

AGENDA

DES MOINES CITY COUNCIL
REGULAR MEETING
City Council Chambers
21630 11th Avenue S, Des Moines, Washington

September 14, 2017 – 7:00 p.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

CORRESPONDENCE

EXECUTIVE SESSION

COMMENTS FROM THE PUBLIC

BOARD AND COMMITTEE REPORTS/COUNCILMEMBER COMMENTS

PRESIDING OFFICER'S REPORT

ADMINISTRATION REPORT

Item 1: COMMUNITY CONNECTIONS PILOT PROJECT

CONSENT CALENDAR

Page 1 Item 1: APPROVAL OF VOUCHERS

Motion is to approve for payment vouchers and payroll transfer through September 6, 2017 included in the attached list and further described as follows:

Total A/P Checks/Vouchers	#151585-151759	\$ 692,317.17
Electronic Wire Transfers	#913-921	\$ 370,758.38
Payroll Checks	#18969-18974	\$ 4,789.13
Payroll Checks	#18975-18978	\$ 2,988.92
Payroll Deposit	#330001-330174	\$ 326,952.07
Payroll Deposit	#350001-350181	\$ <u>335,697.54</u>

Total Certified Checks, Wires, A/P and Payroll Vouchers: \$1,733,503.21

Page 3 Item 2: DRAFT RESOLUTION NO. 17-068 SETTING A PUBLIC HEARING TO CONSIDER DRAFT ORDINANCE 17-068 AMENDING CHAPTER 16.05 RELATING TO CATEGORICAL EXEMPTIONS FOR MINOR NEW CONSTRUCTION UNDER THE STATE ENVIRONMENTAL POLICY ACT (SEPA)

Motion is to adopt Draft Resolution No. 17-068 setting a public hearing on October 12, 2017, or as soon thereafter as the matter may be heard, to consider Draft Ordinance No. 17-068 amending Chapter 16.05 DMMC relating to categorical exemptions for minor new construction under the State Environmental Policy Act.

Page 17 Item 3: NATIONAL RECOVERY MONTH PROCLAMATION
Motion is to approve the Proclamation supporting September as National Recovery Month.

Page 21 Item 4: SOUTH 216TH STREET – SEGMENT 3, KPG ENGINEERING TASK ASSIGNMENT; SUPPLEMENT #1 S. 216TH STREET/11TH AVENUE S. INTERSECTION PIPE REPLACEMENT PROJECT
Motion 1 is to direct City Staff to bring forward a budget amendment to the 2017-2022 Capital Improvement Plan and the 2017 Capital Budget to include the S. 216th Street/11th Avenue S. Intersection Pipe Replacement Project as shown in Attachment 1.

Motion 2 is to approve 2016-2017 On-Call General Engineering Services Task Assignment 2016-04, Supplement #1 with KPG Inc. in the amount of \$33,033.27 to provide engineering and permitting services for the S. 216th Street/11th Avenue S. Intersection Pipe Replacement Project and to incorporate the improvements into the S. 216th Street – Segment 3, 11th Ave S to 20th Ave S project final design bringing the total task order costs to \$573,009.62, and further authorize the City Manager to sign said Task Assignment substantially in the form as submitted in Attachment 3.

Page 33 Item 5: LEASE AGREEMENT WITH FORTERRA FOR THE “VAN GASKEN PROPERTY”
Motion is to approve the Lease Agreement between the City and Forterra, allowing the City to occupy and use the property at 402 S. 222nd St. for any legal purpose through December 31, 2020, setting rent at zero dollars (\$0.00) per month, setting the rights and obligations under the lease, and to authorize the City Manager to sign the Agreement substantially in the form as attached.

NEW BUSINESS

Page 45 Item 1: SCORE BUDGET UPDATE
Staff Presentation: City Manager Michael Matthias

NEXT MEETING DATE

October 5, 2017 City Council Study Session

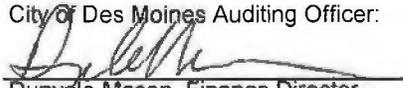
ADJOURNMENT

CITY OF DES MOINES
Voucher Certification Approval
14-Sep-17
Auditing Officer Certification

Vouchers and Payroll transfers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing, which has been made available to the City Council.

As of Sept 14, 2017 the Des Moines City Council, by unanimous vote, does approve for payment those vouchers and payroll transfers through Sept 6, 2017 included in the attached list and further described as follows:

The vouchers below have been reviewed and certified by individual departments and the City of Des Moines Auditing Officer:


Dunyale Mason, Finance Director

	# From	# To	Amounts
Claims Vouchers:			
Total A/P Checks/Vouchers	151585 ✓ -	151759 ✓	692,317.17
Electronic Wire Transfers	913 ✓	921 ✓	370,758.38
Total claims paid			1,063,075.55
Payroll Vouchers			
Payroll Checks	18969 ✓	18974 ✓	4,789.13
Direct Deposit	330001 -	330174 -	326,952.07
Payroll Checks	18975 ✓	18978 ✓	2,988.92
Direct Deposit	350001 -	350181 -	335,697.54
Total Paychecks/Direct Deposits paid			670,427.66
Total checks and wires for A/P & Payroll			1,733,503.21

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AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: Draft Resolution No. 17-068 setting a Public Hearing to consider Draft Ordinance 17-068 amending Chapter 16.05 relating to categorical exemptions for minor new construction under the State Environmental Policy Act (SEPA)

FOR AGENDA OF: September 14, 2017

DEPT. OF ORIGIN: Community Development

DATE SUBMITTED: September 6, 2017

ATTACHMENTS:

1. Draft Resolution No. 17-068 Setting a Public Hearing Date for Draft Ordinance No. 17-068.
2. Draft Ordinance No. 17-068 Amending Chapter 16.05 DMMC.

CLEARANCES:

- Community Development *SMC*
- Marina N/A
- Parks, Recreation & Senior Services N/A
- Public Works *Pbc*

CHIEF OPERATIONS OFFICER: _____

- Legal *MA*
- Finance _____
- Courts _____
- Police _____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: *[Signature]*

Purpose and Recommendation

The purpose of this Agenda Item is for the City Council to consider Draft Resolution No. 17-068 (Attachment 1) which will set a public hearing date for the consideration of Draft Ordinance No. 17-068 (Attachment 2) that would amend the Des Moines Municipal Code Chapter 16.05 relating to categorical exemptions for minor new construction under the State Environmental Policy Act (SEPA). The following motion will appear on the Consent Calendar:

Suggested Motion

Motion 1: “I move to adopt Draft Resolution No. 17-068 setting a public hearing on October 12, 2017, or as soon thereafter as the matter may be heard, to consider Draft Ordinance No. 17-068 amending Chapter 16.05 DMMC relating to categorical exemptions for minor new construction under the State Environmental Policy Act.”

Background

State Environmental Policy Act (SEPA) rules are codified in Chapter 197-11 Washington Administrative Code (WAC). WAC 197-11-800 lists those actions which are categorically exempt from SEPA review, and WAC 197-11-800(1)(c)&(d) contain flexible thresholds whereby cities or counties may raise categorical exemption levels to specified maximum levels. Agencies may adopt the maximum level, or a level between the minimum and maximum level. Cities and counties must document that adequate development regulations are in place to protect and mitigate impacts to the environment and cultural and historic resources.

The option of increasing SEPA categorical exemption levels was discussed with the City Council on May 11, 2017, and staff was directed to prepare an ordinance for Council consideration which increases the current exemption levels in Chapter 16.05 DMMC.

Discussion

The Washington State Legislature passed SB 6406 in 2012 and implementing rules were adopted in 2014, allowing jurisdictions to exempt a wider range of development projects from SEPA review while maintaining current levels of natural resource protection.

New construction projects smaller than the flexible exemption threshold have a low chance of significant impact when appropriate mitigations are provided through compliance with development regulations implemented through the permit process. Most impacts associated with development have been evaluated under the SEPA review of these zoning, design and environmental regulations.

For these reasons, the SEPA process has become less valuable to the City and more redundant to applicants. This provides opportunities for regulatory streamlining.

DMMC 16.05.350 specifies that certain categorical exemptions adopted by the City do not apply when the proposal is located in a critical area, creating another layer of complexity to the permit process, with differing procedural requirements depending upon project location. The draft ordinance also proposes that the SEPA exemptions apply regardless of location inside or outside of critical areas. Critical areas impacts are addressed in the City's development regulations (Chapter 16.10 DMMC) and a critical areas review will occur whether or not the project is exempt from SEPA.

The typical SEPA application requires preparation of an environmental checklist describing the potential impacts of the project to a wide variety of environmental elements. SEPA review typically adds about one month to the permit review timeline. If threshold levels are raised, it would save the City and the applicant time, and would streamline the development review process, while still addressing environmental impacts of the project through development regulations.

Alternatives

The City Council may:

1. Adopt the proposed Draft Resolution.
2. Adopt the proposed Draft Resolution with a different hearing date.

3. Decline to adopt the Draft Resolution.

Financial Impact

A slight decrease in review fee revenue would be offset by savings in staff time dedicated to SEPA review for smaller projects.

Recommendation:

Staff recommends Council set the public hearing for consideration of Draft Ordinance No. 17-068.

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CITY ATTORNEY'S FIRST DRAFT 09/06/2017**DRAFT RESOLUTION NO. 17-068**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DES MOINES, WASHINGTON, setting a public hearing to consider Draft Ordinance No. 17-068 relating to categorical exemptions for minor new construction under the State Environmental Policy Act (SEPA), amending DMMC 16.05.040, DMMC 16.05.330, DMMC 16.05.340 and DMMC 16.05.350, and finding that the revised procedures are consistent with Chapter 197-11 WAC.

WHEREAS, the City Council directed City staff to prepare an ordinance for its consideration which increases categorical exemptions for minor new construction in accordance with allowances under WAC 197-11-800, and

WHEREAS, the changes proposed by this ordinance have been processed in accordance with the requirements of the State Environmental Policy Act (SEPA), and the responsible official has determined that this ordinance is exempt from threshold determination under WAC 197-11-800(19), and

WHEREAS, a 60 day comment period for the proposed amendments will be provided to the Washington State Departments of Ecology and Commerce, affected tribes, agencies with expertise and the public, pursuant to WAC 197-11-800(1)(c)(iii), and

WHEREAS, notice of the public hearing will be issued in accordance with the DMMC, and

WHEREAS, a public hearing is necessary to receive public comment regarding amendments to Title 16 DMMC; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES RESOLVES AS FOLLOWS:

The matter of amendments to chapter 16.10 DMMC relating to categorical exemptions for minor new construction under the State Environmental Policy Act (SEPA), amending DMMC 16.05.040, DMMC 16.05.330, DMMC 16.05.340 and DMMC 16.05.350, is set for a public hearing before the City Council on October 12, 2017, at 7:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers, 21630 11th Avenue South, Suite B, Des Moines, Washington.

Resolution No. 17-068
Page 2 of 2

ADOPTED BY the City Council of the City of Des Moines, Washington this 14th day of September, 2017 and signed in authentication thereof this 14th day of September.

M A Y O R

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

CITY ATTORNEY'S FIRST DRAFT 09/06/2017**DRAFT ORDINANCE NO. 17-068**

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON relating to categorical exemptions for minor new construction under the State Environmental Policy Act (SEPA), amending Des Moines Municipal Code (DMMC) 16.05.040, DMMC 16.05.330, DMMC 16.05.340 and DMMC 16.05.350, and finding that the revised procedures are consistent with chapter 197-11 WAC.

WHEREAS, the Washington State Environmental Policy Act (SEPA) was adopted in 1971, which provides a way to identify and mitigate possible environmental impacts that may result from approval of private development proposals, and

WHEREAS, the amendments to the SEPA rules set forth in WAC 197-11-800 include provisions allowing local governments to adopt increases to the thresholds for categorically exempt actions, and

WHEREAS, the requirements for environmental analysis, protection, and mitigation for impacts to elements of the environment listed in WAC 197-11-444 have been adequately addressed in specific adopted development regulations and applicable federal and state regulations for exempted development as set forth in Attachment 1 hereto, and

WHEREAS, applicable federal and state regulations and specific City development regulations, including Chapter 18.215 DMMC, provide adequate protections for cultural and historic resources for exempted development in accordance with WAC 197-11-800(1)(c)(iv), and

WHEREAS, chapter 16.10 DMMC containing the City's critical areas regulations, adequately addresses impacts to critical areas for exempted development, and

WHEREAS, project-level comment opportunities for the public, affected tribes, and agencies are described in chapter 18.20 DMMC, and

WHEREAS, the changes proposed by this Ordinance have been processed in accordance with the requirements of the State Environmental Policy Act (SEPA), and the responsible official has determined that this Ordinance is exempt from threshold determination and EIS requirements under WAC 197-11-800(19), and

Ordinance No. 17-068
Page 2 of 6

WHEREAS, the benefits of such a change and other considerations were discussed with the City Council as a noticed agenda item at its May 11, 2017 meeting, and

WHEREAS, the City Council directed City staff to prepare an ordinance for its consideration, and

WHEREAS, WAC 197-11-800, adopted by reference, has been filed in the office of the City Clerk for examination by the public during the time this Ordinance has been under consideration by the Council prior to adoption as required by RCW 35A.12.140, and

WHEREAS, a 60-day comment period for the proposed amendments was provided to the Washington State Departments of Ecology and Commerce, affected tribes, agencies with expertise, and the public, pursuant to WAC 197-11-800 (1)(c)(iii), and

WHEREAS, the City Council set the date for the public hearing on Draft Ordinance No. 17-068 by Resolution No. 17-068, fixing the public hearing for October 12, 2017, and

WHEREAS, a public hearing was held on October 12, 2017, where all persons wishing to be heard were heard, and

WHEREAS, the City Council finds that the Title 16 DMMC amendments contained in this Ordinance comply with the requirements of WAC 197-11-800; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. DMMC 16.05.040 and section 15 of Ordinance No. 1583 shall each be amended to read as follows:

16.05.040 Authority. The City adopts this chapter under the State Environmental Policy Act (SEPA), RCW 43.21C.120 and the SEPA rules, WAC 197-11-904. This chapter contains this City's SEPA procedures and policies. The SEPA rules, chapter 197-11 WAC, and Chapter 43.21C RCW, must be used in conjunction with this chapter.

Sec. 2. DMMC 16.05.330 and section 44 of Ordinance No. 1583 shall each be amended to read as follows:

Categorical exemptions - Adoption by reference.

(1) The City adopts by reference the following rules for categorical exemptions, as supplemented in this chapter ~~including WAC 173-806-070 (Flexible thresholds), 173-806-080 (Use of exemptions), and 173-806-190 (Critical areas):~~

(a) WAC 197-11-800, Categorical exemptions; except that the following flexible thresholds specified in WAC 197-11-800(1)(b) shall be adopted by the City as provided for under WAC 197-11-800(1)(c) and (d): ~~when a development action does not occur within any environmentally critical area described and regulated in chapter 16.10 DMMC:~~

~~(i) The construction or location of multifamily development containing up to 15 dwelling units;~~

~~(ii) The construction of an office, school, commercial, recreational, service or storage building with 10,000 square feet of gross floor area or less, and with associated parking facilities designed for up to 35 automobiles;~~

~~(iii) The construction of a parking lot designed for up to 35 automobiles; and~~

~~(iv) Any landfill or excavation of up to 300 cubic yards throughout the total lifetime of the fill or excavation; and any fill or excavation classified as a Class I, II, or III forest practice under RCW 76.09.050 or regulations thereunder)~~

<u>Project Types</u>	
Single Family Residential	30 units or less
Multifamily Residential	20 units or less
Barn, loafing shed, farm equipment storage, produce storage or packing structure	20,000 square feet or less
Office, school, commercial, recreational, service, storage building, parking facilities	12,000 square feet and 50 parking spaces or less

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<u>Fill or excavation</u>	<u>500 cubic yards or less</u>
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(b) WAC 197-11-880, Emergencies.

(c) WAC 197-11-890, Petitioning DOE to change exemptions.

(2) The City adopts by reference the categorical exemption for electrical vehicle charging and battery exchange stations established by RCW 43.21C.410.

Sec. 3. DMMC 16.05.340 and section 45 of Ordinance 1583 shall each be amended to read as follows:

Agency compliance - Rules. DMMC 16.05.350 through 16.05.370 contain rules for agency compliance with SEPA, including rules for charging fees under the SEPA process, ~~designating categorical exemptions that do not apply within critical areas,~~ listing agencies with environmental expertise, selecting the lead agency, and applying these rules to current agency activities. The City adopts by reference the sections contained in WAC 197-11-900 through 197-11-928.

Sec. 4. DMMC 16.05.350 and section 46 of Ordinance No. 1583 each be amended to read as follows:

Environmentally critical areas and areas of special flood hazard.

~~(1) The City has selected certain categorical exemptions that will not apply in one or more critical areas identified in the critical areas ordinances required under RCW 36.70A.060. The City's environmentally critical areas regulations (chapter 16.10 DMMC) were prepared pursuant to RCW 36.70A.060. Within environmentally critical areas as defined in chapter 16.10 DMMC and areas of special flood hazard as defined in chapter 16.15 DMMC, the following exemptions within WAC 197-11-800 that are~~

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~~inapplicable are: WAC 197-11-800(1); (2)(a) through (h); (5); (6)(a); (24)(a) through (g); and (25)(h), (i).~~

(21) The scope of environmental review ~~of actions within environmentally critical areas related to impacts to critical areas~~ shall be limited to:

(a) Documenting whether the proposal is consistent with the requirements of chapter 16.10 DMMC, and

(b) Evaluating potentially significant impacts on the environmentally critical area not adequately addressed by Growth Management Act (GMA) planning documents and development regulations, if any, including any additional mitigation measures needed to protect the critical areas in order to achieve consistency with SEPA and with other applicable environmental review laws.

~~(3) All categorical exemptions not listed in subsection (1) of this section apply whether or not the proposal will be located in an environmentally critical area. [Ord. 1583 § 46, 2013.]~~

NEW SECTION. Sec. 5. Severability - Construction.

(1) If a section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

(2) If the provisions of this Ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this Ordinance is deemed to control.

NEW SECTION. Sec. 6. Effective date. This Ordinance shall take effect and be in full force five (5) days after its final approval by the Des Moines City Council in accordance with law.

Ordinance No. 17-068
Page 6 of 6

PASSED BY the City Council of the City of Des Moines this
____ day of _____ and signed in authentication thereof this
____ day of _____, 2017.

M A Y O R

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

Published: _____

SEPA Authority by Element of the Environment (WAC 197-11-444)	How Addressed by Other Codes/Rules
Earth	Chapter 14.20 DMMC – Land Filling, Clearing and Grading Code; Chapter 11.08 DMMC – Surface Water Management Program; Chapter 11.20 DMMC – National Pollution Discharge Elimination System (NPDES); Chapter 16.10 DMMC – Environmentally Critical Areas; Title 18 DMMC - Zoning
Air	United States Environmental Protection Agency (EPA); Washington State Department of Ecology, Chapter 173-400 WAC – General Regulations for Air Pollution Sources; Puget Sound Clean Air Authority
Water	Chapter 11.08 DMMC – Surface Water Management Program; Chapter 11.20 DMMC – National Pollution Discharge Elimination System (NPDES); Chapter 16.10 DMMC – Environmentally Critical Areas; Chapter 16.20 DMMC – Shoreline Master Program State Hydraulic Project Approvals; WAC 173-201A – Water Quality Standards for Surface Waters of the State of Washington; WAC 173-200 – Water Quality Standards for Ground Waters of the State of Washington
Plants and Animals	Chapter 16.10 DMMC – Environmentally Critical Areas; Chapter 17.35 DMMC – Layout and Design of Subdivisions and Similar Requirements; Chapter 18.195 DMMC – Landscaping and Screening; Chapter 16.20 DMMC – Shoreline Master Program Federal and State Endangered Species Regulations in 16 USC §1531 et seq. and Chapter 77.12 RCW
Environmental Health	Chapter 7.16 DMMC – Maximum Environmental Noise Levels Federal, state, and regional regulations, as well as local Fire and Building Codes are the primary means of mitigating risks associated with hazardous and toxic materials
Land and Shoreline Use	Chapter 16.10 DMMC – Environmentally Critical Areas; Title 18 DMMC – Zoning; Chapter 16.20 DMMC – Shoreline Master Program; Title 17 DMMC - Subdivisions

<p>Housing</p>	<p>Title 18 DMMC - Zoning and development standards provide for a broad range of housing types in the City and zone for a variety of densities</p>
<p>Aesthetics</p>	<p>Chapter 18.235 DMMC – Design Review; Pacific Ridge Neighborhood Design Guidelines; Marina District Design Guidelines;</p>
<p>Light and Glare</p>	<p>Title 18 DMMC – Zoning; Chapter 18.235 DMMC – Design Review; Pacific Ridge Neighborhood Design Guidelines; Marina District Design Guidelines</p>
<p>Recreation</p>	<p>Title 17 DMMC – Subdivisions; Chapter 16.20 DMMC – Shoreline Master Program; Chapter 18.230 DMMC – Planned Unit Developments; Chapter 18.155 DMMC – Multifamily Recreation Areas; Parks, Recreation, and Senior Services 2016 Master Plan</p>
<p>Historic and Cultural Preservation</p>	<p>Chapter 18.215 DMMC - Protection of Historic and Archeological Resources</p> <p>Federal and State regulations that address the protection of cultural and archeological resources include RCW 27.34, 27.53 & 27.44; and WAC 25.48</p>
<p>Transportation</p>	<p>Title 12 DMMC – Streets, Sidewalks, and Public Places, including Chapter 12.15 DMMC – Street Development Standards, Chapter 12.40 DMMC – Transportation Impact Fees, Chapter 12.70 DMMC – Commute Trip Reduction</p>
<p>Public Services and Utilities</p>	<p>Chapter 14.10 DMMC – Fire Code, Additional Requirements and Amendments; Title 11 DMMC – Utilities; Chapter 17.35 DMMC – Layout and Design of Subdivisions and Similar Requirements; Chapter 7.08 DMMC – Solid Waste Disposal and Collection</p>

AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: NATIONAL RECOVERY MONTH

AGENDA OF: September 14, 2017

ATTACHMENTS:
1. Proclamation

DEPT. OF ORIGIN: Administration

DATE SUBMITTED: September 5, 2017

CLEARANCES:

Legal My

APPROVED BY CITY MANAGER
FOR SUBMITTAL: [Signature]

Purpose and Recommendation:

The Mental Health, Chemical Abuse and Dependency Services Division of the King County Department of Community and Human Services has requested a proclamation from the Des Moines City Council declaring that September, 2017 as National Recovery Month. The purpose of Recovery Month is to promote recovery, celebrate those in treatment, and continue to educate our community about how to overcome the barriers of stigma and discrimination associated with mental health issues and/or substance use disorders.

Recovery Month spreads the message that behavioral health is essential to health and overall wellness, and that prevention works, treatment is effective and people with substance use and mental health issues can and do recover. People in recovery lead healthier lifestyles and contribute in positive ways to their communities.

Suggested Motion

MOTION: "I move to approve the Proclamation supporting September as National Recovery Month"

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City of Des Moines



ADMINISTRATION
21630 11TH AVENUE SOUTH, SUITE A
DES MOINES, WASHINGTON 98198-6398
(206) 878-4595 T.D.D.: (206) 824-6024 FAX: (206) 870-6540



Proclamation

WHEREAS, behavioral health is an essential part of health and one's overall wellness;
and

WHEREAS, prevention of mental and/or substance use disorders works, treatment is effective, and people recover in our area and around the nation; and

WHEREAS, preventing and overcoming mental and/or substance use disorders is essential to achieving healthy lifestyles, both physically and emotionally; and

WHEREAS, we must encourage relatives and friends of people with mental and/or substance use disorders to implement preventive measures, recognize the signs of a problem, and guide those in need to appropriate treatment and recovery support services; and

WHEREAS, to help more people achieve and sustain long-term recovery, the U.S. Department of Health and Human Services (HHS), the Substance Abuse and Mental Health Services Administration (SAMHSA), the White House Office of National Drug Control Policy (ONDCP), and the City of Des Moines invite all residents of Des Moines, Washington to participate in *National Recovery Month*; and

NOW THEREFORE, THE DES MOINES COUNCIL HEREBY PROCLAIMS the month of September as

NATIONAL RECOVERY MONTH

SIGNED this 14th day of September, 2017.

Matt Pina, Mayor

The Waterland City

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A G E N D A I T E M

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: ; South 216th Street – Segment 3,
KPG Engineering Task Assignment; Supplement
#1 S. 216th Street/11th Avenue S. Intersection Pipe
Replacement Project

ATTACHMENTS:

1. S. 216th/11th Avenue Intersection Pipe Replacement Project CIP Worksheet
2. S. 216th/11th Avenue S. Intersection Pipe Replacement Project Sketch
3. KPG Inc. 2016-2017 On-Call Formal Task Assignment 2016-04; Supplement #1

FOR AGENDA OF: September 14, 2017

DEPT. OF ORIGIN: Public Works

DATE SUBMITTED: September 5, 2017

CLEARANCES:

- Community Development N/A
- Marina N/A
- Parks, Recreation & Senior Services N/A
- Public Works PS

CHIEF OPERATIONS OFFICER: DJB

- Legal ivh
- Finance DM
- Courts N/A
- Police N/A

APPROVED BY CITY MANAGER
FOR SUBMITTAL: [Signature]

Purpose and Recommendation

The purpose of this agenda item is to seek City Council approval of the 2016-2017 On-Call Task Assignment 2016-04 with KPG Inc., Supplement #1 (Attachment 3) to provide engineering and permitting services for the S. 216th Street/11th Avenue S. Drainage Pipe Replacement Project and authorize City staff to process a 2017 budget amendment related thereto. The following motions will appear on the consent calendar:

Suggested Motions

Motion 1: “I move to direct City Staff to bring forward a budget amendment to the 2017-2022 Capital Improvement Plan and the 2017 Capital Budget to include the S. 216th Street/11th Avenue S. Intersection Pipe Replacement Project as shown in Attachment 1.”

Motion 2: “I move to approve 2016-2017 On-Call General Engineering Services Task Assignment 2016-04, Supplement #1 with KPG Inc. in the amount of \$33,033.27 to provide engineering and permitting services for the S. 216th Street/11th Avenue S. Intersection Pipe Replacement Project and to incorporate the improvements into the S 216th Street – Segment 3, 11th Ave S to 20th Ave S project final design bringing the total task order costs to \$573,009.62, and further authorize the City Manager to sign said Task Assignment substantially in the form as submitted in Attachment 3.”

Background

The Council approved a design agreement for roadway widening and improvement of S 216th Street – Segment 3, 11th Ave S to 20th Ave S, on January 5, 2017. It is an element of the City of Des Moines Comprehensive Plan and an adopted element of the Capital Improvement Plan. Design of this project is 30% complete and is expected to be ready for bid following right of way acquisition in 2018.

During design of the Segment 3 project it was found that the drainage system in the intersection had collapsed and needs to be replaced. Attachment 2 is a drawing of the intersection drainage system. The intersection was improved previously as part of S. 216th Street, Segment 4 improvements.

Discussion

Consultant design services are needed to survey and engineer replacement of the drainage structures in this intersection. KPG, Inc. was awarded a design phase contract for S. 216th Street Segment 3 improvements in the amount of **\$539,976.35**. Approving the design supplement increases the total design costs to **\$573,009.62**. Staff considers it most cost efficient to have the repair designed and incorporated S. 216th Street, Segment 3 contract documents expected to be advertised in 2018, awarded and constructed in 2019.

This repair project was not envisioned in the 2017 CIP and funds are needed for the design. Subject to Council approval, construction funds will then be available to bid the repair work along with the larger project. Staff will evaluate whether or not this work should be bid as a separate schedule item and may depend upon estimated cost savings of combining the projects. The design will come up with a probable cost estimate for this work and the construction costs could be proportionately allocated by quantities of work. Installation of catch basins and culverts for the purposes of road and street improvements are exempt under SEPA RCW 36.70A (WAC 197-11-800 2. d. vii.). Subject to Council approval, this work will also be consolidated and considered during the review of the larger S. 216th Street, Segment 3 Improvement Project.

Alternatives

Alternative 1

The City Council can elect not to pursue the repair at this time and not approve the proposed on-call task, Supplement #1 with KPG Inc. to complete engineering and permitting for the repair. This will delay the repair. The failing system jeopardizes the stability of the roadway and may become a hazard if not repaired.

Alternative 2

The repair may proceed as an independent project using another engineering services contract. This option would result in additional roadway work and disruption to traffic flow. Economies of scale suggest that the cost of administration, design construction engineering and construction repair may be higher if it is pursued under independent design and construction contracts.

Financial Impact

The City's CIP Budget Worksheet includes revenues to achieve full project funding and fund consultant services (Attachment 1).

Recommendation

Staff recommends adoption of the motions.

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**CITY OF DES MOINES
2018 -2023 CAPITAL IMPROVEMENT PLAN
(Amount in Thousands)**

216th/11th Ave Intersection Pipe Replacement 451

CIP Category: Transportation - Capital Project

Managing Department: Plan, Build & PW Admin

Summary Project Description:
This project involves installing approximately 400 feet of 12-inch storm pipe and seven catch basins, removal of existing facilities (or abandonment in place filled with control density fill), and roadway restoration within the intersection area including trench patching, replacement of impacted curb, gutter, sidewalk, and pavement overlay).

Justification/Benefits: Following inspection of the drainage system in preparation for the design of the Gateway Segment 3 Project, it was discovered that the storm system within the intersection of 216th Street and 11th Avenue was in very poor shape with segments of the system crushed and other segments partially full of standing water and unable to flow properly. All new drainage is proposed within the intersection with the project constructed as a separate bid schedule to the Gateway Segment 3 Project.

PROJECT SCOPE	
<i>Expenditures</i>	<i>Total Budget</i>
Design	38
Land & Right of Way	
Construction	230
Contingency	60
Total Expenditures	328

ANNUAL ALLOCATION								
<i>Project to Date</i>	<i>Scheduled Year</i>	<i>Plan Year</i>						
<i>12/31/16</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	
	38							
			230					
	11		49					
	49		279					

<i>Funding Sources</i>	<i>Total Budget</i>
Surface Water Utility	328
Total Funding	328

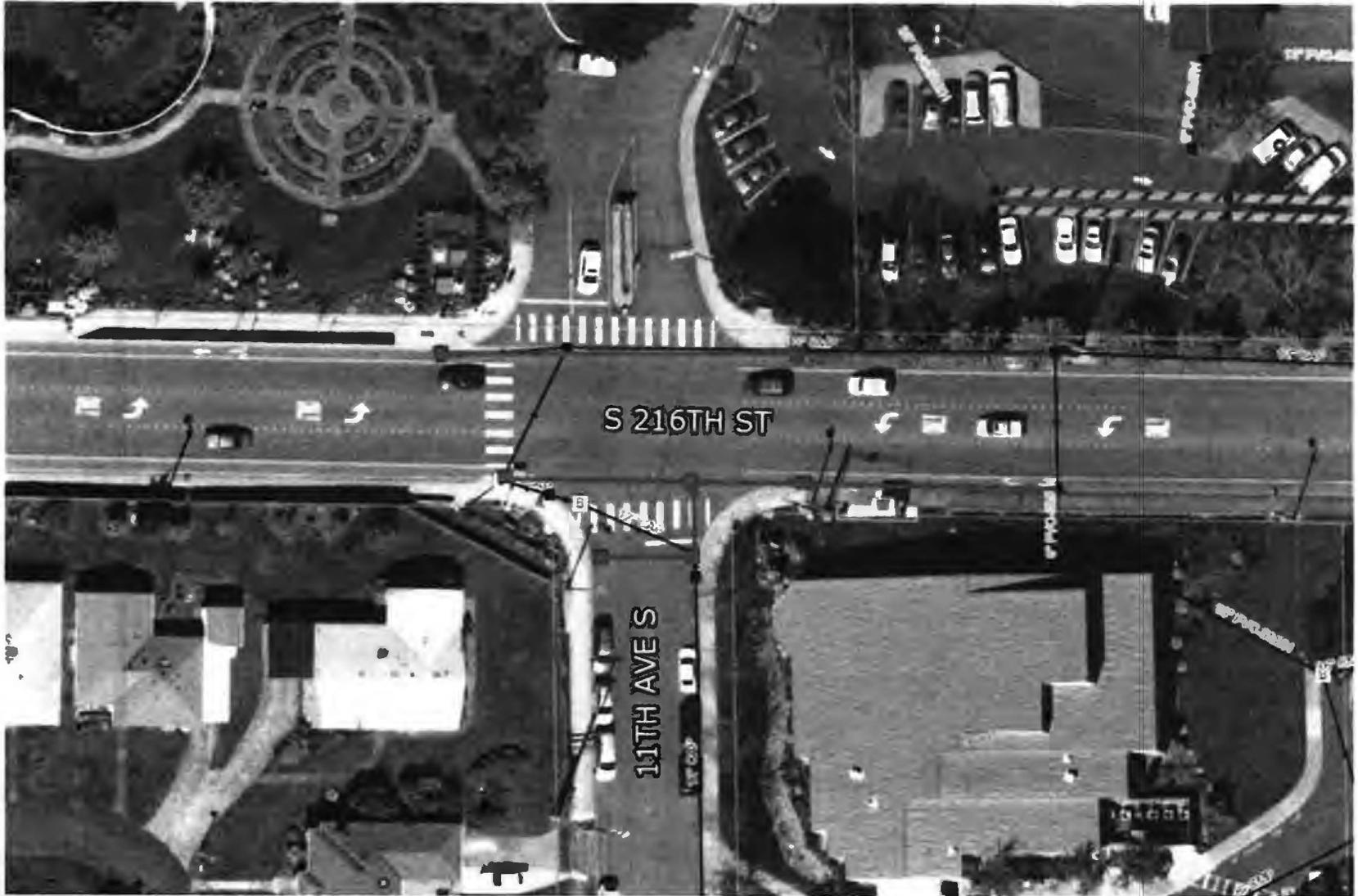
<i>Project to Date</i>	<i>Scheduled Year</i>	<i>Plan Year</i>					
<i>12/31/16</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
	49		279				
	49		279				

OPERATING IMPACT	
<i>Operating Impact</i>	<i>6 Year Total</i>
Revenue	-
Expenses	-
Net Impact	-

ANNUAL OPERATING IMPACT							
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Revenue	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-
Net Impact	-						

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216th / 11th Ave Intersection Pipe Replacement



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**Formal Task Supplement Document
Task Number 2016-04
Supplement #1**

The general provisions and clauses of Agreement 2016-2017 On-Call General Civil Engineering Services shall be in full force and effect for this supplement to the Task Assignment.

Location of the Project: South 216th Street/11th Avenue Intersection
Project Title: **South 216th Street – Segment 3 Project**
S. 216th Street/11th Avenue S. Intersection Pipe Replacement

Maximum Amount Payable Per Task Supplement: \$33,033.27 (\$539,976.35 – orig)
Task Total: \$573,009.62

Completion Date: December 31, 2018

Description of Work:

The City of Des Moines plans to replace failing storm sewer lines at the intersection of South 216th Street and 11th Avenue S. This supplemental agreement will provide survey, and engineering services to design and incorporate the repair into the South 216th Gateway Segment 3 bid documents without impacting the overall schedule.

Attachments:

- Exhibit A, Scope of Work
- Exhibit B, Hour and Fee Estimate

At the direction of the Des Moines City Council taken at an open public meeting on _____

Agency Project Manager Signature: _____ Date: _____

Oral Authorization Date: _____ Date: _____

Consultant Signature:  Date: 8-29-17

Agency Approving Authority: _____ Date: _____

Exhibit A

**City of Des Moines
South 216th Segment 3
Supplement 1
Scope of Work**

KPG Inc.
August 2017

Purpose

The City of Des Moines plans to replace failing storm sewer lines at the intersection of South 216th Street and 11th Avenue S. These improvements will be incorporated into the South 216th Gateway Segment 3 project and be bid as a separate schedule.

Project Limits

This work will require the project limits to be expanded through the west leg of the intersection and require reconstruction of sidewalk and curb ramps

Proposed Improvements

Replace failing storm lines at the intersection of S 216th St and 11th Ave S, as shown on sketch provided by the City

Assumptions

Storm lines requiring replacement are limited to the sketch provided by the city and located at the intersection of S 216th and 11th Ave S.

Scope of Work

TASK 1 – PROJECT MANAGEMENT/COORDINATION/ADMINISTRATION

- 1.1 Provide project management administrative services including:
 - Project set-up and execute agreement
 - Preparation of monthly progress reports and invoices
 - Record keeping and project closeout
- 1.2 Provide overall Task management including:
 - Project staff management and coordination
 - Schedule and budget monitoring
- 1.3 Coordinate with City staff, including preparation and attendance of up to 2 coordination meetings throughout the duration of the project. Cost included under task 10.
- 1.4 Provide QA / QC reviews by senior staff of all major deliverables prior to submittal to the City.

Exhibit A

TASK 2 – SURVEY AND BASE MAPPING

This task describes the effort anticipated to coordinate additional utility markings, conduct field survey to record utility markings, modify the survey base map as required for the additional storm drain work, and conduct field survey and create a base map for resurfacing design and design of curb ramps to be replaced. In order for the City to track effort associated with the Storm Water Design, the time associated with the following sub task has been included within Task 9 Budget sheet.

- 2.2 Survey Control: No change
- 2.2 Field survey, note reduction, base map preparation.
 - Topographic Mapping: Topographic will be completed for the intersection extending 20' past the north, south, and west PC and extend east to meet the existing mapping completed for Segment 3.
- 2.3 Coordinate with utility locates.
- 2.4 Field survey of utility locates.
- 2.5 Storm and sanitary sewer measure downs. Perform observation and measure-downs of existing storm drain catch basins and sanitary sewer manholes in the new detailed mapping area.

TASK 10 – 11TH AVE SOUTH STORM DRAIN DESIGN

This Scope of Work effort required to combine the 11th Ave S Storm improvement with the 216th Segment 3 improvements. These improvements will be bid as a single project but under a separate bid schedule. Effort included under this task is as follows:

- 10.1 Attend coordination meeting with Consultant and/or City.
- 10.2 Prepare and submit for review and approval.
- 10.3 Final design – 85%, 100% and final plans: The plan sheets required are anticipated to be:
 - 1 demolition/site preparation sheet
 - 2 storm drainage plan and profile
 - 1 restoration sheet
 - 1 intersection/curb ramp grading sheet
- 10.4 Prepare 3 cost estimates.
- 10.5 Prepare separate bid proposal schedule.

EXHIBIT B

HOUR AND FEE ESTIMATE

Project: City of Des Moines
 Task Assignment 2016-004
 S 216th Street Segment 3 - Supplement 1



Task	Description	Labor Hour Estimate							Total Fee Fee	
		*Project Manager	*Senior Engineer	*Project Engineer	*Design Engineer	*CAD Technician	*Survey Crew	*Senior Admin		*Office Admin
		\$ 172.58	\$ 157.44	\$ 125.72	\$ 109.83	\$ 94.29	\$ 149.05	\$ 101.67	\$ 69.29	
Task1 - Management/coordination/administration										
1.1	Project administration	4	0	0	0	0	0	4	0	\$ 1,097.00
1.2	Task management and coordination	2	1	0	0	0	0	2	0	\$ 705.94
1.3	City staff design coordination meetings	0	0	0	0	0	0	0	0	\$ -
1.4	QA/QC reviews	2	4	0	0	0	0	0	0	\$ 974.94
	Reimbursable expenses - see breakdown for details									\$ 50.00
	Task Totals	8	5	0	0	0	0	6	0	\$ 2,827.88
Task 2 - Survey and Mapping										
2.1	Establish alignment control	0	0	0	0	0	0	0	0	\$ -
2.2	Field survey, note reduction, base map preparation	1	0	4	4	0	8	0	0	\$ 2,307.18
2.3	Coordinate utility locate services	0	0	2	0	0	0	0	1	\$ 320.74
2.4	Field survey utility locates	0	0	0	1	0	2	0	0	\$ 407.92
2.5	Storm and Sanitary measuredowns	0	0	0	2	0	2	0	0	\$ 517.75
	Reimbursable expenses - see breakdown for details									\$ 50.00
	Task Totals	1	0	6	7	0	12	0	1	\$ 3,603.59
Task 10 - 11th Ave South Storm Drain Design										
10.1	Coordination meeting	4		4						\$ 1,193.23
10.2	30% Plans	2	8	16	12					\$ 4,934.21
10.3	Final design – 85%, 100% and final plans									\$ -
	1 demolition/site preparation sheet	1	2	8	8					\$ 2,371.87
	2 storm drainage plan and profile	2	4	20	24					\$ 6,125.25
	1 restoration sheet	2	2	12	8					\$ 3,047.35
	1 intersection/curb ramp grading sheet	2	2	10	16					\$ 3,674.51
10.4	Prepare 3 cost estimates.	3	2	9	12					\$ 3,282.07
10.5	Prepare separate bid proposal schedule.	4		8					4	\$ 1,973.31
	Reimbursable expenses - see breakdown for details									\$ -
	Task Total	20	20	87	80	0	0	0	4	\$ 26,601.80

Total Estimated Fee: \$ 33,033.27

Background

Located at 402 S. 222nd St. in Des Moines, this site of local significance sits above Cliff Avenue overlooking Puget Sound and provides sweeping views of the water and the Marina floor. The parcel contains a gross land area of 28,998 square feet, or about 0.6657 acres, in one assessor's parcel, with frontage on the west side of S. 222nd St., and frontage on the east side of the undevelopable part of the steeply sloped right-of-way of Cliff Ave. S. The site currently supports a single-family residence constructed in 1889, a detached four-bay wood frame garage, and typical residential site improvements.

Discussion

The City recently identified the site for acquisition when it was put on the open market for sale in order to preserve the property, provide additional park and open spaces in the City in accordance with the Comprehensive Plan, and to ensure that the site was not redeveloped in a manner that would further limit public access and views of the Puget Sound.

The property was originally listed for \$1.9 million dollars. After an agreement with a private developer fell through, the City was able to begin negotiations with the property owners. The City then began discussions with Forterra on a potential partnership in order to secure immediate funding which would allow the City to seek available grants or outside funding sources.

The City and Forterra entered a Memorandum of Understanding (MOU) on August 31, 2017, wherein Forterra would purchase the property and hold the property until the City has funding in place to purchase the property from Forterra by December 31, 2020, or a mutually agreed later date.

In section 5(a)(i) of the MOU, the City and Forterra agreed that the City would lease the property from Forterra upon Forterra's acquisition of the property, upon terms agreed to prior to the acquisition. The terms of the lease would make the City responsible for all management, maintenance and insurance of the property, and the costs of enforcement. The City would be liable for no rent under the agreement. Approving this Lease Agreement would fulfil the City's duty to enter a lease as required under the MOU.

Financial Impact

There is no monthly or other rent payable under this Lease Agreement. The City will be responsible for the management, property taxes and other obligations set forth in the Memorandum of Understanding between Forterra and the City dated August 31, 2017. The City will also be solely responsible for expense of upkeep and maintenance of the property and its improvements.

Recommendation

Administration recommends approval of the Lease Agreement.

LEASE AGREEMENT

BY THIS LEASE AGREEMENT (the "Lease"), Forterra NW, a Washington non-profit corporation ("Forterra") leases to the City of Des Moines, a Washington municipal government (the "City") that real property and all improvements located thereon and all rights appurtenant thereto, as described on Exhibit A, upon the terms and conditions set forth below. The real property, improvements and rights leased hereby are referred to in this Lease collectively as the "Property".

SECTION 1 OCCUPANCY

1.01 Lease Term. This Lease shall commence on September 29, 2017 ("Commencement Date") and expire on the earlier of December 31, 2020 and the of execution of a fully authorized Transactional Document by the City and Forterra for conveyance of the Property to the City, unless extended by mutual written agreement of the parties to this Lease.

1.02 Occupancy. The City's occupancy of the Property shall commence beginning on the Commencement Date.

1.03 Condition of Property. The City has had an opportunity to inspect the Property and enters into this Lease solely in reliance on the City's own examination and not by reason of any representation by Forterra. The Property is accepted in its present condition "AS IS, WHERE IS".

SECTION 2 USE OF PROPERTY

2.01 Permitted Uses. The City may use the Property for any lawful purposes. Forterra disclaims any warranty that the Property is suitable for the intended uses.

2.01 Sublease. The City may sublease the Property on terms and conditions acceptable to the City. Nothing in any sublease shall relieve the City from any of its rights, duties or obligations under this Lease.

SECTION 3 PAYMENT

3.01 Rent. There shall be no monthly or other rent payable under this Lease. The City shall be responsible for the management, property taxes and other obligations set forth in the Memorandum of Understanding between Forterra and the City dated August 31, 2017, and as set forth below

SECTION 4 RESERVATIONS

4.01 Access. Forterra shall have the right to enter the Property during normal business hours after 24 hours advance notice to the City for any lawful purpose under this Lease and to examine the condition of the Property and to ensure compliance with the terms of this Lease. In all cases of Forterra's entry into the Property, the City shall have the right to have a representative present.

SECTION 5 REPAIRS, MAINTENANCE AND CARE OF PROPERTY

5.01 Repairs and Maintenance. The City shall, at its sole cost and expense, keep and maintain the Property and all improvements thereon, and all facilities appurtenant thereto (regardless of ownership), in good order and repair and in safe condition for the safe conduct of any activities or enterprises conducted on the Property by the City.

5.02 Care of Property. The City shall, at its sole cost and expense, keep and maintain the whole of the Property, including all improvements, in a clean, sanitary and attractive condition. Forterra shall not be called upon to make any improvement or repair of any kind upon the Property, and the Property shall at all times be kept and used in accordance with the laws of the State of Washington and ordinances of the governments of local jurisdiction at the sole cost and expense of the City. The City will permit no waste, damage or injury to the Property.

SECTION 6 SPECIAL RESTRICTONS

6.01 Permits and Conformance with Laws.

(a) The City shall obtain all building permits and other required permits, licenses, permissions, consents, and approvals from governmental agencies or third parties in connection with this Lease and the City's permitted uses, including construction of any improvements, changes, alterations, additions, repairs, maintenance to or replacement of the Property, or for the conduct of any business upon the Property at the sole cost and expense of the City. Copies of such permits, licenses, permissions, consents, and approvals shall be supplied to Forterra on request.

(b) The City shall conform to all applicable laws, regulations, permits, orders, or requirements of any public authority affecting the Property and the use thereof, and shall correct at the City's own cost and expense any failure of compliance created through the City's fault or by reason of the City's use. In no event shall the City undertake or suffer any activity to be conducted upon the Property which constitutes a nuisance or which is a threat to the health or welfare of the general public.

(c) The City shall cause all work on the Property and all business conducted thereon during the term to be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction.

SECTION 7 UTILITIES, TAXES, AND LIENS

7.01 Utilities. The City shall promptly pay when due all charges for heat, light, water, sewer and refuse and for all other public utilities which shall be used in or charged against the Property during the full term of this lease. Forterra shall not be liable for the failure of any such services for any reason whatsoever. The City shall indemnify and hold Forterra harmless against any loss, liability, or expense resulting from any failure of the City to pay all such charges when due.

7.02 Taxes and Assessments.

(a) The City shall pay during the term of this Lease all taxes and other governmental charges of any kind applicable or attributable to the Property, the City's leasehold interest therein, and the City's use and enjoyment thereof. Forterra shall cooperate with the City in any effort to have the Property declared eligible for tax-exempt status given its intended use by the City as a public park.

(b) The City shall pay all assessments that are legally required to be paid now or may be charged during the lease term to the Property or improvements thereon. The City shall not cause or suffer the imposition of any assessment upon the Property without the prior written consent of Forterra. In the event any new assessment is proposed which affects the Property, the City shall immediately notify Forterra of such proposal after the City has knowledge or receives notice thereof.

7.03 Liens. The City shall not suffer or permit any lien to be filed against Forterra's interest in the Property, or improvements thereon by reason of work, labor, or services performed thereon or materials supplied to, by or through the City. If any such lien is filed, the City shall cause the same to be discharged of record within thirty (30) days after the date of filing or creation of such lien unless other arrangements are authorized in writing by Forterra in advance. The City shall indemnify Forterra for any costs, damages or expenses (including attorneys' fees and court costs) incurred as a result of such liens or in obtaining their discharge whether such costs, damages or expenses were incurred prior or subsequent to termination or cancellation of this Lease.

SECTION 8 CITY'S INDEMNITY; INSURANCE REQUIREMENTS

8.01 Indemnity. To the fullest extent permitted by law, the City shall indemnify, defend and hold harmless Forterra, and all officers, agents and employees of Forterra, from and against all claims arising out of or resulting from the City's use of the Property under this Lease. A "claim" as used in this Lease means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorneys' fees, attributable for bodily injury, sickness, disease or death, or injury to or destruction of tangible property including loss of use resulting therefrom. The City's obligation to indemnify, defend, and hold Forterra harmless includes any claim by the City's agents, employees, representatives, or any subcontractor or its employees. The City expressly agrees to indemnify, defend, and hold harmless Forterra for any claim arising out of or incident to the City's or any subcontractor's performance or failure to perform under this Lease.

8.02 Insurance Requirements. To the extent that the City maintains insurance of any type that is or may provide coverage to the Property or to users of the Property, the City shall take all necessary steps to see that the Property is in fact included within the coverage of such insurance policies, and shall instruct such insurers that Forterra be named as an additional insured on all general liability, excess, umbrella, and property insurance policies applicable to the Property.

If the City is self-insured, evidence of its status as a self-insured entity shall be provided to Forterra if requested by Forterra.

In the event of any loss, damage or casualty which is covered by one or more of the types of insurance described above, the parties to this Lease shall proceed cooperatively to settle the loss and collect and apply the proceeds of such insurance.

SECTION 9 DAMAGE OR DESTRUCTION

9.01 Damage or Destruction. In the event the Property is damaged to such an extent as to render the same untenable in whole or in a substantial part thereof, or is destroyed, it shall be optional with Forterra (with consultation with the City) to repair or rebuild the same, and after the happening of any such contingency, the City shall give Forterra immediate written notice thereof.

SECTION 10 HAZARDOUS, TOXIC, OR HARMFUL SUBSTANCES

10.01 Hazardous, Toxic, or Harmful Substances.

(a) The City shall not keep on or about the Property, any substances now or hereinafter designated as or containing components now or hereinafter designated as hazardous, toxic, dangerous, or harmful, and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance (hereinafter collectively referred to as "Hazardous Substances") unless such are necessary to carry out the City's permitted uses under Subsection 2.01 (Permitted Uses) and unless the City fully complies with all federal, state and local laws, regulations, statutes, and ordinances, now in existence or as subsequently enacted or amended. The City shall:

(1) Immediately notify Forterra of: all spills or releases of any Hazardous Substance affecting the Property; all failures to comply with any federal, state, or local law, regulation or ordinance, as now enacted or as subsequently enacted or amended; and

(2) On request, provide copies to Forterra of any and all correspondence, pleadings, and/or reports received by or required of the City or issued or written by the City or on the City's behalf with respect to the use, presence, transportation or generation of Hazardous Substances related to the Property.

(b) The City shall indemnify, defend, and save harmless Forterra and its employees, officers, and agents with respect to any and all damages, costs, fees (including attorneys' fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of the City's use, storage, handling, disposal, transportation, generation and/or sale of Hazardous Substances on or about the Property or that of the City's employees, agents, assigns, contractors, subcontractors, licensees or invitees, and for any breach of this subsection.

SECTION 11 ASSIGNMENTS

11.01 Assignment. The City may sublease the Property or any interest therein, with the prior written consent of Forterra, which consent will not be unreasonably withheld. Any sublease shall not relieve the City from any obligations under this Lease, and the City shall remain joint and severally liable as primary obligor and not as surety. Forterra may not assign its rights or obligations under this Lease without the prior written consent of the City.

SECTION 12 IMPROVEMENTS

12.01 Authorized Improvements. No improvement shall be placed, replaced or materially altered on the Property without the prior written consent of Forterra, which consent shall not be unreasonably withheld. Cosmetic alterations and routine maintenance will not require Forterra's approval.

12.02 Ownership of Improvements. During the Term of this Lease, any improvements constructed by the City, including without limitation all additions, alterations and improvements thereto or replacements thereof and all appurtenant fixtures, machinery and equipment installed therein, shall be the property of the City. At the expiration or earlier termination of this Lease, all improvements and all additions, alterations and improvements thereto or replacements thereof and all appurtenant fixtures, machinery and equipment installed therein excluding the City's furniture and non-appurtenant fixtures and equipment shall become the property of Forterra.

12.03 Condition at End of Lease. Upon vacating the Property at the expiration or sooner termination of this Lease, the City shall leave the Property and all improvements thereon in the degree of repair and cleanliness required to be maintained by the City during the Term of this Lease subject to reasonable wear and tear and shall peaceably surrender the same to Forterra.

SECTION 13 DEFAULT AND REMEDIES

13.01 Default. In the event of any material breach of any provision of this Lease by the City, the breach, after expiration of any grace period as provided in this subsection, shall be deemed a default entitling Forterra to cancel this Lease and seek any other remedies set forth in this Lease or otherwise available at law or equity. Forterra shall deliver to the City notice of the breach and a demand that the same be remedied immediately. The City shall not be in default if the breach pertains to the payment of money and the City cures the breach within forty-five (45) days after receipt of the notice. If such breach is non-monetary in nature, and, as determined by Forterra, is not reasonably susceptible of being cured in said forty-five (45) days (provided that the lack of funds, or the failure or refusal to spend funds, shall not be an excuse for a failure to cure), the City shall commence to cure such breach within said period and diligently pursue such action with continuity to completion.

13.02 Survival. All obligations of the City to be performed prior to the expiration or earlier termination shall not cease upon the termination or expiration of this Lease and shall continue as obligations until fully performed. All clauses of this Lease that require performance beyond the

termination or expiration date including, without limitation, all indemnification obligations, shall survive the termination or expiration date of this Lease. Upon expiration or earlier termination of this Lease, the rights of the City in and to the Property and all improvements hereon, unless specified otherwise in this Lease, shall cease.

13.03 Remedies Cumulative. The specified remedies to which Forterra may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Forterra may lawfully be entitled in case of any breach or threatened breach by the City of any provision of this Lease.

13.04 Nonwaiver. Waiver by Forterra of strict performance of any provision of this Lease shall not be a waiver of nor prejudice Forterra's right to require strict performance of the same provision in the future or of any other provision. The acceptance of performance by Forterra following a breach by the City of any provision of this Lease shall not constitute a waiver of any right of Forterra with respect to such breach and Forterra shall be deemed to have waived any right hereunder only if Forterra shall expressly do so in writing.

13.05 Force Majeure. The City's failure to comply with any of the obligations under this Lease shall be excused only if due to causes beyond the City's control and without the fault or negligence of the City, including acts of nature, acts of the public enemy, acts of any government, fires, floods, epidemics, and strikes.

SECTION 14 GENERAL PROVISIONS

14.01 Governing Law. This Lease shall be construed, interpreted and enforced pursuant to the laws of the State of Washington. Venue shall be in the City. The terms of this Lease shall be given their ordinary meaning and shall not be presumed construed in favor of or against either party hereto.

14.02 No Partnership. Forterra is not a partner nor a joint venturer with the City in connection with the activities conducted and business carried on under this Lease, and Forterra shall have no obligation with respect to the City's debts or other liabilities.

14.03 The City's Authority. Persons executing this Lease on behalf of the City represent that they are authorized to do so and represent and warrant that this Lease is a legal, valid, and binding obligation on behalf of the City, and is enforceable in accordance with its terms.

14.04 Forterra's Authority. Persons executing this Lease on behalf of Forterra represent that they are authorized to do so and represent and warrant that this Lease is a legal, valid, and binding obligation on behalf of Forterra, and is enforceable in accordance with its terms.

14.05 Time of Essence. Time is expressly declared to be of the essence of this Lease and each and every covenant of the City and Forterra hereunder.

14.06 Amendments. Any amendments, revisions, supplements, or additions to this Lease or the attached exhibits shall be made in writing executed by the parties hereto, and neither Forterra nor the City shall be bound by verbal or implied agreements. Such changes may be made by re-execution of the signature page and the deletion and addition of the appropriate new effective pages or exhibits governing the change, if any.

14.07 Entire Lease. This written Lease, the Memorandum of Understanding and the Purchase and Sale Agreement or the successor or replacement of any of the foregoing contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

14.08 Costs and Attorney Fees. If by reason of any default on the part of either party it becomes necessary for the other party to employ an attorney or in case either party shall bring suit for any breach of any provision of this Lease, then and in any of such events the substantially prevailing party shall be entitled to recover reasonable attorney fees and all costs and expenses expended or incurred by the prevailing party in connection with such default or action from the other party. Any such action shall be commenced and maintained in the City, Washington.

14.09 Notices and Submittals. Any notice or submittal given under this Lease shall be deemed as received when delivered by hand or five (5) days after deposit in the United States mail with first-class postage affixed, addressed as noted, or by email if receipt is acknowledged. Changes of address may be given in accordance with this section. Any notice or submittal given under this Lease shall be addressed:

To Forterra:

Forterra NW
Attn: Staff Attorney
901 Fifth Avenue, Suite 2200
Seattle, Washington 98164
adraper@forterra.org

To the City:

City of Des Moines
Attn: Michael Matthias, City Manager
Address: 21630 11th Ave S, Suite A
Des Moines, Washington 98198
mmatthias@desmoineswa.gov

FORTERRA NW

By: _____
Title: _____
Date: _____

CITY OF DES MOINES

By: _____
Title: City Manager
Date: _____

EXHIBIT A

Legal Description of Property

LOTS 9 THROUGH 16, INCLUSIVE, IN BLOCK 41 OF TOWN OF DES MOINES, AS PER PLAT RECORDED IN VOLUME 3 OF PLATS, PAGE 165, RECORDS OF KING COUNTY, WASHINGTON;

TOGETHER WITH THAT PORTION OF VACATED STREETS OR ALLEYS ADJOINING OR ABUTTING THE SAME;

SITUATE IN THE CITY OF DES MOINES, COUNTY OF KING, STATE OF WASHINGTON.

Parcel #: 2009003295

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AGENDA ITEM

BUSINESS OF THE CITY COUNCIL City of Des Moines, WA

SUBJECT: SCORE Budget Update

FOR AGENDA OF: September 14, 2017

DEPT. OF ORIGIN: Administration

ATTACHMENTS:

DATE SUBMITTED: September 7, 2017

1. Information handed out by Councilmember Rob Back at the August 24, 2017 Des Moines Council meeting
2. July 11, 2017 SCORE Power Point Presentation

CLEARANCES:

- Community Development _____
- Marina _____
- Parks, Recreation & Senior Services _____
- Public Works _____

CHIEF OPERATIONS OFFICER: _____

- Legal _____
- Finance _____
- Courts _____
- Police _____

APPROVED BY CITY MANAGER

FOR SUBMITTAL: 

Purpose

The SCORE Administrative Board is scheduled to adopt their budget on September 27, 2017. The purpose of this agenda item is for the City Council to discuss issues with the proposed SCORE budget and provide direction to Councilmember Back (Council Liaison to the SCORE Administrative Board).

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Robert Back

From: Penny Bartley <penny@scorejail.org>
Sent: Wednesday, August 23, 2017 5:43 PM
To: Robert Back
Subject: Points
Attachments: 2018 Proposed Budget Presentation.pptx

Mr. Back,

As you requested, here are some points you may wish to use in your discussion – I have also attached the power point that I used this morning.

SCORE's total budget from the Member Cities over the past several years is as follows:

Year	Maintenance & Operations	Debt Service	Total
2012	\$10,177,490	\$3,001,135	\$13,178,625
2013	\$15,045,456	\$5,398,355	\$20,443,811
2014	\$14,246,704	\$5,540,134	\$19,786,838
2015	\$15,366,918	Paid by SCORE	\$15,366,918
2016	\$17,453,206	Paid by SCORE	\$17,453,206
2017	\$18,024,538	Paid by SCORE	\$18,024,538
2018	\$20,810,362	Paid by SCORE	\$20,801,362

As you can see, the collections went down in 2014, 2015, 2016, and 2017 below what was collected in 2013. If we had collected the same amount in those year as was collected in 2013 (\$20,443,811) then we would have collected over \$11 million to put towards a contingency fund to balance out costs. However, that is not the decision that was made.

Here's an analogy that may or may not be useful – I know of several young employees that overpay their federal taxes each year. They do so "knowing" that they will get a large refund the following year. However, as their children grow, their house interest diminishes, they lose deductions for childcare or other things, all of a sudden, their refund is gone. The cities have banked on getting a large refund in the return of contract revenue. That occurred in 2014, 2015, and 2016. However, when we didn't have the revenue in 2016, it was unavailable to offset costs in 2017's budget. We find ourselves wondering where our tax refund went. In order to return to the days of getting a tax refund, we are going to have to start overpaying again – which translates into an increase in Member City contributions. They cities were reluctant to raise contributions last year so that has resulted in the large increase this year.

Even though the Member Cities' contributions are going up, it is not as a result of overspending. Once salaries and benefits are removed from the operating budget, the actual cost in the budget for 2018 shows a reduction of approximately \$80,000. The increases in salaries and benefits are covered by a collective bargaining agreement for most of the employees. (Correction officers and sergeants represent 121 of the 157 employees).

By comparison, if you were using King County Jail, the daily housing rate for 2018 is anticipated to be \$199 with a booking fee of approximately \$194 per inmate. Additionally, there are added changes for psychiatric housing, of \$309 per day, psychiatric care at \$79 per day, infirmary housing at \$257 per day. Based upon your numbers for the past year your bill from King County would look something like this:

67 bookings per month x 12 x \$194 = \$155,976
 10 ADP x 365 X \$199 = \$726,350

1 psych housing x 365 x \$309 = \$112,785
 1 psych care x 365 x \$79 = \$28,835
 1 infirmary care x 365 X \$257 = \$93,805
 ANNUAL TOTAL \$1,117,751

Des Moines' assessment for next year is about 55% of what you would be paying King County for jail services. I will caveat that these are guesses based upon the information that I have. However, one of the positive things that SCORE has done is greatly reduce the length of stay for most inmates. This is based upon the way that we manage multiple court cases at the same time and expedite mental health competency services. By comparison, in 2007, when Des Moines was using King County Jail exclusively, the ADP was 16. If your usage was that high today, the total cost at King County would increase by another 60%.

I hope this gives you the information that you need. If I can help with anything else just let me know. And, thank you for your kind words today!



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SOUTH CORRECTIONAL ENTITY
 Serving the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac, and Tukwila

M E M O R A N D U M

DATE: August 23, 2017

TO: SCORE Administrative Board
 SCORE Facility Public Development Authority (PDA) Board of Directors

VIA: Operations Board and Finance Committee

FROM: Penny Bartley, Executive Director
 Karen Jester, Finance Director

SUBJECT: **2018 Budget**

Attached are the SCORE and PDA budget proposals for 2018. The 2018 budgets are presented for consideration and approval. The PDA budget will be presented for approval at the September 2017 PDA Board of Directors meeting. Draft resolutions for the SCORE Administrative Board and the PDA Board of Directors are attached for your review and consideration as Appendix A and Appendix B, respectively.

I. OVERVIEW OF PROPOSED 2018 SCORE BUDGET:

The proposed SCORE budget consists of two elements: (1) Operating Budget at an operating level of 600 beds, between January 1 and December 31, 2018; and (2) Debt Service Budget to accumulate funds necessary to cover debt service payments due July 1, 2018 and January 1, 2019.

1. 2018 Operating Budget – January 1 Through December 31:

The projected operating cost will be \$34.1 million between January 1, and December 31, 2018. This budget continues to not fund three Correction Officer positions. The total CO staffing remains at 105, with a total of 160 full time equivalents (FTE). Keeping the FTE's allows a buffer for hiring purposes and temporarily exceeding funded positions for CO's that are hired by law enforcement agencies and provide advanced notice of their resignation date. The budget includes funding to continue our cadet program for college

students and young adults interested in corrections. It also funds a 2.5% cost of living increase for administrative staff based on the Board's approval at the February 24, 2016 meeting and corrections staff based on their collective bargaining agreement.

The budget assumes the Member Cities Average Daily Population (ADP) of 265 inmates with no operating reserve. In prior years budgets (2013 to 2016) each Member City was assessed an additional 15% of their total bed usage as an operating reserve. At the recommendation of the Finance Committee, the operating reserve has been removed. However, the operating reserve is necessary to provide sufficient capacity due to classification, periods with higher than average bookings demand, and unbillable inmates that are housed for the Member Cities. Should there be a significant increase in population, without the adequate funding of the operating reserve, a budget amendment and potential assessment will be necessary or booking restrictions imposed on contract agencies. The 265 inmates results in Member City assessments of \$20.8 million.

The operating budget assumes \$6,785,750 in fund balance from anticipated 2017 contract agency revenue that will be used in 2018. For the fourth year in a row, SCORE contract revenue will again pay the Owner Cities' debt service obligation and then reduces Member Cities' operational costs. The operating budget uses \$200,000 of outside medical services reserves to fund 2018 outside medical services. It also assumes \$301,969 in carry forward money from 2017 expenditure savings. The expenditure savings is significantly lower than in past year's due to SCORE being fully staffed.

The operating cost assumes SCORE will be operating 600 beds during 2018. External contracting levels are assumed at a total of 300 beds. This is anticipated to generate total contract revenue of \$11,500,000. Revenue from guaranteed bed contracts in the amount of \$3.9 million along with the \$1.5 million of anticipated incremental cost of the contract beds will be used in 2018 to offset 2018 Member contributions and the remaining \$6.1 million in revenue will be carried forward to offset 2019 Member contributions.

The total 2018 SCORE operating budget of \$34.1 million is comprised of \$20.81 million in Member Cities contributions and \$11.5 million in contract revenue. Funds in excess of the operating budget will be set aside in reserves.

2. Reserve Budget:

The 2018 contribution to the Reserve budget for the equipment reserve is \$788,868. The contingency reserve goal is 10% of operating expenses and the 2018 budgeted contingency contribution is an additional \$130,670 to meet this goal.

3. Debt Service Budget:

The 2018 Debt Service cost of \$5.5 million will be paid from 2017 contract revenue reserves; this includes \$109,212 as a direct result of federal sequestration. The PDA is obligated to fund debt service payments on or prior to June 1 and December 1 of each

year. In order to pay the principal and/or interest coming due on July 1 and January 1, respectively, SCORE will need to prefund the January 1, 2019 payment in 2018.

4. Capital Budget

The 2018 Capital Budget has assumed construction for the lobby remodel will finish in 2017.

II. ENDING FUND BALANCES AND CONTINGENCIES:

The proposed 2018 SCORE budget errs on the conservative side due to the many unknowns and assumptions we must make to develop the 2018 budget. Inmate population is highly unpredictable, and as SCORE enters its seventh year of operating, making revenue predictions is still largely an art not a science.

A fund balance of \$7.4 million will be retained in the Reserve Fund. The contingency reserve of \$2.7 million (10% of the projected 2018 operating expenses before transfers out) will be retained for cash flow purposes and \$4.7 million in equipment reserve for future capital expenses.

III. PROPOSED 2018 MEMBER CONTRIBUTIONS:

Based on the proposed 2018 budget, the breakdown of Member contributions and estimated service charges are detailed below. It is important to note there have been significant changes in Member City usage in the 2016/2017 ADP cycle from the original 2007 ADP calculation. These changes are reflected in the 2018 contribution calculations.

For the purposes of comparison, based upon 2012 actual maintenance and operating expenses (M&O) and total jail days, the actual cost for each occupied bed in 2012 was \$104.56. Based upon 2013 actual M&O expenses and total jail days, the actual cost for each occupied bed in 2013 was \$91.93. Based upon 2014 actual M&O expenses and total jail days, the actual cost for each occupied bed in 2014 was \$79.11. Based upon 2015 actual M&O expenses and total jail days, the actual cost for each occupied bed in 2015 was \$85.81. Based upon 2016 actual M&O expenses and total jail days, the actual cost for each occupied bed in 2016 was \$111.52. The anticipated 2018 M&O expenses daily bed rate is projected at \$126.57. This is the 2018 O&M expenses of \$27,719,461 divided by 600 beds divided by 365 days. This calculation reflects the economies of scale gained when operating the jail at near capacity. It should be noted that the budgeted anticipated M&O expenses daily bed rate is usually higher than the actual M&O expenses daily bed rate. This was not the case in 2016 due to the road closure SCORE had lower than anticipated ADP for the year.

Member Cities Contribution Requirement									
Proposed Budget									
Member City	2018 ADP	Percentage ¹	2018 Service Charge ¹	2007 ADP	Percentage ¹	2018 Debt Service	2018 Debt Service	2018 Outside Medical Reserve Credit	2018 Total
Auburn	51	19.21%	\$ 4,036,091	100	29%	\$ 1,595,699	\$ (1,595,699)	\$ (38,420)	\$ 3,997,671
Burlen	12	4.49%	943,365	12	4%	220,096	(220,096)	(8,980)	934,385
Des Moines	8	3.00%	630,311	17	5%	275,121	(275,121)	(6,000)	624,311
Federal Way	80	30.23%	6,351,432	60	17%	935,410	(935,410)	(60,460)	6,290,972
Renton	76	28.68%	6,025,772	117	34%	1,870,820	(1,870,820)	(57,360)	5,968,412
SeaTac	18	6.80%	1,428,705	9	3%	165,072	(165,072)	(13,600)	1,415,105
Tukwila	20	7.59%	1,594,686	28	8%	440,193	(440,193)	(15,180)	1,579,506
Total	265	100%	\$ 21,010,362	343	100%	\$ 5,502,412	\$ (5,502,412)	\$ (200,000)	\$ 20,810,362

¹Service Charge is based on April 1, 2016 - March 31, 2017 billable average daily population plus a 0% operating reserve.

²Based on 600 beds operation with 265 owner responsible beds.

³Debt Service is based on 2007 ADP, per Interlocal Agreement and the percentages also reflect the terms of the Host City Agreement among Des Moines, Federal Way, Renton, Auburn and SCORE

IV. PROPOSED 2018 PDA BUDGET:

The proposed PDA budget for 2018 reflects as revenue the capital contributions received from SCORE (via the Member Cities) and the anticipated federal interest subsidy equal to 32.59% (reflecting a reduction as a result of federal sequestration) of the interest payable on each interest payment for the PDA's Bonds, Series 2009B (Taxable Build America Bonds). Expenditures include the aggregate debt service payment due for 2019. The PDA is obligated to fund debt service payments on or prior to June 1 and December 1 of each year, in order to pay the principal and/or interest coming due on July 1 and January 1, respectively, SCORE and the PDA must budget for the January 1, 2019 payment in 2018.

V. SCORE BUDGET BY FUND:

The following financial statements describe the proposed 2018 budget for SCORE by fund.

2018 Financial Summary

Description	Operating ¹	Reserve	Debt Service	Construction	All Funds
Undesignated Fund Balance	\$ 301,969	\$ 2,641,276	\$ -	\$ -	\$ 2,943,245
Equipment Reserve	-	4,065,779	-	-	4,065,779
Debt Service Reserve	-	-	3,870,958	-	3,870,958
Carryforward Contract Revenue	6,785,750	-	-	-	6,785,750
Carryforward O/S Medical Services	817,517	-	-	-	817,517
Beginning Fund Balance	\$ 7,905,236	\$ 6,707,055	\$ 3,870,958	-	\$ 18,483,249
Revenue					
Member Service Payments	20,810,362	-	-	-	20,810,362
Revenue from Contracting Cities	11,500,000	-	-	-	11,500,000
Revenue from Contracting Cities - Health	75,000	-	-	-	75,000
Intergovernmental Revenue	30,000	-	-	-	30,000
Federal Grant	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for Services	250,000	-	-	-	250,000
Interest Earnings	20,000	30,000	-	-	50,000
Transfers-In	178,000	919,538	5,502,412	-	6,599,950
Total New Revenue	32,863,362	949,538	5,502,412	-	39,315,312
Total Resources	\$ 40,768,598	\$ 7,656,593	\$ 9,373,370	-	\$ 57,798,561
Expenditures					
Salaries & Wages	12,804,250	-	-	-	12,804,250
Personnel Benefits	5,830,420	-	-	-	5,830,420
Overtime	835,000	-	-	-	835,000
Operating Supplies	479,145	-	-	-	479,145
Consumables	1,353,343	-	-	-	1,353,343
Professional Services	375,280	-	6,000	-	381,280
Medical Services	3,834,805	-	-	-	3,834,805
Outside Medical Services	275,000	-	-	-	275,000
Other Services & Charges	651,118	-	-	-	651,118
Insurance	260,000	-	-	-	260,000
Utilities	700,000	-	-	-	700,000
Maintenance	172,100	-	-	-	172,100
Intergovernmental	71,000	-	-	-	71,000
Capital Outlays	78,000	-	-	-	78,000
Debt Service	-	-	5,464,165	-	5,464,165
Transfer Outs	6,421,950	178,000	-	-	6,599,950
Total Committed Expenditures	\$ 34,141,411	\$ 178,000	\$ 5,470,165	-	\$ 39,789,576
Change in Fund Balance	(1,278,049)	771,538	32,247	-	(474,264)
Ending Fund Balance	\$ 6,627,187	\$ 7,478,593	\$ 3,903,205	-	\$ 18,008,985
Reserves					
Current Year Contract Revenue	6,009,670	-	-	-	6,009,670
Outside Medical Services	617,517	-	-	-	617,517
Debt Service Reserve	-	-	3,903,205	-	3,903,205
Equipment Reserves	-	4,694,647	-	-	4,694,647
Contingency Reserve	-	2,783,946	-	-	2,783,946
Available Fund Balances	\$ -	\$ -	\$ -	-	\$ -

¹2018 Staff capacity of 600 beds; consumables budget built using 600 ADP.

Financial Summary - Operating Fund

	2015	2016	2017	2017	2018
	Actual	Actual	Amended	Estimated	Proposed ¹
Resources					
Undesignated Fund Balance	\$ 878,052	\$ 2,396,194	\$ 2,158,169	\$ 2,158,169	\$ 301,969
Carryforward Previous Years Contract Revenue	9,868,795	8,532,967	6,473,373	6,473,373	6,785,750
Carryforward O/S Medical Services	527,296	807,297	1,092,517	1,092,517	817,517
Beginning Fund Balance	11,274,143	11,736,458	9,724,059	9,724,059	7,905,236
Operating Revenue					
Member Service Payments	15,366,918	17,453,205	18,024,538	18,024,538	20,810,362
Revenue from Contracting Cities	11,012,556	9,222,913	11,900,000	11,360,000	11,500,000
Revenue from Contracting Cities - Health	193,687	189,185	50,000	100,000	75,000
Intergovernmental Revenue - State	105,161	125,302	-	-	-
Intergovernmental Revenue - Federal	40,400	24,200	30,000	30,000	30,000
Federal Grant	90,605	60,951	-	-	-
Miscellaneous	23,015	3,815	-	-	-
Charges for Services	288,736	269,127	250,000	250,000	250,000
Interest Earnings	9,405	37,141	6,000	25,000	20,000
Total Operating Revenue	27,130,483	27,385,839	30,260,538	29,789,538	32,685,362
Transfers In					
Transfer-In	-	78,200	1,099,732	1,185,732	178,000
Total Transfers In	-	78,200	1,099,732	1,185,732	178,000
Total Resources	38,404,626	39,200,497	41,084,329	40,699,329	40,768,598
Expenditures					
Operating Expenditures					
Salaries & Wages	9,102,217	10,660,662	12,153,321	11,900,000	12,804,250
Personnel Benefits	3,494,491	4,258,381	5,343,750	5,000,000	5,830,420
Overtime	878,095	912,877	695,000	800,000	835,000
Operating Supplies	361,150	384,881	493,445	400,000	479,145
Consumables	1,196,834	1,009,061	1,266,350	1,200,000	1,353,343
Professional Services	417,497	228,621	331,180	280,000	375,280
Medical Services	2,700,910	3,296,949	3,700,000	3,700,000	3,834,805
Outside Medical Services	260,519	261,002	275,000	275,000	275,000
Other Services & Charges	451,745	460,786	623,823	600,000	651,118
Insurance	149,961	175,690	210,200	210,200	260,000
Utilities	619,150	598,107	700,000	660,000	700,000
Maintenance	125,015	146,293	176,100	160,000	172,100
Intergovernmental	34,720	44,754	56,000	66,000	71,000
Capital Outlays	182,194	106,544	351,200	437,200	78,000
Total Operating Expenditures	19,974,498	22,544,608	26,375,369	25,688,400	27,719,461
Transfers Out					
Transfer Outs - Debt Service	5,470,807	5,508,630	6,262,946	6,262,946	5,502,412
Transfer Outs - Equipment Reserves	792,409	792,409	788,868	788,868	788,868
Transfer Outs - Contingency Reserve	314,237	337,223	53,879	53,879	130,670
Transfer Outs - Capital	100,000	300,000	-	-	-
Total Transfers Out	6,677,453	6,938,262	7,105,693	7,105,693	6,421,950
Total Expenditures	26,651,951	29,482,870	33,481,062	32,794,093	34,141,411
Ending Fund Balance	\$ 11,752,675	\$ 9,717,627	\$ 7,603,267	\$ 7,905,236	\$ 6,627,187
Reserves					
Current Year Contract Revenue	8,532,967	6,473,373	6,785,750	6,785,750	6,009,670
Outside Medical Services	807,297	1,092,517	817,517	817,517	617,517
Undesignated Fund Balances	\$ 2,412,411	\$ 2,151,737	\$ -	\$ 301,969	\$ -

¹2018 Staff capacity of 600 beds; consumables budget built using 600 ADP. Previous year contract revenue used to offset current year revenue requirement from Member Cities.

Financial Summary - Reserve Fund

	2015 Actual	2016 Actual	2017 Amended	2017 Estimated Actual	2018 Proposed
Resources					
Undesignated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Reserve	2,215,237	3,011,765	3,742,611	3,742,611	4,065,779
Contingency Reserve	<u>1,906,145</u>	<u>2,223,715</u>	<u>2,572,397</u>	<u>2,572,397</u>	<u>2,641,276</u>
Beginning Fund Balance	4,121,382	5,235,480	6,315,008	6,315,008	6,707,055
Operating Revenue					
Intergovernmental Revenue					
Miscellaneous					
Interest Earnings	7,452	28,096	5,000	30,000	30,000
Total Operating Revenue	<u>7,452</u>	<u>28,096</u>	<u>5,000</u>	<u>30,000</u>	<u>30,000</u>
Transfers In					
Transfer-In - Equipment Reserves	792,409	792,409	788,868	788,868	788,868
Transfer-In - Contingency Reserve	314,237	337,223	53,879	53,879	130,670
Total Transfers In	<u>1,106,646</u>	<u>1,129,632</u>	<u>842,747</u>	<u>842,747</u>	<u>919,538</u>
Total Resources	<u>5,235,480</u>	<u>6,393,208</u>	<u>7,162,755</u>	<u>7,187,755</u>	<u>7,656,593</u>
Expenditures					
Operating Expenditures					
Total Operating Expenditures	-	-	-	-	-
Transfers Out					
Transfer Outs	-	78,200	344,700	480,700	178,000
Total Transfers Out	<u>-</u>	<u>78,200</u>	<u>344,700</u>	<u>480,700</u>	<u>178,000</u>
Total Expenditures	<u>-</u>	<u>78,200</u>	<u>344,700</u>	<u>480,700</u>	<u>178,000</u>
Ending Fund Balance	<u>\$ 5,235,480</u>	<u>\$ 6,315,008</u>	<u>\$ 6,818,055</u>	<u>\$ 6,707,055</u>	<u>\$ 7,478,593</u>
Reserves					
Equipment Reserves	3,011,765	3,742,611	4,189,779	4,065,779	4,694,647
Target Contingency Reserve	2,223,715	2,572,397	2,628,276	2,641,276	2,783,946
Undesignated Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Financial Summary - Debt Service Fund

	2015 Actual	2016 Actual	2017 Amended	2017 Estimated Actual	2018 Proposed
Resources					
Beginning Fund Balance	\$ 3,717,818	\$ 3,781,756	\$ 3,824,221	\$ 3,824,221	\$ 3,870,958
Debt Service Revenue					
Startup Contribution	-	-	-	-	-
Member Payments	-	-	-	-	-
Revenue from Contracting Cities	-	-	-	-	-
Interest Earnings	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Total Debt Service Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers In					
Transfer-In	5,470,807	5,507,524	5,507,914	5,507,914	5,502,412
Total Transfers In	<u>5,470,807</u>	<u>5,507,524</u>	<u>5,507,914</u>	<u>5,507,914</u>	<u>5,502,412</u>
Total Resources	<u>9,188,625</u>	<u>9,289,280</u>	<u>9,332,135</u>	<u>9,332,135</u>	<u>9,373,370</u>
Expenditures					
Debt Service Expenditures					
Professional Services	11,564	5,095	6,000	6,000	6,000
Debt Service	5,395,305	5,459,964	5,455,177	5,455,177	5,464,165
Total Debt Service Expenditures	<u>5,406,869</u>	<u>5,465,059</u>	<u>5,461,177</u>	<u>5,461,177</u>	<u>5,470,165</u>
Total Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,406,869</u>	<u>5,465,059</u>	<u>5,461,177</u>	<u>5,461,177</u>	<u>5,470,165</u>
Ending Fund Balance	<u>\$ 3,781,756</u>	<u>\$ 3,824,221</u>	<u>\$ 3,870,958</u>	<u>\$ 3,870,958</u>	<u>\$ 3,903,205</u>
Debt Service Reserve	<u>3,781,756</u>	<u>3,824,221</u>	<u>3,870,958</u>	<u>3,870,958</u>	<u>3,903,205</u>
Available Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Financial Summary - Capital Fund

	2015 Actual	2016 Actual	2017 Proposed	2017 Estimated Actual	2018 Proposed
Resources					
Beginning Fund Balance	\$ -	\$ 202,212	\$ 502,212	\$ 502,212	\$ -
Capital Revenue					
Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Startup Contribution	-	-	-	-	-
Intergovernmental Revenue	100,000	-	-	-	-
Miscellaneous	2,212	-	-	4,818	-
Interest Earnings	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Total Capital Revenue	<u>102,212</u>	<u>-</u>	<u>-</u>	<u>4,818</u>	<u>-</u>
Transfers In					
Transfer-In	100,000	300,000	-	-	-
Total Transfers In	<u>100,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Resources	<u>202,212</u>	<u>502,212</u>	<u>502,212</u>	<u>507,030</u>	<u>-</u>
Expenditures					
Capital Expenditures					
Salaries & Wages	-	-	-	-	-
Personnel Benefits	-	-	-	-	-
Overtime	-	-	-	-	-
Operating Supplies	-	-	-	-	-
Professional Services	-	-	-	-	-
Capital Outlays	202,212	-	502,212	507,030	-
Capital Contingency	-	-	-	-	-
Total Capital Expenditures	<u>202,212</u>	<u>-</u>	<u>502,212</u>	<u>507,030</u>	<u>-</u>
Transfers Out					
Transfer Outs	-	-	-	-	-
Total Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>202,212</u>	<u>-</u>	<u>502,212</u>	<u>507,030</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 502,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Reserves	-	-	-	-	-
Available Fund Balances	<u>\$ -</u>	<u>\$ 502,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Member Cities Contribution Requirement
Proposed Budget**

Member City	2018 ADP	Percentage ¹	2018 Service Charge ²	2007 ADP	Percentage ³	2018 Debt Service	2018 Debt Service	2018 Outside Medical Reserve Credit	2018 Total
Auburn	51	19.21%	\$ 4,036,091	100	29%	\$ 1,595,699	\$ (1,595,699)	\$ (38,420)	\$ 3,997,671
Burien	12	4.49%	943,365	12	4%	220,096	(220,096)	(8,980)	934,385
Des Moines	8	3.00%	630,311	17	5%	275,121	(275,121)	(6,000)	624,311
Federal Way	80	30.23%	6,351,432	60	17%	935,410	(935,410)	(60,460)	6,290,972
Renton	76	28.68%	6,025,772	117	34%	1,870,820	(1,870,820)	(57,360)	5,968,412
SeaTac	18	6.80%	1,428,705	9	3%	165,072	(165,072)	(13,600)	1,415,105
Tukwila	20	7.59%	1,594,686	28	8%	440,193	(440,193)	(15,180)	1,579,506
Total	265	100%	\$ 21,010,362	343	100%	\$ 5,502,412	\$ (5,502,412)	\$ (200,000)	\$ 20,810,362

¹Service Charge is based on April 1, 2016 - March 31, 2017 billable average daily population plus a 0% operating reserve.

²Based on 600 beds operation with 265 owner responsible beds.

³Debt Service is based on 2007 ADP, per Interlocal Agreement and the percentages also reflect the terms of the Host City Agreement among Des Moines, Federal Way, Renton, Auburn and SCORE

2018 Index of Positions

Total Staffing¹	Position Title	Salary Range
1	Executive Director ²	173,646
1	Deputy Executive Director ²	125,250 - 152,232
1	Human Resource Director ²	110,730 - 134,594
1	Information Technology Director ²	110,730 - 134,594
1	Finance Director ²	110,730 - 134,594
1	Facility Manager	86,352 - 105,228
1	Communications & Admin Sevices Manager	86,352 - 105,228
5	Captain	102,684 - 125,052
2	Lieutenant	100,164 - 105,228
17	Sergeant	83,304 - 87,474
105	Corrections Officer	55,794 - 71,946
1	Senior Systems Analyst	79,536 - 96,672
1	Financial Services Supervisor	79,536 - 96,672
1	HR Analyst	69,726 - 84,762
1	Court & Records Supervisor	62,400 - 75,834
2	Public Records Specialist	62,400 - 75,834
1	Payroll & Billing Specialist	59,358 - 72,384
2	Facility Technician	59,358 - 72,384
1	IT Support Technician	59,358 - 72,384
2	Accounting Assistant	52,620 - 63,954
3	Court & Records Coordinator	52,620 - 63,954
1	Transport Coordinator	52,620 - 63,954
4	Office Assistant/Receptionist	46,920 - 57,036
1	Custodian	46,920 - 57,036
3	Unfunded Corrections Officers	
160		

¹ A total of 160 FTEs is required for operation of 600 beds.

² Positions not eligible for 5% merit pay. All other positions eligible to participate in merit pay program.

Appendix A: Form of SCORE 2018 Budget Resolution

RESOLUTION NO. _____

A RESOLUTION of the Administrative Board of the South Correctional Entity adopting the Annual Budget for 2018.

WHEREAS, the South Correctional Entity ("SCORE") is completed construction of a consolidated misdemeanor correctional facility and began operations in September 2011; and

WHEREAS, to provide services to its Member Cities as well as contracting agencies, the Administrative Board of SCORE now desires to adopt an Annual Budget for 2018 as set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE ADMINISTRATIVE BOARD OF THE SOUTH CORRECTIONAL ENTITY:

Section 1. Adoption of the 2018 Budget. The Administrative Board hereby approves and adopts the 2018 Budget, in the total amount of \$39,789,576. The 2018 Budget represents the operating costs and capital costs (including debt service obligations) that would be due and payable in 2018.

Section 2. Summary by Fund. A summary budget by fund for 2018 is attached as Exhibit A and incorporated herein by reference.

Section 4. Effective Date. This resolution shall take effect and be in force from and after passage and approval.

Passed September 27, 2017.

By: _____
 Presiding Officer, Administrative Board
 South Correctional Entity

Exhibit A to SCORE Budget Resolution

2018 Financial Summary

Description	Operating ¹	Reserve	Debt Service	Construction	All Funds
Undesignated Fund Balance	\$ 301,969	\$ 2,641,276	\$ -	\$ -	\$ 2,943,245
Equipment Reserve	-	4,065,779	-	-	4,065,779
Debt Service Reserve	-	-	3,870,958	-	3,870,958
Carryforward Contract Revenue	6,785,750	-	-	-	6,785,750
Carryforward O/S Medical Services	817,517	-	-	-	817,517
Beginning Fund Balance	\$ 7,905,236	\$ 6,707,055	\$ 3,870,958	-	\$ 18,483,249
Revenue					
Member Service Payments	20,810,362	-	-	-	20,810,362
Revenue from Contracting Cities	11,500,000	-	-	-	11,500,000
Revenue from Contracting Cities - Health	75,000	-	-	-	75,000
Intergovernmental Revenue	30,000	-	-	-	30,000
Federal Grant	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for Services	250,000	-	-	-	250,000
Interest Earnings	20,000	30,000	-	-	50,000
Transfers-In	178,000	919,538	5,502,412	-	6,599,950
Total New Revenue	32,863,362	949,538	5,502,412	-	39,315,312
Total Resources	\$ 40,768,598	\$ 7,656,593	\$ 9,373,370	-	\$ 57,798,561
Expenditures					
Salaries & Wages	12,804,250	-	-	-	12,804,250
Personnel Benefits	5,830,420	-	-	-	5,830,420
Overtime	835,000	-	-	-	835,000
Operating Supplies	479,145	-	-	-	479,145
Consumables	1,353,343	-	-	-	1,353,343
Professional Services	375,280	-	6,000	-	381,280
Medical Services	3,834,805	-	-	-	3,834,805
Outside Medical Services	275,000	-	-	-	275,000
Other Services & Charges	651,118	-	-	-	651,118
Insurance	260,000	-	-	-	260,000
Utilities	700,000	-	-	-	700,000
Maintenance	172,100	-	-	-	172,100
Intergovernmental	71,000	-	-	-	71,000
Capital Outlays	78,000	-	-	-	78,000
Debt Service	-	-	5,464,165	-	5,464,165
Transfer Outs	6,421,950	178,000	-	-	6,599,950
Total Committed Expenditures	\$ 34,141,411	\$ 178,000	\$ 5,470,165	-	\$ 39,789,576
Change in Fund Balance	(1,278,049)	771,538	32,247	-	(474,264)
Ending Fund Balance	\$ 6,627,187	\$ 7,478,593	\$ 3,903,205	-	\$ 18,008,985
Reserves					
Current Year Contract Revenue	6,009,670	-	-	-	6,009,670
Outside Medical Services	617,517	-	-	-	617,517
Debt Service Reserve	-	-	3,903,205	-	3,903,205
Equipment Reserves	-	4,694,647	-	-	4,694,647
Contingency Reserve	-	2,783,946	-	-	2,783,946
Available Fund Balances	\$ -	\$ -	\$ -	-	\$ -

¹2017 Staff capacity of 600 beds; consumables budget built using 600 ADP.

Appendix B: Form of PDA 2018 Budget Resolution

RESOLUTION NO. _____

A RESOLUTION of the South Correctional Entity Facility Public
Development Authority adopting the Annual Budget for 2018.

WHEREAS, on November 4, 2009, the South Correctional Entity Facility Public Development Authority (the "Authority") issued its Bonds, Series 2009A (the "Series A Bonds") and Bonds, Series 2009B (Taxable Build America Bonds) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") in the aggregate principal amount of \$86,235,000 to pay a portion of the costs of acquiring, constructing, developing, equipping and improving a correctional facility located in Des Moines, Washington (the "Project"), to capitalize interest during construction of the Project, and to pay costs of issuance for the Bonds; and

WHEREAS, interest on the Bonds is payable semiannually on January 1 and July 1, and principal on the Bonds is payable annually on January 1; and

WHEREAS, the Authority is eligible to receive a federal interest subsidy equal to 35% of the interest payable on each interest payment date for the Series B Bonds and the remaining balance for the debt service will be paid through payments from SCORE; and

WHEREAS, the Board of Directors of the Authority now desires to adopt an Annual Budget for 2018 in order to pay debt service on the Bonds, as set forth herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH CORRECTIONAL ENTITY FACILITY PUBLIC DEVELOPMENT AUTHORITY:

Section 1. Adopt the Authority Budget. The Board of Directors hereby approves and adopts an Annual Budget for 2018, in the amount of \$6,961,979 for the debt service payments due on the Bonds, inclusive of the 35% interest payment subsidy for the Series B Bonds, in the form attached hereto in Exhibit A and incorporated herein by this reference.

Section 2. Effective Date. This resolution shall take effect and be in force from and after passage and approval.

Passed September 27, 2017.

By: _____
President, Board of Directors
South Correctional Entity Facility Public
Development Authority

Exhibit A to PDA Budget Resolution

SCORE PDA Budget

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Amended</u>	<u>2017 Estimated Actual</u>	<u>2018 Proposed</u>
Beginning Fund Balance	\$ 832,967	\$ 760,878	\$ (0)	\$ -	\$ 755,031
Revenue:					
Receipt from Federal Rebate	\$ 1,517,676	\$ 755,843	\$ 2,265,096	\$ 2,265,095	\$ 1,473,568
Transfer-In from SCORE for Debt Service Payment	5,406,869	5,465,060	6,216,209	6,216,209	5,470,165
Total Anticipated Revenue and other Sources	<u>\$ 6,924,545</u>	<u>\$ 6,220,903</u>	<u>\$ 8,481,305</u>	<u>\$ 8,481,304</u>	<u>\$ 6,943,733</u>
Expenditures:					
Professional Services	\$ 11,565	\$ 4,895	\$ 6,000	\$ 6,000	\$ 6,000
Debt Service Payment	6,985,069	6,976,886	6,965,241	6,965,241	6,955,979
Transfer to (Due From) SCORE	-	-	755,032	755,032	-
Total Expenditure Budget	<u>\$ 6,996,634</u>	<u>\$ 6,981,781</u>	<u>\$ 7,726,273</u>	<u>\$ 7,726,273</u>	<u>\$ 6,961,979</u>
Ending Fund Balance *	<u>\$ 760,878</u>	<u>\$ (0)</u>	<u>\$ 755,032</u>	<u>\$ 755,031</u>	<u>\$ 736,785</u>

* Ending Fund balance represent IRS rebate of interest cost due January 1 of the subsequent year.

Appendix C

Financial Management Policies – South Correctional Entity

Adopted by Resolution 54

July 23, 2014

Basic Policy Statement

The South Correctional Entity (“SCORE”) is committed to the highest standards of responsible financial management. The SCORE Finance Committee, consisting of a designated finance staff member from each Member City (the “Finance Committee”), the Administrative Board, the SCORE Director (the “Director”), the SCORE Finance Manager (the “Finance Manager”), and staff will work together to ensure that all financial matters of SCORE and the South Correctional Entity Facility Public Development Authority are addressed with care, integrity, and in the best interest of SCORE. Terms not otherwise defined in this policy shall have the meanings set forth in the Amended and Restated SCORE Interlocal Agreement dated as of October 1, 2009 (the “Interlocal Agreement”).

The rules and procedures contained in this section are designed to guide ongoing operations of SCORE, and to:

1. Protect the assets of SCORE;
2. Ensure the maintenance of open and accurate records of SCORE’s financial activities;
3. Provide a framework of operating standards and behavioral expectations;
4. Ensure compliance with federal, state, and local legal and reporting requirements;
and
5. Provide a means for the Administrative Board to update and monitor these policies with the assistance and cooperation of the Director and Finance Manager.

Lines of Authority

1. The Administrative Board has the authority to execute such policies as deemed to be in the best interest of SCORE within the parameters of federal, state, and local law.
2. The Administrative Board has the authority to perform reviews of the organization’s financial activity and assure that adequate internal controls are in place.
3. The Director has the authority to oversee the development of the annual management budget, make spending decisions within the parameters of the

Administrative Board approved budgets, enter into contractual agreements under \$50,000, make capital asset purchase decisions, and make decisions regarding the allocation of expenses within designated parameters. Unless otherwise specified in this policy, principal responsibility for complying with the directives enumerated herein shall be vested in the Director.

4. The Director has the authority to expend SCORE funds within approved management budget and in accordance with procedures prescribed by the Administrative Board, and to recommend spending requests within the parameters of the approved management budget process to the Administrative Board.
5. The Finance Committee shall be advisory to the SCORE Director, staff, and Administrative Board on all financial matters of SCORE.

Accounting Records and Reports

1. Basis of Accounting
 - a. SCORE's Annual Financial Report on its financial activity shall be presented in compliance with Generally Accepted Accounting Principles ("GAAP") as defined by the Governmental Accounting Standards Board ("GASB").
2. Basis of Management Budget
 - a. SCORE's budget is presented on a GAAP (modified accrual) basis of accounting.
3. Accounting
 - a. SCORE's accounting and budgeting systems shall be consistent with guidance provided by the GASB and the Washington State Auditor's Office.
 - b. SCORE's financial accounting system shall assure that the status and transactions of each account and their relationship to management budget authority is clear.
4. Financial Reporting
 - a. The Annual Financial Report shall be timely and comprehensive and meet or exceed professional industry standards.
 - b. Revenue and expenditure reports shall be prepared monthly and be presented to the Operations and Administrative Boards.
5. Audit

Financial Management Policies

- a. SCORE shall commission an annual audit of its financial reports and related records to be conducted by the Washington State Auditor's Office.
- b. At the conclusion of the audit, the auditor shall be available to brief the Director and Finance Manager on the results.
- c. The results of the audit shall be available to the Operations and Administrative Boards and the public.

Policy on Stabilization Funds

Sufficient fund balances and reserve levels for cash flow or equipment replacement are important in the long-term financial stability of the SCORE.

1. SCORE shall maintain reserves required by law, resolutions and/or bond covenants. When resources are available, the following reserves shall be established in order of priority:
 - a. Cash flow reserve balances shall be set through the budget process in an amount consistent with the purpose and nature of SCORE. At a minimum, any current year non-member revenues in excess of budget as well as any phone and commissary revenues in excess of budget should be held in reserve and available for appropriation solely in the subsequent fiscal year.
 - b. SCORE shall maintain a general operating reserve targeted at 10% of total budgeted operating expenditures.
2. Replacement reserves shall be retained for equipment and computer software regardless of whether the equipment is acquired via lease, gift, or purchase. The replacement program shall be approved by the Finance Committee and the Administrative Board during the budget process.

Financial Planning

1. SCORE shall maintain a long-term (five-year) financial planning model.
 - a. The financial planning model shall:
 - i. be based on the currently adopted management budget;
 - ii. utilize these policies;
 - iii. be based on assumptions and drivers realistically expected to occur;

Financial Management Policies

- iv. clearly document the assumptions and drivers used and the results of the use of such assumptions and drivers;
 - v. be designed in such a way to permit analysis of alternative strategies; and
 - vi. relate to other plans of SCORE.
2. Management Budget development
- a. SCORE shall prepare an annual management budget that is consistent with:
 - i. State law;
 - ii. Long-term financial planning model;
 - iii. These policies; and
 - iv. Industry's best practices.
 - b. SCORE's annual management budget shall be prepared using the following schedule and process as a general guide:
 - i. Review stakeholder input from the Operations and Administrative Boards, and from contract agencies.
 - ii. The Director will meet with the Finance Committee and the Operations and Administrative Boards and review the prior year's audited results, current year management budget status, next management budget schedule, process, budget guidelines, and budget preparation items of interest.
 - iii. The Director shall consult with the Finance Committee in developing and submitting a proposed balanced Preliminary Management Budget to the Operations and Administrative Boards in conformance with State law.
 - iv. Management budget amendments, to increase appropriation, shall be developed in consultation with the Finance Committee and presented for consideration and approval of the Operations and Administrative Boards.
3. Revenues
- a. Revenue forecasts shall assess the full spectrum of resources available to finance SCORE's programs and services.

Financial Management Policies

- b. Should an economic downturn develop that results in (potential) revenue shortfalls or fewer available resources, SCORE will make appropriate adjustments to its budget.
 - c. Revenue shall be conservatively estimated.
 - d. Revenue received from Subscribing Agencies or from other sources other than the Member Cities (contract revenue) shall be allocated among the Member Cities as follows: first, each Owner City shall receive a credit against its Capital Contribution based on that Owner City's proportional Owner Percentage, and second, to the extent that revenues are available, each Member City shall receive a credit against its obligation to pay maintenance and operation (M&O) based on that Member City's proportional average daily population for the prior year of calculation.
- 4. Expenditures
 - a. Priority shall be given to expenditures that will improve productivity.
- 5. Capital Investments
 - a. A comprehensive plan for SCORE capital investments shall be prepared annually and adopted by the Operations and Administrative Boards as part of the management budget.
 - b. All proposed capital investment projects shall include a recommended or likely source of funding.
 - c. Capital project proposals should indicate the project's impact on the management budget, including, but not limited to, long-term maintenance costs necessary to support the investment.
 - d. Capital projects shall be budgeted for on a project life basis (rather than fiscal year).

Policy on Fees and Charges

- 1. SCORE shall annually review all fees for daily rates and other miscellaneous charges as part of the budget process.
- 2. User charges and fees shall be established based on the full cost of providing the service, unless otherwise provided by statute or regulation.
 - a. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities.

- b. Other factors for fee or charge adjustments may also include the impact of inflation, other cost increases, the adequacy of the coverage of costs, reserve requirements, and market competitive rates.
- 3. Proposed rate adjustments, user charges, and fees shall be presented to the Operations and Administrative Boards for approval each year as part of the proposed Preliminary Annual Management Budget and budget amendments as necessary.
- 4. SCORE shall rigorously collect all amounts due.

Policy on Debt Issuance and Management

The South Correctional Entity Facility Public Development Authority (the "Authority") was chartered for the sole purpose of issuing debt to providing financing for capital projects of SCORE. Depending on the context, references to SCORE in the following section shall mean SCORE and the Authority, collectively.

- 1. Long-term borrowing shall be confined to capital investments or similar projects with an extended life when it is not practical to be financed from current revenues. SCORE shall not use long-term debt to finance current operations.
- 2. Debt payments shall not extend beyond the estimated useful life of the project being financed. SCORE shall keep the average maturity of bonds at or below 15 years, unless special circumstances arise warranting the need to extend the debt schedule.
- 3. SCORE shall work to maintain strong ratings on its debt including maintaining open communications with bond rating agencies concerning its financial condition.
- 4. With Operations and Administrative Boards' approval, interim financing of capital projects may be secured from the debt financing market place or from the owner agencies as appropriate in the circumstances.
- 5. General obligation debt backed by the full faith and credit of the participating entities may be used when the related projects are of a benefit to SCORE as a whole.
- 6. SCORE shall use refunding bonds where appropriate and will consider advanced refunding when cost savings can be achieved of at least 4% (NPV); and to restructure its current outstanding debt and/or improve restrictive bond conditions.
- 7. SCORE's financial team for the issuance of debt shall consist of the Finance Committee, Operations and Administrative Boards and Councils of each of the Owner Cities, SCORE Legal Counsel, designated bond counsel, financial advisor, and

- underwriter(s), as appropriate, in order to effectively plan and fund the SCORE's capital investment projects.
- a. Finance Committee shall select and recommend the most qualified financial advisor / underwriter / and bond counsel to the Operations and Administrative Boards for consideration and approval.
 - b. These services shall be regularly monitored by the Finance Committee with report to Operations and Administrative Board.
8. SCORE shall evaluate the best method of sale for each proposed bond issue.
- a. When a negotiated sale is deemed advisable (in consultation with the Operations and Administrative Boards) the Director shall negotiate the most competitive pricing on debt issues to ensure the best value to SCORE.
 - b. When a negotiated sale is used, SCORE shall use an independent financial advisor to advise the Operations and Administrative Boards in matters such as structure, pricing, and fees.
9. SCORE shall comply with IRS regulations concerning use of, and reinvestment of bond proceeds and facilities financed with such proceeds.
- a. SCORE shall monitor and comply with IRS regulations with regard to potential arbitrage earnings. SCORE will set aside interest earnings in order to pay the appropriate arbitrage rebates when such obligation is deemed likely.
 - b. SCORE shall comply with the terms of all post issuance compliance policies adopted by the Authority, all bond resolutions, and other documents executed by the Authority in connection with an issuance of bonds.
10. SCORE shall comply with all ongoing disclosure obligations, as necessary, in order to comply with rules and regulations of the Securities and Exchange Commission.

A12

THIS IS SEA-TAC'S POSITION:

MOTION or AMENDMENT:

SeaTac: ↑ 20% annual cost x 2yr.

- 1) The proposed 2018 budget within the packet is not sustainable in subsequent years. The City of SeaTac does not support the proposal. The City does support approval of the reduced proposed 2018 budget as unanimously recommended by the Finance Committee.

SEPARATE MOTION:

- 2) In support of finding a solution prior to the fiscal 2019 budget, the City proposes formation of a Work Group to develop a sustainable long term fiscal plan for SCORE. The Work Group would be comprised of SCORE leadership, and the elected Mayors, City Managers and Finance Directors of the owner cities, and would present the fiscal plan to the Administrative Board in May 2018.

SeaTac will be happy to host/facilitate the work group.

2018 Proposed Budget Administrative Board Meeting August 23, 2018



Finance Committee Highlights

- Finance Committee presented with two options
 - Fully funded
 - Reduction of \$500,000 in Equipment Replace Reserves (ERR)
- Finance Committee requested that we review the possibility of using \$1 million from contingency to reduce the member's contributions in 2018
 - After exploring this option, it was tabled as too risky and that SCORE needs to increase its reserves based on GFOA recommended best practices and BERK Study from 2016
- Recommends a reduction of \$500,000 in ERR



INTERLOCAL AGREEMENT ⁷⁴ WOULD NEED
 TO BE AMENDED / APPROVED BY COUNCILS OF
 7 MEMBER CITIES

8/23/2017

Operations Board Highlights

- Acknowledged the professional opinion of the Finance Committee but feels that all costs should be fully funded
- Does not want to see any reduction in services that SCORE provides, and is very pleased with transportation services
- Concerned about the potential "race to the bottom" which has a negative effect on other agencies
- Suggested looking at a 3-year average for operating costs or changes to the funding formula



How Each Committee Member Voted

Auburn	Fully Funded	Fully Funded
Burien	Reduced ERR	Absent
Des Moines	No recommendation	Opposed
Federal Way	Fully Funded	Fully Funded
Renton	Reduced ERR	Fully Funded
SeaTac	Reduced ERR	Opposed
Tukwila	Reduced ERR	Fully Funded

POSSIBLY REFUND MEDICAL RESERVE FUND,

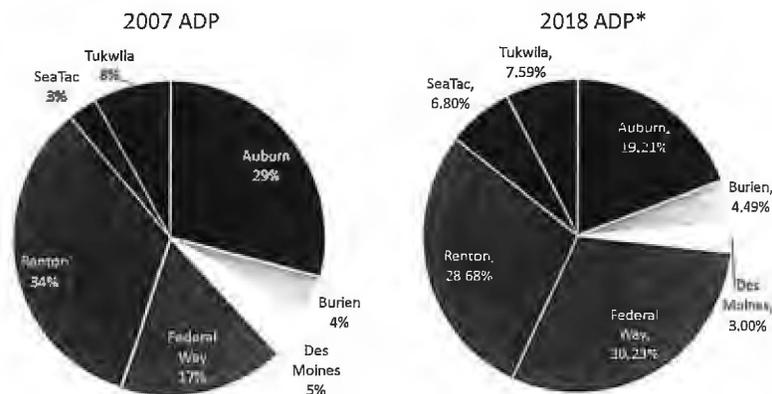
ERR = EQUIPMENT RESERVE FUND.

POSSIBLY REDUCED BY \$500,000

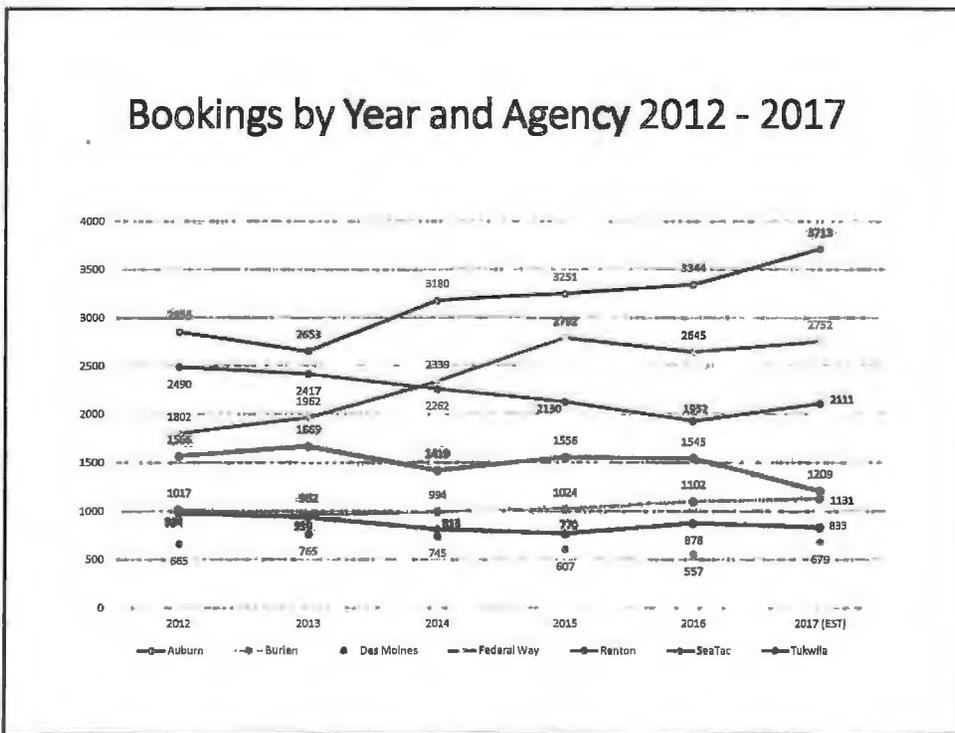
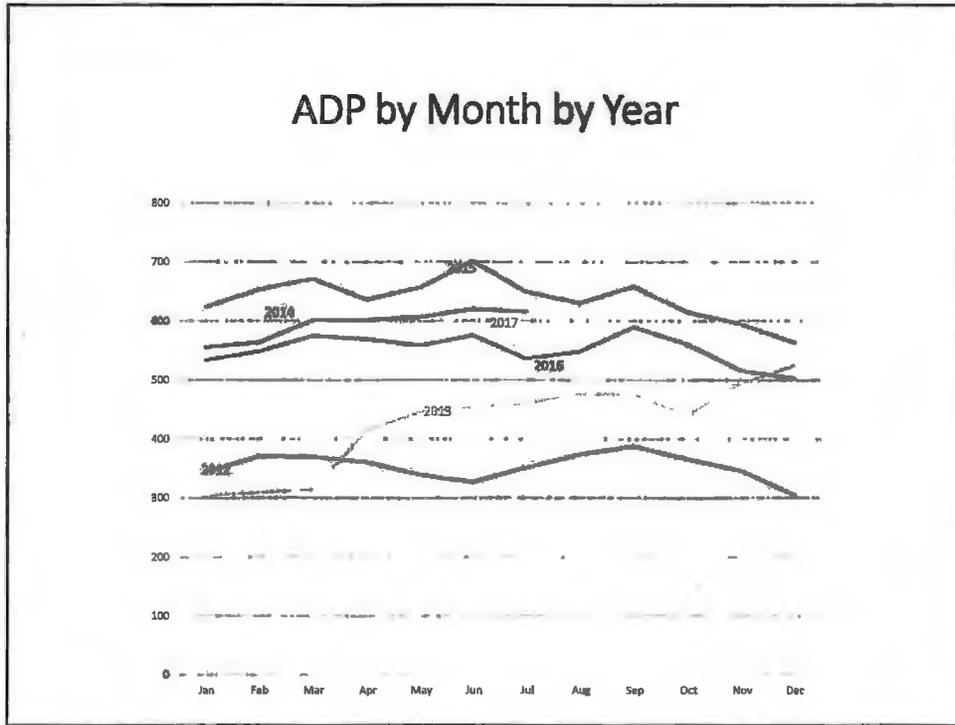
Budget Impacts in 2018

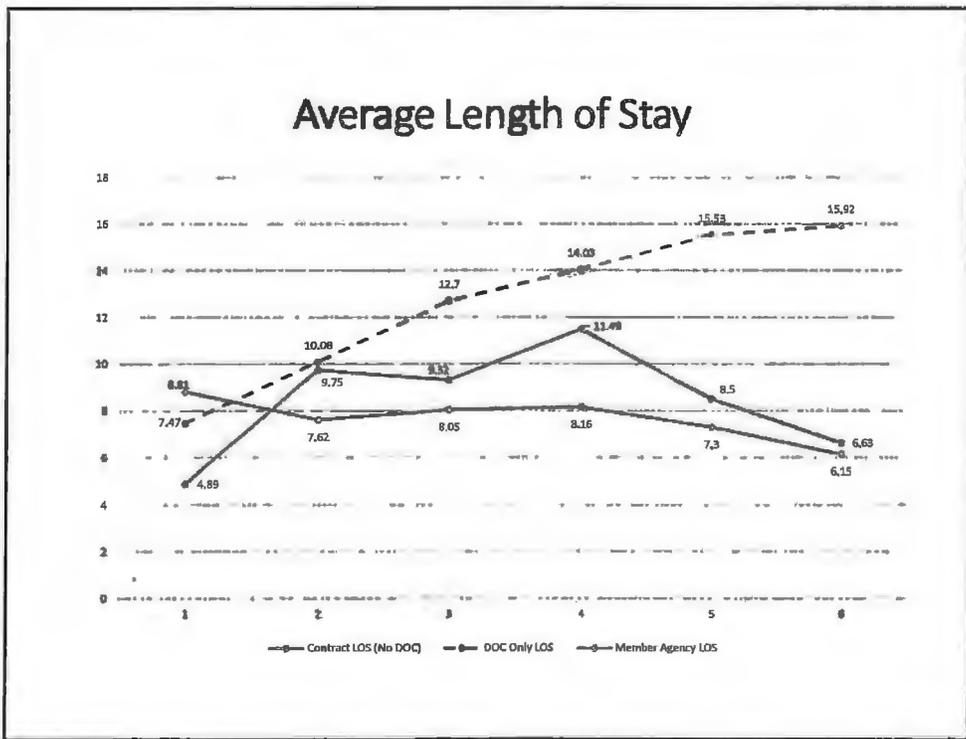
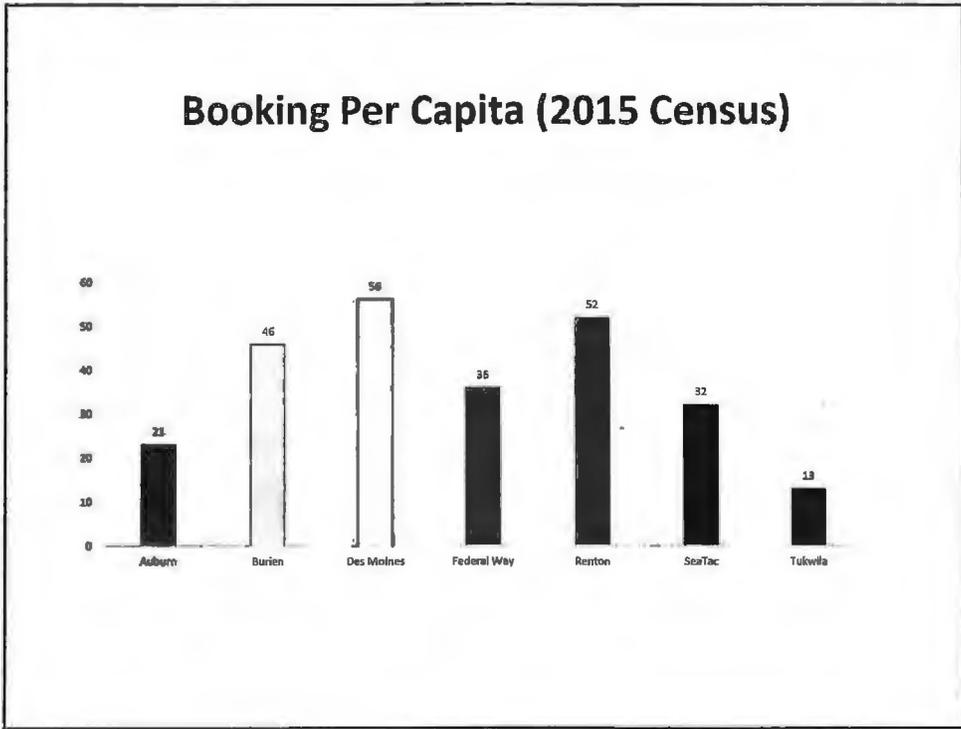
- SCORE is essentially fully staffed for the first time
 - This significantly reduces the carry forward that we have had from previous years
- We had a revenue shortage in 2016. Rather than address this in 2017's budget, it was postponed hoping for an increase in revenue
- 2018 operating costs increased by 5.23% (or \$1.3 M), however, the impact of full staffing and the reduction in revenue result in the increase to the Member Cities

Significant ADP Changes Since 2007



*The ADP year for the 2018 budget cover the time period of April 1, 2016 – March 31, 2017





DOC Rates

- Current rate is \$85 + charges for medical services, pharmacy, transports
- They do not use our court services
- They cover the incremental costs of \$25 per day
- They pay \$60 per day, per inmate, towards the fixed operating costs, including debt service
- Approximately \$4.1 Million in 2017 after incremental costs are covered
- \$4.1 Million = 37 FTEs



Options

Member City	Option 1 (\$500K ERA Reduction)	Option 2 - (Fully Funded)	Difference
Auburn	\$3,901,621	\$3,997,671	\$96,050
Burien	\$911,935	\$934,385	\$22,450
Des Moines	\$609,311	\$624,311	\$15,000
Federal Way	\$6,139,822	\$6,290,972	\$151,150
Renton	\$5,825,012	\$5,968,412	\$143,400
SeaTac	\$1,381,105	\$1,415,105	\$34,000
Tukwila	\$1,541,556	\$1,579,506	\$37,950

Conclusion

- Different recommendations from Finance and Operations
- The Administrative Board needs to pass a Budget by the end of September
- September's Meeting will be followed by a PDA Meeting to adopt the PDA Budget
- No significant information to change the numbers in the proposed budget – we could eliminate SCORE's outside medical reserve and transfer this risk to the cities (approximately \$500,000)
- Limited options to change the funding formula without modifying the Interlocal Agreement

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South Correctional Entity & South Correctional Entity Facility Public Development Authority

July 11, 2017
Deanna Gregory
Pacifica Law Group LLP



Overview of Presentation

- History of SCORE
- Formation Process
- The Interlocal Agreement
- The SCORE PDA and its Relationship to SCORE
- Member City Responsibilities and Benefits
 - Partnership between the Member Cities
 - Financial Obligations
 - Capital Contributions
 - Costs of Maintenance and Operations
- Questions

History of SCORE

- Each Member City (Auburn, Federal Way, Renton, Tukwila, Burien, SeaTac and Des Moines) is legally responsible for housing offenders convicted of misdemeanors within its jurisdiction
- Prior to SCORE, Renton and Auburn operated their own jails, and all of the Member Cities contracted with King County and other jurisdictions to house misdemeanants
- King County, which is responsible for housing offenders convicted of felonies within King County, notified each of the Member Cities that after 2012 it will no longer contract with Member Cities to house misdemeanants on favorable terms
- 2006 long-term jail needs study for all of the cities in King County suggested that two sub-regional jails be constructed, with one of them to be located in south King County
- A separate feasibility study conducted for the Member Cities determined that SCORE could provide similar correctional services at competitive rates

History of SCORE

- To take advantage of economies of scale and the benefits that come from pooling resources, the Member Cities agreed to partner together and jointly construct, equip, maintain and operate a consolidated correctional facility
- Purpose of SCORE –
 - To serve the Member Cities and state agencies and other governments to provide correctional services essential to the preservation of the public health, safety and welfare
- To carry out the purpose and to establish a separate but related entity to operate the jail on behalf of the Member Cities, the Member Cities formed the South Correctional Entity as a governmental administrative agency under the Interlocal Cooperation Act (chapter 39.34 RCW)
- Modeled after the Valley Communications Center organizational structure
 - A governmental administrative agency formed over 30 years ago under the Interlocal Cooperation Act

SCORE Formation Process

- All seven Member Cities participated in the formation of SCORE and agreed to be a partner in the organization
- Each Member City is a party to the Amended and Restated SCORE Interlocal Agreement
- ILA vetted by each Member City elected officials/administration, finance staff, city attorneys and others
- Each Member City adopted an ordinance approving
 - The formation of SCORE as an operating entity to carry out its stated purpose
 - Its financial responsibilities with respect to SCORE (fixed capital and fluctuating O&M)
 - “Each Member City shall be unconditionally obligated to provide its allocable share of costs as provided in this SCORE Formation Interlocal Agreement.” (ILA Section 9(c))
 - Capital contribution in exchange for ownership interest in assets/jail facility
 - Formation of the SCORE PDA
 - Issuance of the SCORE PDA debt to construct the jail

Interlocal Agreement

- Amended and Restated SCORE Interlocal Agreement
- Organizational document for SCORE as an operating entity
- Term – 10 years with automatic 5 year renewals
 - Provided ILA cannot be terminated until all SCORE PDA Bonds are no longer outstanding
- Establishes SCORE as a separate governmental entity (quasi-municipal corporation) with the purposes and authority as outlined in the ILA
- Creates Administrative Board
 - Governing body of SCORE
 - Comprised of representatives of each Member City
 - Advised by Operations Board and committees
 - Finance Committee serves in advisory role
 - Facility Director manages day to day operations and reports to Administrative Board

Interlocal Agreement

- Sets terms for withdrawal and termination
 - Sufficient notice is required to withdraw from ILA
 - Does not become effective until December 31 of the following year
- In the event a Member City fails to *budget for* or *pay* its applicable funding requirements for SCORE
 - Other Member Cities may immediately declare the underfunding city to be terminated from the ILA
 - Majority vote
- Withdrawing or terminated city may become a Subscribing Agency or may be removed from SCORE entirely

Interlocal Agreement

- Withdrawing or terminated city will forfeit any and all rights it may have to SCORE's real or personal property or other ownership in SCORE (unless agreed to by Administrative Board)
- Will still pay O&M based on prior usage
 - O&M based on historical use
- Neither withdrawal or termination will eliminate obligation to pay Capital Contribution so long as SCORE PDA Bonds are outstanding
 - Unless obligation is assumed by another Member City or entity
 - Still may be legally required/count against debt capacity despite side agreement

South Correctional Entity Facility PDA

- Interlocal agencies do not have statutory authority to issue debt
- Member Cities needed a solution to jointly finance construction of jail facility
- Many options available, for instance:
 - One Member City issue all the debt (debt capacity constraints; fairness; equity)
 - Each Member City issue its allocable portion of the debt (not cost effective due to duplicative issuance costs)
 - Valley Communications Model
 - One member city form a public development authority under chapter 35.21 RCW to issue all of the debt secured by the full faith and credit of the member cities
- The SCORE PDA chartered by Renton
 - Formation agreed to by each Member City
 - SCORE Administrative Board sits *ex officio* as the Board of Directors of the PDA
- Formed solely as a financing vehicle
 - Not responsible for operations
 - Legally separate from SCORE and Member Cities

Member City Responsibilities and Benefits

- Member Cities are responsible for
 - Having representatives involved in governance (Administrative Board)
 - Upholding and fulfilling contractual obligations outlined in ILA and other agreements
 - Paying Capital Contributions and share of O&M
 - Carrying out purpose and mission of SCORE as a partner in the organization
- Member City benefits
 - Jail services at beneficial rates
 - Equity in facility and other assets
 - Solution to jail housing crisis
 - Control at the local level
 - Partner in successful, nationally recognized organization and facility

Financial Obligations of Member Cities

- Each Member City is contractually obligated *to budget for and to pay in each year* two separate costs related to the SCORE Facility
 - Capital Contribution (fixed)
 - Proportion of 100% of the debt service due on SCORE PDA Bonds
 - Proportion of 100% of the operating costs (O&M) of the SCORE Facility
 - fluctuating, depends on prior use
- Obligation *to pay* may be offset by revenue received from Subscribing Agencies or Federal BABs Subsidy
 - Does not extinguish obligation *to budget for* in the event that certain revenues do not materialize
 - Revenue credits allocated proportionally

Capital Contributions

- Each Member City has a fixed Capital Contribution due in each year
 - A fixed percentage of the capital costs of the SCORE Facility
 - The obligation is either found in the ILA (with regard to each Owner City), or the Host City Agreement (with regard to Des Moines)
 - The capital contribution is fixed, due to constitutional and statutory debt capacity considerations, and is contractually required without regard to whether the SCORE Facility is operating or a city's use of the SCORE Facility
 - Can be offset by revenue received from Subscribing Agencies
 - Each City is contractually obligated to budget for and pay its allocable portion of the capital costs in each year, and to include the principal component in the calculation of its non-voted debt capacity
 - Capital Contributions core of security for SCORE PDA Bonds
 - Covenants to bond holders include obligation to pay and uphold ILA
 - Obligated parties - subject to ongoing disclosure requirements
 - No guarantee or step-up provisions
 - Failure to pay could result in default on SCORE PDA Bonds (bad for everyone)

Capital Contributions – Section 15(d) of ILA and City Ordinance

Each Owner City shall be obligated to pay an amount equal to its Capital Contribution without regard to the payment or lack thereof by any other Owner City. No Owner City shall be obligated to pay the Capital Contribution of any other Owner City, and each Owner City shall be obligated to budget for and pay its Capital Contribution. The obligation of each Owner City to pay its Capital Contribution shall be an irrevocable full faith and credit obligation of such Owner City, payable from property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. Each Owner City has or will set aside and include in its calculation of outstanding nonvoted general obligation indebtedness an amount equal to the principal component of its Capital Contribution for so long as Bonds remain outstanding, unless relieved of such payment in accordance with Section 4(g). Each Owner City's obligation to pay the Capital Contribution shall not be contingent on the receipt of any revenues from other sources, including but not limited to Subscribing Agencies or the Host City.

- *Similar pledge in Host City Agreement*

Capital Contributions – Definitions rooted in 2007 ADP

- “Capital Contribution” means, for each Owner City, that Owner City’s Owner Percentage multiplied by the principal of and interest on Bonds as the same shall become due and payable
- “Owner Percentage” means the percentage assigned to each Owner City, as follows:
 - (a) Auburn – thirty-one (31%)
 - (b) Federal Way – eighteen (18%)
 - (c) Renton - thirty-six (36%)
 - (d) Tukwila – eight (8%)
 - (e) Burien – four (4%)
 - (f) SeaTac – three (3%)
- Des Moines
 - Pays 5% of debt service in each year via the Host City Agreement (“Host City Fee”)
 - Percentages assigned to Auburn, Federal Way, and Renton after taking into account the Host City Fee are 29%, 17% and 34%, respectively

Capital Contributions – Definitions rooted in 2007 ADP

Member City	2007 ADP in all Correctional Facilities	Allocable Percentage of Total Debt Service in each year
Auburn	100	29%
Burien	12	4%
Des Moines	17	5%
Federal Way	60	17%
Renton	117	34%
SeaTac	9	3%
Tukwila	28	8%
Total	343	100%

Capital Contributions – SCORE PDA Bonds

- Issued in 2009
- \$8,205,000 Series A Tax-Exempt and \$78,030,000 Series B Taxable Build America Bonds
- Special obligations of the SCORE PDA payable solely from the Capital Contributions and other sources deposited into the Bond Fund
- Other than Capital Contribution, SCORE PDA Bonds are not payable from (no recourse) from the assets or revenues of Member Cities
- Callable beginning January 1, 2020
 - Refunding opportunities

O&M Costs – Each Member City’s “Piece of Pie” Changes Each Year

- ILA Section 15(d)(2) and financial policies
 - Commencing with the third calendar year of operations, the allocable portion that each Member City shall be obligated to pay of Costs of Maintenance and Operation shall be based on the Member City’s average daily population in the SCORE Facility for the 12-month period beginning April 1 and ending March 31 of the preceding year
- “Costs of Maintenance and Operation” means all reasonable expenses incurred by SCORE in causing the SCORE Facility to be operated and maintained in good repair, working order and condition, and all costs of administering SCORE
 - Includes all costs other than debt service, such as personnel costs, reserves, routine maintenance, etc.
- Administrative Board has authority to set a minimum O&M amount for each Member City (ILA Section 9(b))

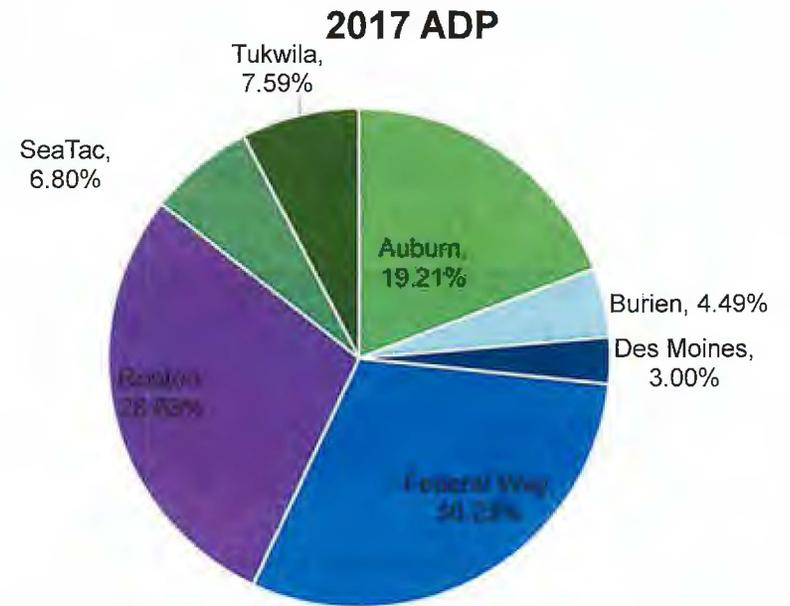
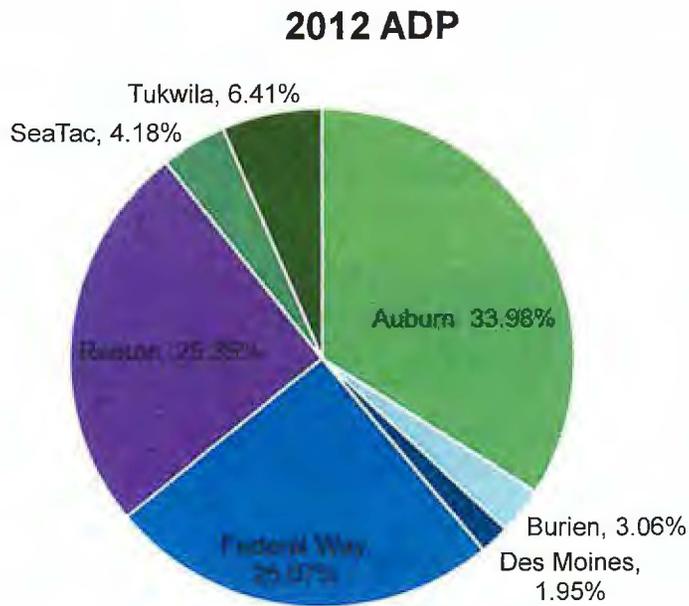
O&M Costs – Each Member City’s “Piece of Pie” Changes Each Year

- Similar to Capital Contribution, Member Cities are responsible to *budget for and to pay* allocable portion of **100%** of the Costs of Maintenance and Operation for each year
- Revenue received from Subscribing Agencies or other sources credited based on allocable percentage of Costs of Maintenance and Operations for that given year
- 100% of pie is ADP for use of SCORE Facility by Member Cities only
 - Member City allocable share derived from % of Member City ADP, multiplied by total Costs of Maintenance and Operations
- Use has significantly fluctuated since 2007 for certain Member Cities
 - Result is allocable portion for other cities has increased despite reduced or steady use of the SCORE Facility

O&M Costs – Historical ADP for Member Cities

Member City	2007 ADP	%	2012 ADP	%	2013 ADP	%	2014 ADP	%	2015 ADP	%	2016 ADP	%	2017 ADP	%
Auburn	100	29%	122	33.98%	84	27.36%	69	23.81%	69	23.03%	62	21.18%	51	19.21%
Burien	12	4%	11	3.06%	10	3.26%	12	4.24%	12	4.12%	13	4.55%	12	4.49%
Des Moines	17	5%	7	1.95%	7	2.28%	9	2.98%	8	2.72%	8	2.57%	8	3.00%
Federal Way	60	17%	90	25.07%	83	27.04%	81	27.83%	91	30.70%	90	30.62%	80	30.23%
Renton	117	34%	91	25.35%	81	26.38%	78	26.93%	80	26.95%	78	26.65%	76	28.68%
SeaTac	9	3%	15	4.18%	19	6.19%	18	6.19%	15	4.97%	19	6.32%	18	6.80%
Tukwila	28	8%	23	6.41%	23	7.49%	23	8.02%	22	7.51%	24	8.10%	20	7.59%
Total	343	100%	359	100%	307	100%	291	100%	298	100%	293	100%	264	100%

O&M Costs – Historical ADP for Member Cities



Financial Policies

- Approved by Administrative Board
- Establish
 - Equipment Reserve
 - Contingency Reserve
 - 10% of expenditure budget for that year
 - Fluctuates each year
- Contingency Reserve intended to address issue that SCORE has limited revenue sources
 - Member Cities
 - Responsible for any shortfall
 - Shortfall may result in going back to Member Cities for budget amendment
 - Subscribing Agencies
 - Guaranteed revenue vs. contingent on use
 - In all cases – short term contracts and can be terminated without cause on limited notice
 - Budget for worst case scenario

Financial Policies

- Allocate Revenue from Subscribing Agencies
 - Revenue received from Subscribing Agencies or from other sources other than the Member Cities (contract revenue) is allocated among the Member Cities as follows:
 - first, each Owner City shall receive a credit against its Capital Contribution based on that Owner City's proportional Owner Percentage, and
 - second, to the extent that revenues are available, each Member City shall receive a credit against its obligation to pay maintenance and operation (M&O) based on that Member City's proportional average daily population for the prior year of calculation
- Only “guaranteed” revenue is “credited” for budget purposes
 - Non-guaranteed revenue may not materialize
 - Many factors can influence use of jail

Subscribing Agency Rate/ADP History

	Guaranteed Rate Per Bed	Non Guaranteed Rate Per Bed	Budgeted ADP	Budgeted Cost	Actual ADP	Actual Cost
2011	\$ 125.00	\$ 135.00				
2012	90.00	135.00	500	\$ 77.47	354	\$ 104.69
2013	90.00	135.00	380	106.85	429	92.49
2014	90.00	135.00	450	102.82	618	79.11
2015	97.00	145.00	650	92.33	638	85.78
2016	105.00	157.00	700	100.18	552	112.94
2017	108.78	162.65	600	119.49		
2018	120.00	175.00	600	126.13		

What Does This All Mean?

	Aggregate for all Member Cities	Budgeted Amount	Total Budgeted Amount Reflecting Offsets/Revenue
Capital Contribution			
Total Debt Service Requirements	\$5,000,000		
Owner Percentage (22%)		\$1,100,000	\$1,000,000
Less Offsets			
BABs Federal Subsidy (22% of total)			(30,000)
Credit (carryforward Subscribing Agency revenue (22% of total))			(400,000)
Credit (this years guaranteed Subscribing Agency revenue (22% of total))			(670,000)
Total Capital Contribution		\$1,100,000	0
Total O&M Costs Needed to Operate Facility/Fund Reserves			
Total O&M Costs Needed to Operate Facility/Fund Reserves	\$25,000,000		
April 1, 2016 - May 31, 2017 ADP (16%)		\$4,000,000	\$4,000,000
Less Offsets			
Remaining Credit (this years guaranteed contract revenue (16% of total))			(3,000,000)
Total O&M Cost		\$4,000,000	1,000,000
Total Amount		\$5,100,000	\$1,000,000

What Does This All Mean?

- Factors that have a limited impact or increase of costs per Member City
 - Reducing inmate population
 - Reducing services
 - Not a large impact on costs – may have opposite impact
 - Administrative Board agreed at June 2017 meeting
 - Increase per bed rate
 - Do not reduce level of service
- Two largest influences on what Member Cities pay
 - Guaranteed contract revenue
 - What the other Member Cities are doing
 - Eg as use by one Member City goes down, the pieces of the pie grow for the other cities
- Reducing use to 0% may have an impact on future years (18 months behind) but would greatly increase costs for other Member Cities
- Subscribing agency ADP varies year to year
- Drawing on reserves may result in financial crisis later

Mission

To provide professional, cost effective, efficient correctional services to our Member Cities.

Vision

To protect the public by providing secure humane housing of inmates within its control and by providing the best correctional services within Washington State.

Goals

- **Work closely with our law enforcement partners and the courts to provide efficient correctional services.**
- **Obtain the maximum benefits from the financial resources that we receive from our Member Cities.**
- **Be a model for constitutionally mandated requirements and best practices within a correctional setting.**
- **Promote diversity and opportunity among our employees.**



Administrative Board

Mayor Nancy Backus, City of Auburn, Presiding Officer
 Councilmember Nancy Tosta, City of Burien
 Councilmember Robert Back, City of Des Moines
 Mayor Jim Ferrell, City of Federal Way
 Mayor Denis Law, City of Renton
 Councilmember Kathryn Campbell, City of SeaTac
 Mayor Allan Ekberg, City of Tukwila

Operations Board

Chief Bob Lee, City of Auburn
 Chief Scott Kimerer, City of Burien
 Chief George Delgado, City of Des Moines
 Chief Andy Hwang, City of Federal Way
 Chief Kevin Milosevich, City of Renton
 Chief Lisa Mulligan, City of SeaTac, Chair
 Chief Mike Villa, City of Tukwila

Finance Committee

Shelley Coleman, City of Auburn
 Kim Krause, City of Burien
 Donyele Mason, City of Des Moines
 Ade' Ariwoola, City of Federal Way
 Jan Hawn, City of Renton
 Gwen Pilo, City of SeaTac
 Peggy McCarthy, City of Tukwila, Chair

SCORE Staff

Penny Bartley, Executive Director
 Jim Kelly, Deputy Executive Director
 Karen Jester, Finance Director
 Lucinda Gibbon, Human Resources Director
 Adam Munson, Information Technology Director
 Deanna Gregory, Legal Counsel, Pacifica Law Group

September 14, 2017

Hello Mayor Pina and Esteemed Colleagues,

As you know I experienced a medical issue on August 24th ; I would like to thank all of you, the City of Des Moines family and the large number of our community members that have reached out with support for me and my family. I have shared with some of you that I will recover fully; however, my physician has restricted my activities during my recuperation.

Until I have been released by my physician I would like to request an excused absence from my committee and council meetings

I look forward to returning soon.

Best Regards,


Vic Pennington

Deputy Mayor and Councilmember

Bonnie Wilkins

From: desmnsdave@aol.com
Sent: Tuesday, September 05, 2017 3:03 PM
To: field@aclu-wa.org; Dave Kaplan
Subject: Re: Don't Ban Safe Consumption Sites Before Listening to Public Health Experts

Dear Dr. Wood, Mr. Roberts, and Mr. Ninburg,

Thank you for your email concerning the banning of Safe Consumption Sites.

While I agree with you that local action was unnecessary, the Des Moines City Council passed draft Resolution 17-105 on August 24th, 2017 banning such facilities. The vote was unanimous.

I've read through the report of the Task Force, and agree with all but two of the recommendations: the recommendation that would "alleviate barriers placed on opioid treatment, including the number of clients served and the siting of such clinics;" and the establishment of Community Health Engagement Locations.

South King County has essentially been the dumping ground for a host of unwanted and negative impacts on the Seattle-area community. The votes in Auburn, Federal Way, Kent, Des Moines, and others is an expression of being fed up with being Seattle's dumping ground. That does not mean we don't recognize a need in South King County, but that it's just another log on the bonfire of services and other social impacts felt by our communities. Both of those two recommendations are reflected in the votes that have taken place.

Any number of the recommendations are already being addressed ... such as the raising awareness of the problem, promoting safe storage and disposal, and expanded distribution of naloxone (via South King Fire & Rescue.) But there needs to be a comprehensive effort that clearly states the roles of the federal government, state government, county government, local government, and local providers, and how those roles will be funded. I don't believe the study clearly addresses those concerns ... particularly in an era when we're already struggling to fund basic services.

I'm keenly aware of the issue of opioid addiction from my previous jobs, in the context of workers' compensation and injured workers. I've been a strong supporter of the efforts of Dr. Gary Franklin (Medical Director, WA Dept of Labor & Industries) to try and deal with this issue on the over-prescribing end of the spectrum. His efforts over the past 12 years have led directly to all state agencies and the federal CDC to take steps to try and address the abuse of the legally obtained opioids. The challenge has been, and will continue to be, the illegally obtained opioids.

I appreciate the efforts you've made to help address any number of community health risks over the years (whether HIV/AIDS, hepatitis, or drug overdose prevention), but the sanctioning of the pilot projects would be a step too far. It wouldn't stop the addiction, only foster "healthier" addiction. It wouldn't stop the need for fixes between legitimate drug administration, or the crime necessary to pay for those fixes. Nor would it ensure less impacts on the local community, based on the reports cited of the Vancouver, BC experience.

Thank you again for your thoughts on this important topic.

Please feel free to reach out to me during my last four months on the City Council.

Warm Regards,

Dave Kaplan
Councilmember
City of Des Moines, WA

In a message dated 9/5/2017 11:36:23 AM Pacific Standard Time, field@aclu-wa.org writes:

Dear Councilmember Dave Kaplan,

As part of a national crisis, our community is facing a growing opioid epidemic. Over 1000 lives have already been lost to overdose in King County since 2012. Suburban cities have been hard-hit. This problem requires a regional and aggressive response that addresses local needs and that is guided by public health principles and experts. Unfortunately, one potential part of the solution that has been recommended by experts, a safe consumption program, has become a political talking point and the facts behind this intervention are getting lost. We ask that you become educated on our region's opiate problem and to not make rushed decisions regarding safe consumption sites until you learn about the evidence behind them.

Safe consumption sites as envisioned in King County are public health facilities where people who are living with substance use disorder can come for access to sterile equipment and use under medical supervision. In cities where such facilities have been implemented, the programs have saved many lives from overdose. Building relationships with public health staff can lead users to treatment and recovery. The science is clear: the American Medical Association says that safe consumption sites are likely to save lives; and doctors, nurses, and public health professionals in King County say they should be piloted locally.

The reason King County plans to open two pilot sites is because the Heroin and Prescription Opiate Addiction Task Force recommended them as part of an eight-part plan to combat the epidemic. The Task Force included public health officials, law enforcement and community leaders. The eight recommendations were adopted and endorsed unanimously by the King County Board of Health. The recommendations also stipulate that safe consumption sites should only be opened where they are needed and where the local community is on board. At a minimum, before taking any votes on safe consumption sites, please review the Task Force report – <http://www.kingcounty.gov/depts/community-human-services/mental-health-substance-abuse/task-forces/heroin-opiates-task-force.aspx>

Two months ago, the King County Council adopted a budget amendment that directed that no safe consumption site be placed in a city without an affirmative vote supporting the pilot by the city council in that community. Thus, bans in individual cities are redundant and unnecessary, and serve just to whip up fear without a thoughtful examination of the case for safe consumption. Fundamentally, that case is about saving the lives of sons and daughters from families in every community in our county.

There has also been a great deal of misinformation about safe consumption sites in the news recently. Opponents of such facilities make anecdotal and unsupported claims about the safe consumption site in Vancouver, while ignoring the evidence of the program's success and the specific challenge Vancouver faces via a dramatic increase in the use of fentanyl (which King County has largely avoided). In fact, Canada is increasing the use of safe consumption sites across the country with eight already operating and another eight slated to open. Moreover, the Vancouver approach is just one of nearly 100 sites globally, which research shows eliminate overdose deaths for people using the sites, and do not cause negative neighborhood impacts.

Opponents of a safe consumption program also claim that it will consume resources that should go to treatment. Here are the facts. King County will spend \$226 million on addiction services in the 2017-2018 biennium – while less than \$1 million is slated for a safe consumption program - less than .05%. The vast majority of the funding goes to treatment - over 70%. Plus, the sad fact is that many people aren't ready for treatment or will relapse from treatment, and safe consumption sites are one of the few ways that we can engage with this group, keep them alive, greatly reduce their risk for very costly disease and death, before they are ready to seek recovery.

Don't be fooled by opponents of safe consumption sites until you take a hard look at the facts yourself. The science is clearly on the side of this public health intervention.

Sincerely,

Dr. Bob Wood, Director of the HIV/AIDS Program at Public Health-Seattle & King County from 1986 to 2010

Michael Roberts, founder of 'Amber's HOPE' – lost a daughter to overdose

Michael Ninburg, Executive Director – Hepatitis Education Project

COMMUNITY CONNECTIONS

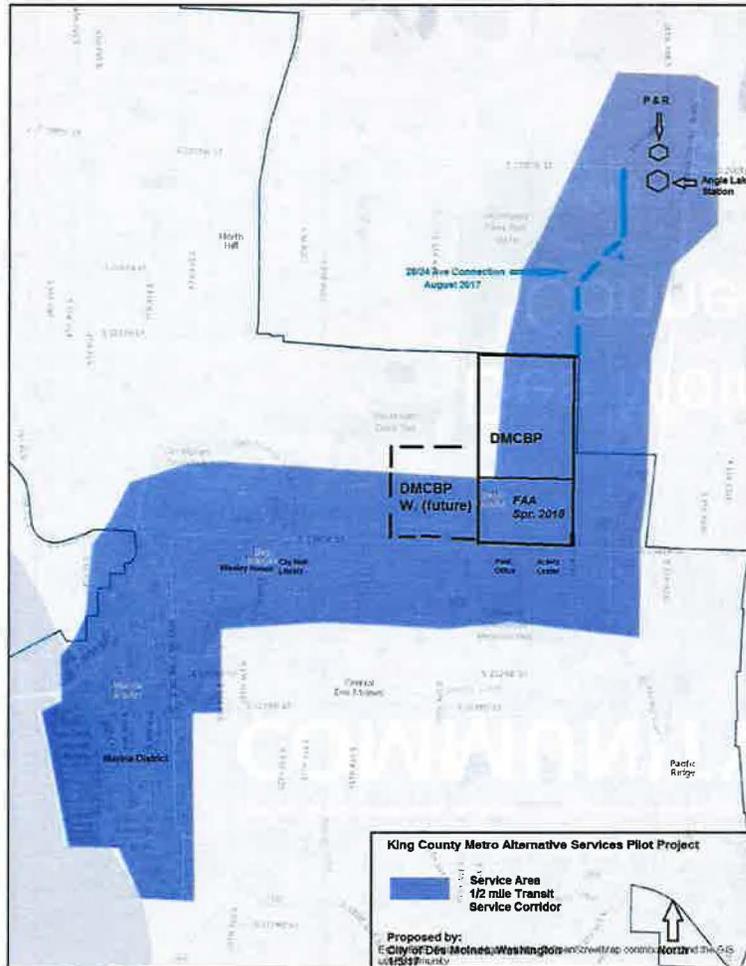
Innovation in action

Des Moines Community Connections Project

Des Moines City Council Meeting
September 14, 2017



Project Area & Objectives



- Plan for the growing transportation needs of workers in the Des Moines Creek Business Park
- Improve connectivity to the regional transit network within the project area

Project Stakeholders

- Agency Stakeholders
 - City of Des Moines
 - City of Normandy Park
 - City of SeaTac
 - Metro

- Project-Area Stakeholders
 - Amerisource Bergen
 - FAA
 - Farmer's Market
 - Grakon
 - Greencore
 - GSA
 - JSH Properties
 - K-2
 - Panattoni Development
 - Partners Crackers
 - Philips Publishing
 - Wesley Homes
 - Windermere Real Estate

Community Connections Program Background

- Previously known as the “Alternative Services” program
- Established as a four-year demonstration program by the County’s 2015/16 budget ordinance; \$15m approved for 2017/18
- Program work has been guided by the priorities established by the funding ordinance
 - Service reduction mitigation – 8 projects
 - Delivery against the Five-year Plan – 7 projects
 - Developing complementary services – new projects in 2017 and 2018

What do we mean by “Alternative Services”?

Mobility services to parts of King County that do not have the infrastructure, density, or land use to support traditional fixed-route bus service.

- Community Based Process
- Innovative Services & Products
- Customized, Creative Solutions
- Community Partnerships



Des Moines/Normandy Park Employer Outreach

Phase 1: Needs Assessment

Spring 2017

Stakeholder Working Group meeting #1 (April)
Needs Assessment Survey (May 17-31)
Stakeholder Working Group meeting #2 (June)
Articulation of Needs

Phase 2: Concept Preference Analysis

Summer-Fall 2017

Concept Preference Survey (August 18-31)
Analysis of preference survey (September)

Phase 3: Report Back and Decision Making

Fall 2017

Stakeholder Working Group Meeting #3 (September)
Move to implementation planning

We are here

Needs Statements Resulting from Phase 1

- A new transportation option that suits my needs
 - Connections to the regional transit system for employees, residents, and visitors
 - Service for those who do not or will not use cars
 - Service for employees during non-traditional hours and work days
 - Service for workers to get around during the day without their own car

Solutions Concept Preference Survey

- August 18th-31st
- 674 employees participated
- Respondents indicated likelihood of using proposed services
- Stakeholder analysis and discussion led to selection of three preferred concepts

Preferred Solution Concepts

Flex Vanpool

Users request rides in Metro VanPools without having to commit to a recurring trip. Trip pairs include rides between home neighborhoods and work, home neighborhoods and transit centers, and work and transit centers.

Community Shuttle

Smaller Metro bus route that includes a fixed-route portion with regular stops and flexible service stops for which riders call ahead to schedule a pickup or drop-off.

Midday Your Way

Provides midday transportation options for workers who take transit or use VanPools to get to work. Workers can check out Metro vehicles located at work sites during designated time frames.

Next Steps

Now

- Implementation planning for 3 solutions
 - Develop rollout schedule
 - Negotiate MOUs and service delivery partnerships as necessary
 - Develop launch/marketing plan

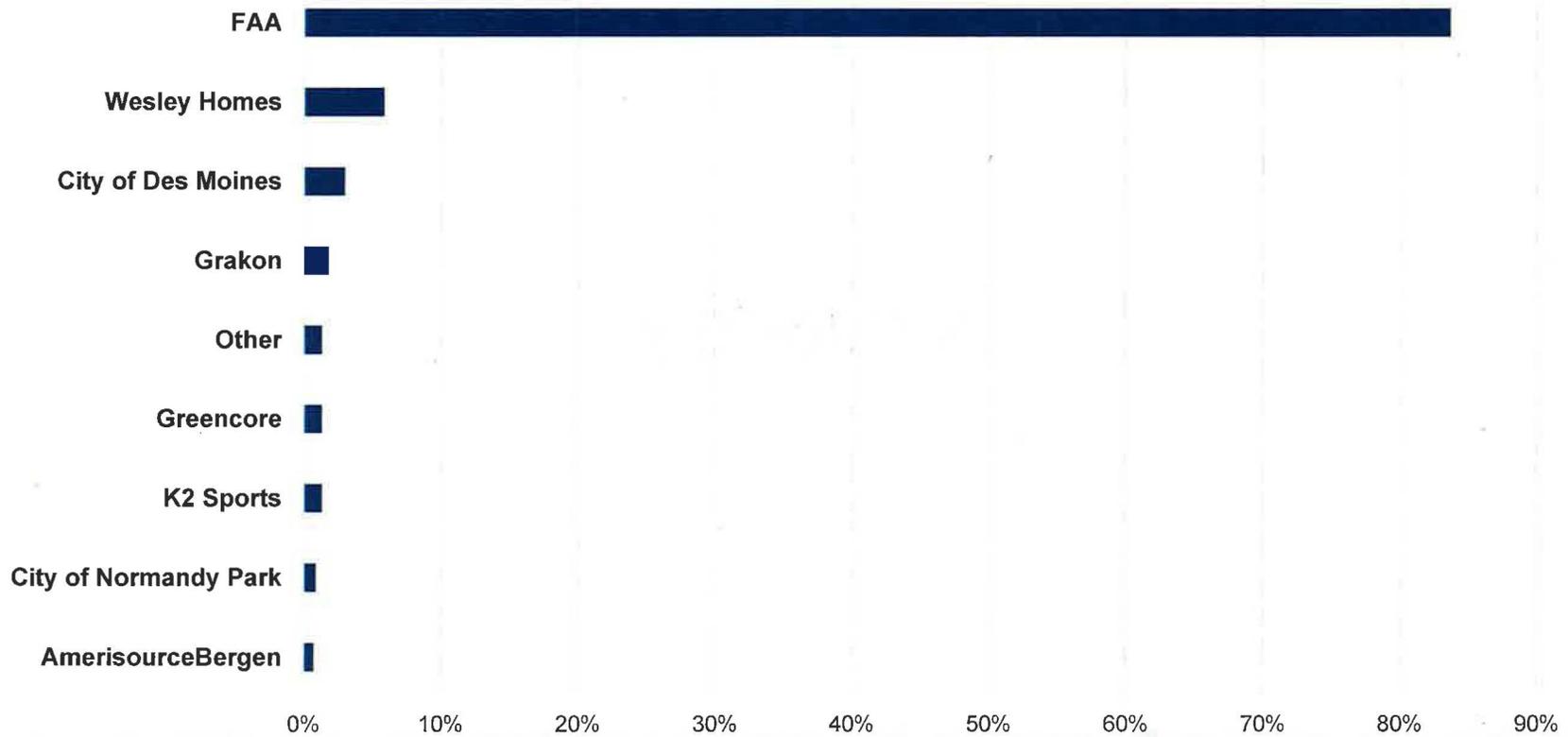
Then,

- Phased rollout of solutions
- Performance measurement during pilot period

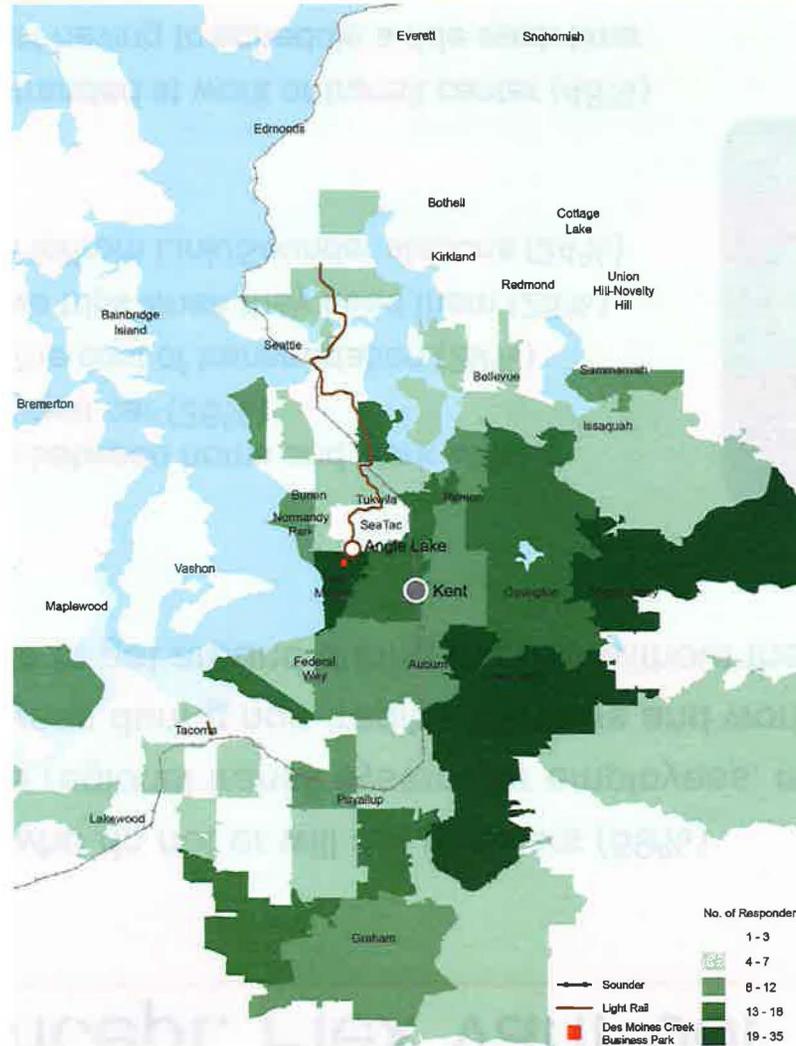
Appendix

Survey respondents: Where do they work?

Whered do you work?
N=667



Survey respondents: Where do they live?



Solution Concept: Flex VanPool

- **Needs Met?**

- Service for those who do not or will not use cars (59%)
- Connections to the regional transit system for employees, residents and visitors (57%)
- Service for employees during non-traditional hours and work days (39%)
- Service for workers to get around during the day without their own car (30%)

People Like

- That it can get them between home and work without having to drive their own car (35%)
- That it can save on the cost of transportation (29%)
- That they can reserve trips when they need them (25%)
- That it can get them to/from Link/Sounder stations (24%)

Concerns

- The risk of getting stranded at work or transit center (48%)
- The inconvenience of having to schedule a ride each time you need one (48%)

Flex VanPool

A way for riders to request rides on regularly occurring Metro VanPool trips

Solution Concept: Community Shuttle

- **Needs Met?**

- Connections to the regional transit system for employees, residents and visitors (65%)
- Service for those who do not or will not use cars (62%)
- Service for workers to get around during the day without their own car (39%)
- Service for employees during non-traditional hours and work days (35%)

- **People Like:**

- Runs on a regular schedule (39%)
- Accepts ORCA cards (30%)
- Connects to Link light rail (30%)

- **Concerns**

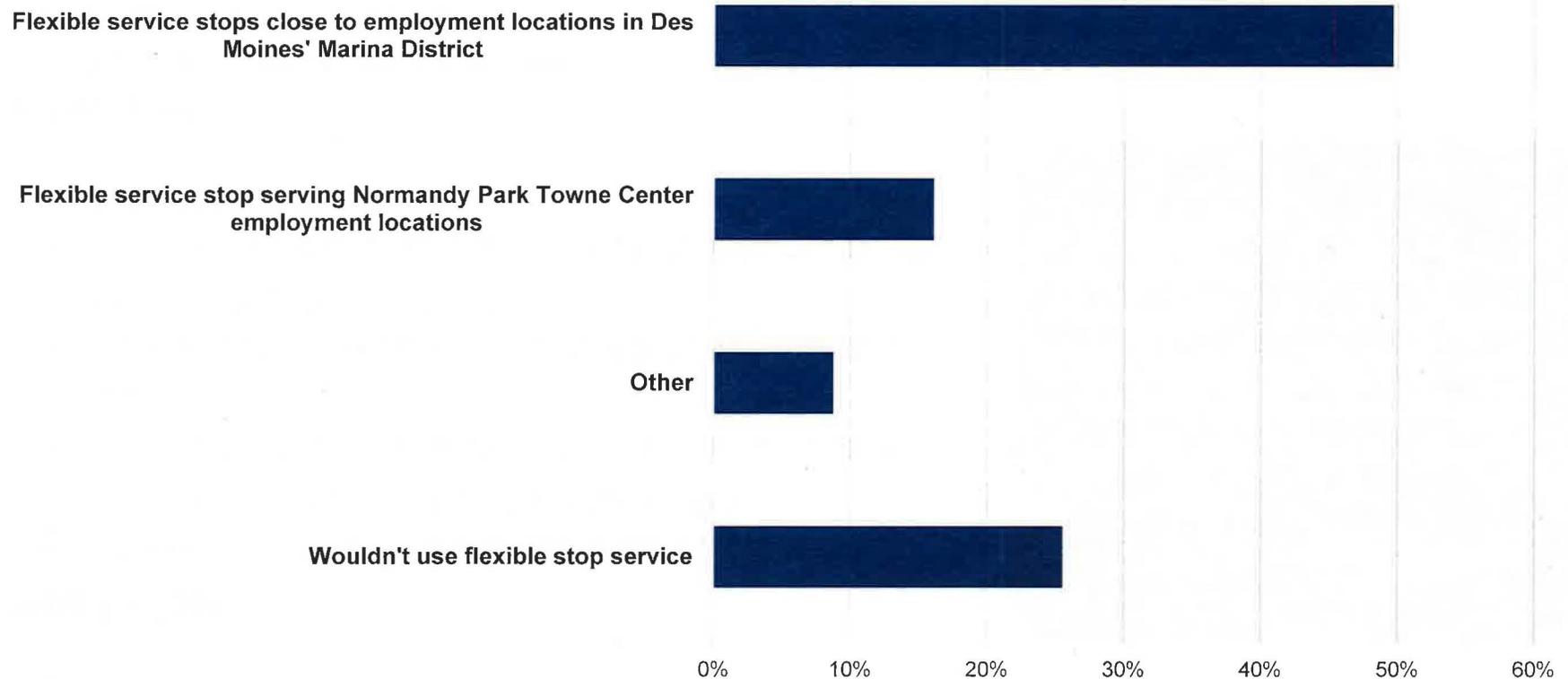
- Might be inconvenient (37%)
- Don't want to wait for shuttle (28%)
- No need to connect to light rail (22%)

Community Shuttle

Smaller Metro bus route that includes a fixed-route portion with regular stops and flexible service stops for which riders call ahead to schedule a pickup or drop-off.

Community Shuttle Flexible Service Area Preference

Thinking about flexible service stops, which would be more appealing to you?
(N=286*)



*Excludes respondents who said they would never use Community Shuttle

Midday Your Way

- **Needs Met?**

- Service for workers to get around during the day without their own car (65%)
- Service for those who do not or will not use cars (61%)
- Service for employees during non-traditional hours and work days (35%)
- Connections to the regional transit system for employees, residents and visitors (32%)

- **People Like:**

- Riders can get around during the day without bringing a car to work (63%)
- Free for car-free commuters (41%)
- Flexibility (39%)

- **Concerns**

- Vehicles may not be available during the day (45%)
- VanPools may not be available when workers need to go home (18%)

Midday Your Way

Provides midday transportation options for workers who take transit or use VanPools to get to work. Workers can check out Metro vehicles located at work sites during designated time frames.

