through JAMS. Following mediation, or upon written agreement of the parties to waive mediation, any unresolved controversy or claim arising from or relating to this Contract or breach thereof shall be settled through arbitration which shall be conducted

under JAMS rules or policies. The arbitrator may be selected by agreement of the parties or through JAMS. All fees and expenses for mediation or arbitration shall be borne by the parties equally. However, each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence.

2. Applicable Law and Jurisdiction. This Contract shall be governed by the laws of the State of Washington. Although the agreed to and designated primary dispute resolution method as set forth above, in the event any claim, dispute or action arising from or relating to this Contract cannot be submitted to arbitration, then it shall be commenced exclusively in the King County Superior Court or the United States District Court, Western District of Washington as appropriate. In any claim or lawsuit for damages arising from the parties' performance of this Agreement, each party shall pay all its legal costs and attorney's fees incurred in defending or bringing such claim or lawsuit, in addition to any other recovery or award provided by law; provided, however, nothing in this paragraph shall be construed to limit the City's right to indemnification under Section X of this Contract.

C. Written Notice. All communications regarding this Contract shall be sent to the parties at the addresses listed on the signature page of this Contract, unless notified to the contrary. Any written notice hereunder shall become effective three (3) business days after the date of mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated in this Contract or such other address as may be hereafter specified in writing.

D. Assignment. Any assignment of this Contract by either party without the written consent of the non-assigning party shall be void. If the non-assigning party gives its consent to any assignment, the terms of this Contract shall continue in full force and effect and no further assignment shall be made without additional written consent.

E. Modification. No waiver, alteration, or modification of any of the provisions of this Contract shall be binding unless in writing and signed by a duly authorized representative of the City and Consultant.

F. Entire Contract. The written provisions and terms of this Contract, together with any Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the City, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner this Contract. All of the above documents are hereby made a part of this Contract. However, should any language in any of the Exhibits to this Contract conflict with any language contained in this Contract, the terms of this Contract shall prevail.

G. Compliance with Laws. The Consultant agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or in the future become applicable to Consultant's business, equipment, and personnel engaged in operations covered by this Contract or accruing out of the performance of those operations.

H. Business License. Contractor shall comply with the provisions of Title 5 Chapter 5.04 of the Des Moines Municipal Code.



<p><b>NOTICES TO BE SENT TO:</b></p> <p><b>CONSULTANT:</b></p> <p>Robert J. Holmes  The Holmes Group, LLC  1324 N. Liberty Lake Road PMB 3661  Liberty Lake, WA 99019  (206) 999-2600 (telephone)  (facsimile)</p>	<p><b>NOTICES TO BE SENT TO:</b></p> <p><b>CITY OF DES MOINES:</b></p> <p>Michael Matthias  City of Des Moines  21630 11<sup>th</sup> Avenue S., Suite A  Des Moines, WA 98198  [Insert Telephone Number] (telephone)  [Insert Fax Number] (facsimile)</p>
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## SCOPE OF WORK – DES MOINES, WA

### Background

The City of Des Moines and Port of Seattle are jointly funding a Feasibility Study of downtown marina property owned by the City. The intent behind this Study is to provide both the City staff and City Council with a combination of development and marketing insight into this property and the level of its importance to the ongoing revitalization of downtown.

The City is experiencing very significant growth through the development of an Industrial Park and the FAA (Federal Aviation Authority) headquarters building that is within the City but is not easily walkable to the marina and downtown.

The Industrial Park developer Panattoni, the City and the Port all view connecting the project and its four to five thousand employees to downtown Des Moines and the marina as being important to any revitalization strategy. The marina project is seen as a catalyst to any revitalization strategy – it has the potential to become a Des Moines attraction, a magnet for residents and visitors alike. Combined with the marina's proximity to Sea-Tac, downtown Des Moines (if strategically branded) could become a sought after corporate meeting center, a waterfront food and beverage hub, a boutique retail shopping area, and other yet-to-be-imagined economic drivers.

1. Market opportunity analysis. Assess the viability of a range of residential and commercial uses at the site through analysis of regional and local trends, discussions with key local players, and preliminary financial projections. The goal of this analysis will be to identify land uses which have the highest likelihood of success at the site.
2. Parking analysis. An occupancy (only) study of the downtown/marina based on city land use/building square footages and will provide an estimate blended demand number (factoring in vacancies, shared parking) for existing development and use it as a factor against future/anticipated development including the Des Moines Creek Business Park. This would be used as a basis for a range of future parking demand, both with assumptions of future parking demand being higher or lower than existing. (The City indicates the study should assume 200+ parking spaces on the site, plus spaces required for the project itself.)
3. Development scenarios. Leveraging findings from the market opportunity and parking analyses, analyze potential development scenarios at the site. Each scenario will include building massing, conceptual design, and financial pro forma analyses with construction estimates and an onsite tour of the Marina.
4. Meeting the key members from the Port of Seattle to discuss their role in economic development at the Marina as appropriate.
5. A meeting with the key City staff to evaluate any conceptual site plan alternatives and select preferred alternatives that we will refine and develop for the Feasibility Study.
6. Presentation of the Feasibility Report to either a City Council Committee or a Special Study Session of the City Council.

### **Meetings**

1. Kick-off meeting
2. Tour of downtown Des Moines and project site
3. Working meeting with City staff

**Deliverables**

1. The report will be provided to the City electronically.

**Cost**

Compensation for this Scope of Work is based on a current Port of Seattle Economic Development Grant with City match **NOT TO EXCEED \$60,000 in total expenditures for completion of the Feasibility Study.** The proposal includes the three meetings outlined. If the City wants additional meetings, these will be additional services, done on an hourly basis and are not included in the \$60,000 budget.

**Team Members**

THG, LLC, CollinsWoerman, Rick William Parking Consultants, Embarcadero Hospitality Group.

**Timing**

Presentation to the City Council will occur in the March/April 2017 time frame. Deliverables must be received by May 31, 2017.

**Study Resources**

The City will provide as are available:

1. Previously developed materials that may add in the understanding and background of this SOW
2. A scaled dimensioned property map of the site
3. Soils reports identifying any constructability impacts
  - a. If a Phase I ESA is not available, the consultants will assume there are no hazardous materials on the site
4. Title report and ALTA site survey showing any easements, topography and other issues or conditions which may impact development of the site
5. Land use/building square footages for downtown

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## Port of Seattle Economic Development Partnership Program

The Port of Seattle is establishing a cooperative economic development fund for King County cities that advances the Port's Century Agenda, promotes the creation of middle class jobs, and supports local community economic development activities. The matching grant program fosters effective economic development partnerships that stimulate region-wide prosperity.

### Eligible Activities:

- Business recruitment initiatives designed to attract new companies to King County
- Small business development, including disadvantaged business assistance projects
- Industry retention and expansion assistance (ex. Maritime, Aerospace, etc.)
- Tourism development including collateral, advertising, and publications to attract destination visitors to increase tourism expenditures
- Downtown revitalization
- Commercial or industrial property development
- Other community or economic development projects that tie to Port business interests\*

### Program Guidelines:

- The awards are available to 38 cities in King County, based on \$1 per capita formula.
- Awards are capped at \$65,000 with a minimum of \$5,000 for small cities.
- A 50 percent local match and a resolution of support/priority from the local jurisdiction is required.
- Funds cannot be used in capital projects.
- Cities may contract with local non-profits to deliver projects or manage initiatives.
- Cities may collaborate or aggregate regionally to enhance impact or outcomes.
- Projects should align with city's economic development strategy and support the Port's Century Agenda or business interests.
- Specific deliverables and costs must be identified and documented.
- Port funds will be released on a cost reimbursement basis with documentation.
- Cities are strongly encouraged to discuss proposed projects/uses of funds with Port of Seattle staff early in concept. The Port will accept applications during July and August 2016. All projects must have approval and be under contract no later than mid-September.

Questions or further detail, contact: Susan Chamberlain at [Chamberlain.s@portseattle.org](mailto:Chamberlain.s@portseattle.org)

*\* Port business interests tie to the health of aviation, maritime/logistics, manufacturing and construction/trades clusters. Tourism is another important industry to the Port.*



## Port of Seattle Century Agenda

### 2016 Economic Development Partnership Program City Application

City: DES MOINES, WA  
 Federal Tax Number: 91-6016496  
 Contact: Michael Matthias, Assistant City Manager  
 Telephone: 206-870-6554  
 Fax: 206-870-6540  
 Email: [mmatthias@desmoineswa.gov](mailto:mmatthias@desmoineswa.gov)  
 Address: 21630 11<sup>th</sup> Ave S  
 City, State, Zip: Des Moines, WA 98198  
 Website: <http://www.desmoineswa.gov/>

**Declaration:** I HEREBY CERTIFY THAT THE INFORMATION GIVEN IN THIS APPLICATION TO THE PORT OF SEATTLE IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Signature of Responsible Official: *Michael Matthias*  
 Print or Type Name and Title: Michael Matthias, Assistant City Manager/Economic Development Director  
 Date: August 11, 2016

Submit application via email to:  
[application@portseattle.org](mailto:application@portseattle.org)

## Port of Seattle Economic Development Partnership Program 2016 Funding Application

The Port of Seattle (POS) is implementing a cooperative economic development program to help fund local economic development initiatives across King County. The program is designed to support City specific economic development projects that create jobs, foster business growth, and support the Port's business interests\*.

### Project Description and Budget

1. Summarize the project(s) or initiative(s) you plan to support through the economic development partnership program. Please attach resolution of support from local jurisdiction.

The City enjoys a strong relationship with the Port of Seattle and SeaTac Airport. The development of the Des Moines Creek Business Park (DMCBP), the result of a public/private partnership between the Port, Panattoni, and the City has resulted in a three phase project (all currently under construction) on the 89 acre Port property and totaling approximately 1.4 million square feet including the new Federal Aviation Administration (FAA) building. The DMCBP will create approximately 4-5,000 jobs in Des Moines. A portion of those jobs are regional transfers from other FAA locations but they are new to Des Moines. The Port and the City are actively pursuing land use options to expand the DMCBP and initiate Phase 4 of the development to Port property to the west of the current DMCBP.

The result of this very significant job creation through the DMCBP public/private partnership creates new opportunities for the City based on the potential increased consumption demand. However, the City must prepare for this opportunity. Redevelopment of the downtown is one of these critical components, assuring that there are quality experiences which include retail and dining options (including existing retail and dining as well as opportunities for future growth to meet demand in the retail and dining sector) for employees of the DMCBP, as well as residential options for those wanting to relocate to Des Moines. Another critical component is the development of the Des Moines Marina in a manner that creates linkages and synergies with downtown redevelopment. Both together begin to create a place that will attract people to our downtown. Impacting both of these opportunities is transportation and parking. The key is to get employees to go downtown and to the Marina through different mobility options, including reviewing opportunities for shuttle service (provided by the private sector or in partnership, and providing online order and delivery coordinated among business owners at the Business Park and downtown restaurateurs).

Therefore, these are the three elements that will be assessed in this grant application:

- 1) A conceptual, pre-design feasibility study of what type of structure could be constructed on the Marina floor, within the buildable footprint, within current land use elements including height restrictions (35 feet), how such a structure could accommodate multiple use options including retail, hotel, commercial, and an internal parking structure. An important component of the study will be to look at integration of such a structure with the downtown by providing pedestrian connections, potentially using a Harbor Steps Park approach from the Marina to the downtown. This study would also consider sustainable options, including the potential for green roofs and possibly connecting the foot of 223rd Avenue to the

**Port of Seattle Economic Development Partnership Program  
2016 Funding Application**

structure to provide direct access from the downtown onto to the proposed structure.

2) An economic demand study to assess the future market demand created by the DMCBP and including the capacity of the Marina and the downtown to serve as "destination locations." The study will assess the demand compatibility of a boutique hotel and the areas of competitive advantage that come with massive job creation within the city and the presence of SeaTac within a short radius. The study will be conducted along the lines of how the private sector evaluates investment opportunities and not simply demographic data that sits on the shelf.

3) A parking study to include the Marina and downtown based on current and future demand to assess parking requirements, parking alternatives, demand management options, multi-modal possibilities and an estimate of the number of spaces that would be feasible in a Marina parking structure integrated into a hotel and other uses, that would serve retail, hotel, Marina and Beach Park events, and provide a parking resource for downtown businesses as well.

The grant is based on 2015 population for the City of Des Moines, which was 30,100 (Washington State Office of Financial Management). The Port will provide \$1 per capita, therefore the City is eligible for a grant of \$30,100 requiring a 50% city match of \$30,100, for a maximum grant expenditure of \$60,200.

2. Outline project goals, related strategies, desired outcomes and timelines using the table below (attach additional information if necessary):

<b>Goals:</b>	<b>Strategies:</b>	<b>Outcomes:</b>	<b>Timelines:</b>
Conceptual pre-design feasibility study of structural type for the Des Moines Marina redevelopment project	Prepare comprehensive pre-design feasibility study to identify buildable structure type to serve as basis for redevelopment cost analysis	Deliverable	6/1/2017
Economic impact demand study to assess future market demand created by the Des Moines Creek Business Park including the capacity of the Des Moines Marina and downtown to serve as "destination locations."	Prepare a comprehensive economic demand study to identify appropriate land use actions, parking improvements, and identify complementary types of uses to maximize increased retail and residential demand from the new employees at the Des Moines Creek Business park and from	Deliverable	6/1/2017



**Port of Seattle Economic Development Partnership Program  
2016 Funding Application**

- Be the greenest, and most energy efficient port in North America
- The Port of Seattle will use its real estate, capital assets and financial capabilities to accomplish the Century Agenda.

This economic development grant will provide resources for the City to move forward with development to advance the City of Des Moines as a "destination location;" to promote small business development and create jobs; to utilize sustainable development strategies to promote and achieve energy efficiency and to continue expanding the economic development activities that have been created by the Des Moines Creek Business Park.

These goals are consistent with the City's strategic economic objectives and with the Century Agenda.

*\*Port business interests tie closely to the health of aviation, maritime/logistics, manufacturing and construction/trades clusters. Tourism is another important industry to the Port.*

4. Identify project budget and match funds using the table below

Category:	Port of Seattle Funds:	Matching Funds:	Total Funds:
<i>Example: Staffing</i>			
<i>Example: Consultants</i>	\$30,100	\$30,100	\$60,200
<i>Example: Goods and Services</i>			
<i>Example: Marketing</i>			

5. If you plan to use consultants or contractors to complete all or part of the project, please identify the firm or type of firm you plan to hire for this project.

Real Estate Development Consulting Firm to coordinate the three studies/analysis:

- 1) Pre-design feasibility of Marina redevelopment pattern and structure,
- 2) Economic Demand Impact analysis to provide the understanding of how to maximize increased retail and residential consumption from the new Des Moines Creek Business Park and SeaTac International Airport
- 3) Parking study for the downtown and the Marina to identify transportation requirements, including multi-modal, pedestrian and vehicle parking requirements to maximize economic development coming from the new Business Park and other locations.

# Government 101: City Finance

November 17, 2016

# City Finance



# Part 1

## FINANCIAL PLANNING

What do we need?  
How will we pay for it?

# Why plan?

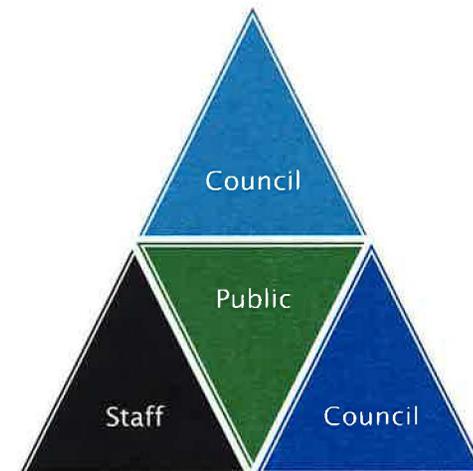
There is not enough money to do everything “we” want to do.

- ▶ Focuses attention on priorities & goals.
- ▶ Provides for organized growth & development
- ▶ Promotes efficient operations.
- ▶ Helps distribute costs over time.
- ▶ Enhances opportunities for grants.



# How are plans created?

- ▶ Start with the last plan.
- ▶ Add staff perspective of changes.
- ▶ Add council perspective of changes.
- ▶ Add public perspective of changes.
- ▶ Finalize council perspective of changes and adopt the plan.



# Types of City Financial Plans

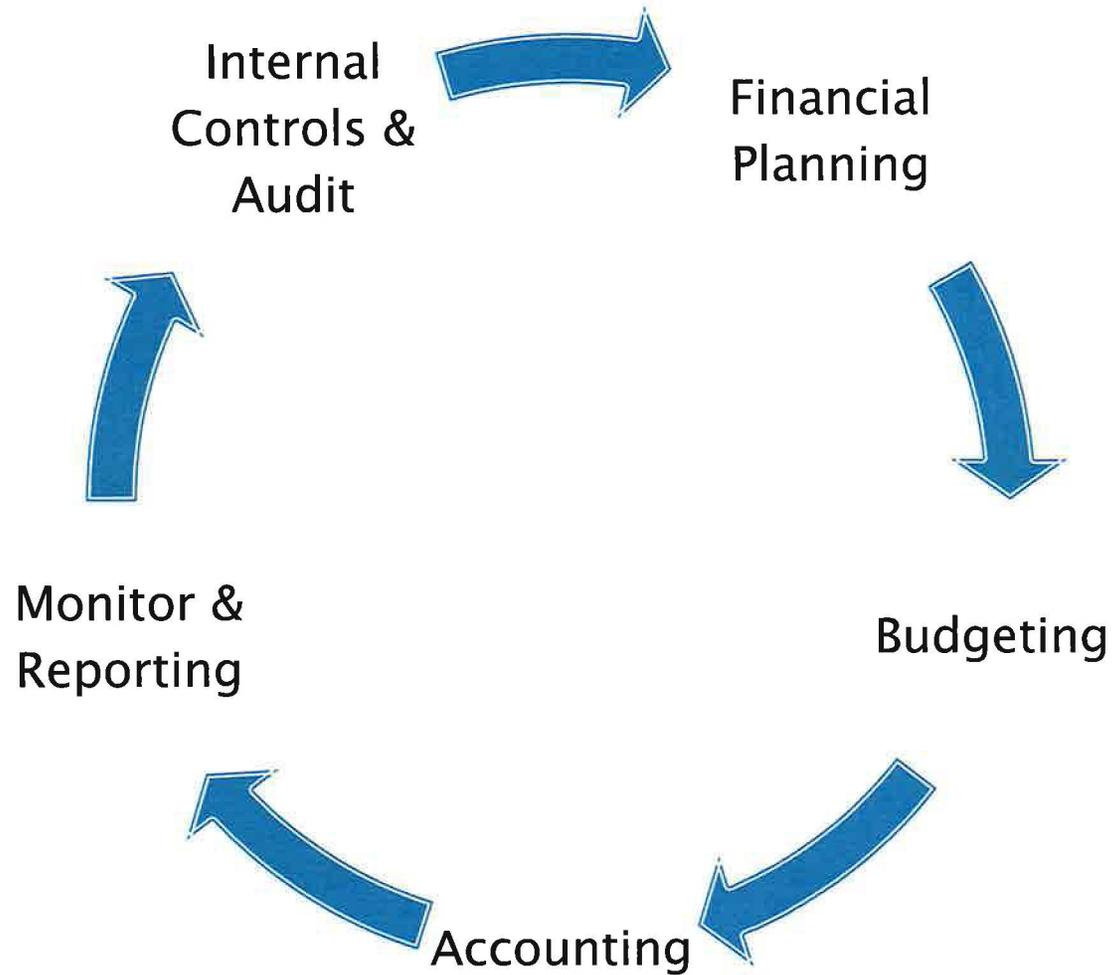
- ▶ City Wide 20 Year Comprehensive Plan
  - What is our vision of the future and how do we plan to get there?
  - Includes such things as zoning (what activities occur where in the city) & capital needs
- ▶ Various Department's Master Plans
- ▶ 6 Year Capital Plan
- ▶ 5 Year Financial Forecast
- ▶ 1 Year Operating & Capital Budgets
- ▶ Debt capacity analysis

# Part 2

## BUDGETING –

Capital Budget  
Operating Budget

# City Finance



# What is the difference between “Plans” & “Budgets” ?

- ▶ Plans help provide priority and direction.
- ▶ Budgets provide legal authority and limits.
- ▶ Capital & Debt spending are authorized for the life of the project /debt (many years).
- ▶ Other Operating spending is authorized for one year at a time.

# Capital (Projects) Budget – Spending

- ▶ Comes from 1st year of 6 Year Capital Plan
- ▶ Generally projects greater than \$20,000 and which often take more than one year to finish.
  - New roads, traffic signals, trails, etc.
  - Docks, parking lots, storm water pipes, etc.
  - Buildings, park playgrounds, etc.
- ▶ Items which cost  $> \$5,000$  and are not a repair (e.g. vehicles) are included in the Operating Budget.

# Capital (Projects) Budget – Funding

- ▶ Capital Budgets include “real” funding.
  - Grants
  - Debt
  - Dedicated Capital Revenue Sources
    - Real Estate Excise Tax (REET 1 & REET 2)
    - Park Levy
    - In-Lieu Fees (Traffic, Park, etc.)
    - Impact Fees (Traffic, Park, etc.)
- ▶ Capital revenue sources are generally restricted to capital purposes and therefore can't be used for operating costs.

# Operating Budget– Revenues

- ▶ Taxes
- ▶ Licenses & Permits
- ▶ Fees & Charges
- ▶ Grants
- ▶ State Shared Revenues
- ▶ Interest, Rents, Miscellaneous
- ▶ Debt Proceeds

# Operating Budget – Spending

- ▶ What services does the city provide?
  - City Council vision, policies and priorities
  - Municipal Court
  - Police Patrol, Detectives, CSO, SRO, Animal Control
  - Code Enforcement
  - Legal, Prosecutor, Indigent Defense
  - Planning, Building, Permitting, Licensing
  - Streets, Signals, Signs, Lights, Guardrails, Sidewalks
  - Parks, Recreation, Camps, Sr. Activities, Human Services
  - Public Art, Concerts, Festival Support
  - Marina
  - Surface Water Management
  - City Management
  - Centralized Departmental Support Services

# Budget Calendar & Process

- ▶ 6 Year Capital Plan – Adopted July
- ▶ Finance “Baseline” Budget July 15<sup>th</sup>
- ▶ “Department Requests” July 22<sup>nd</sup>
- ▶ City Manager Initial August 4<sup>th</sup>
- ▶ City Council Budget Retreat August 13<sup>th</sup>
- ▶ Citizen Advisory Committee Sept 15<sup>th</sup>
- ▶ Public Hearing City Mgr. Prelim Budget Oct 20<sup>th</sup>
- ▶ Public Hearing – 2017 Capital & Operating Nov 10<sup>th</sup>
- ▶ 2017 Property Tax Levy Nov 10<sup>th</sup>
- ▶ Continue public input and/or adopt by Dec 31<sup>st</sup>

# Part 3

**ACCOUNTING – Keeping track of money received and money spent.**

# City Finance



# Restrictions and Control.

- ▶ Revenues are often restricted:
  - Fees are in exchange for services
    - sometimes not enough to pay for full cost
  - Taxes are sometimes restricted by purpose (MVFT, REET, etc.); sometimes not (property, sales, utility).
  - Grants & donations are specific to the award.
  - Debt proceeds restricted by debt agreement.

# “Fund” Accounting & Fund Types

- ▶ “Fund” is like its own business with its own bank account and its own revenues and expenses.
  
- ▶ A Fund is sometimes created to control cash for restricted purposes.
  - General Fund
  - Special Revenue Funds (Street, Paving, Drug, Redondo, TBD, etc.)
  - Debt Service Funds
  - Capital Funds
  - Enterprise Funds (Marina & SWM)
  - Internal Service Funds (Insurance, Fleet, Facilities, Unemployment, etc.)

# Accounting Systems

- ▶ Approximately 18 different cashiering points (7 locations) to balance daily.
  
- ▶ 36 different accounting funds and 3,615 active accounts.
  - 2,100 different spending accounts.
  - 647 different revenue accounts.
  - 868 different balance sheet accounts.
  
  - Vendor Payables & Employee Payroll Systems.
  - Receivable, LID, Parks & Marina Billing Systems.
  - Capital Asset, Debt, Investment Systems.

# Part 4

**REPORTING -**

**The story in numbers**

**(according to the rules)...**

# City Finance



# The Great “GASB” ...

## Governmental Accounting Standards Board

- ▶ Sets the standards for financial reporting.
- ▶ Goal of standard setting is financial statement consistency, comparability and accountability.
- ▶ First standard set in 1984
  - 82 Standards – which keep changing
    - GASB 82 amends GASB 67,68 and 73.
- ▶ GASB’s intent is to review standards every 10 years.

# Reporting Stakeholders- Who cares?

- ▶ Financial Statement Users
  - The Public has a right to know
  - Creditors (i.e. debt borrowing)
  - Management
- ▶ Accounting Scholars & Standard Setters
- ▶ Financial Statement Preparers
- ▶ Auditors

# Financial Statements Focus

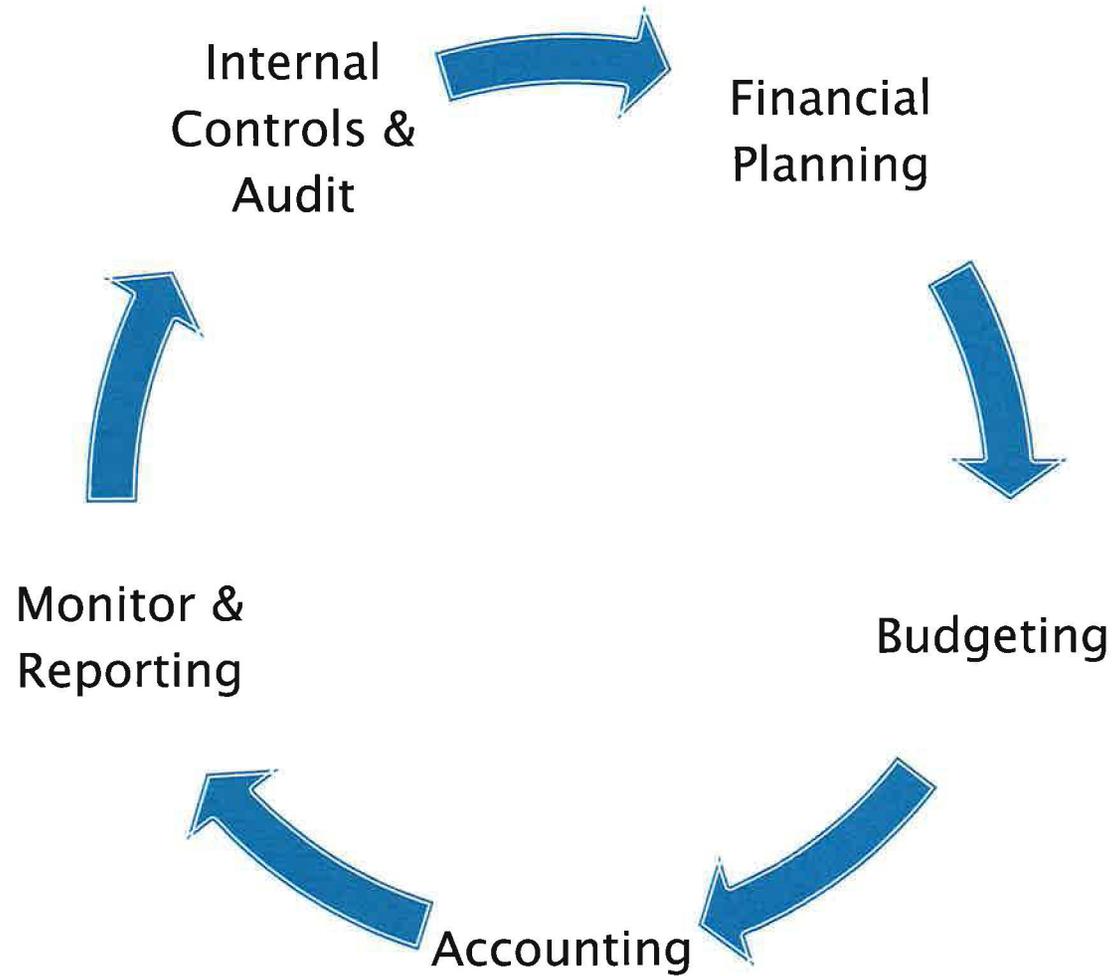
- ▶ Generally used to tell what happened in the past.
  - Verifiable
  - Cost effective
  - More consistent
  
- ▶ What's not prescribed:
  - Financial Forecasts
  - Budget Reports
  - Performance Reports

# Part 5

## Audits & Internal Controls–

How to make sure the rules are followed  
and Public resources are protected.

# City Finance



# Audits –

- ▶ Can we believe the numbers in the Financial Statements?
  - “Reasonable assurance”
  - “Statements are not materially misleading”
- ▶ We pay them; why not “absolute assurance”?
  - Test basis
  - Cost prohibitive to audit every transaction.
  - Reliance on “Internal Controls”
  - Costs about \$53K –\$55K each year.

# Audits –

- ▶ Performed by the State Auditor's Office
- ▶ City has 3 audits each year:
  - Financial Statement Audit
  - Combined Federal Grant Audit
  - Accountability Audit
- ▶ Generally on-site March to July
  
- ▶ Transportation Benefit District – Last one
  - About \$5,500 every 3 years.

# Internal Controls...

- ▶ The structure management puts into place to provide reasonable assurance it will meet its basic objectives.
  - Operations are run both *efficiently & effectively*
  - Financial Reporting
  - Stewardship of public resources
  - Legal Compliance – Laws, contracts, policies, etc.
- ▶ MANAGEMENT is responsible for creating and following internal controls (not auditors).
- ▶ COUNCIL is responsible for ensuring management carries out its internal control responsibilities.

# Inherent limits on Internal Controls

- ▶ Cost/benefits
- ▶ Management override
- ▶ Collusion

# Internal Control Structure: Five Elements

- ▶ **Control Environment**
  - Management is knowledgeable
  - Management is committed
  - Management communicates
- ▶ **Risk Assessment of internal & external risks**
  - Inherent Risk
    - Change
    - Complexity
    - Cash Receipts
    - History of Prior Problems
    - History of lack of response to prior noted deficiencies
- ▶ **Control Activities**
  - Prevent
  - Detect and alert
- ▶ **Information and communication**
- ▶ **Monitoring**

# City Financial Management – Takes the **WHOLE TEAM**

