



# Meeting Agenda

## City Council

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Tuesday, November 12, 2019**

**7:00 PM**

**Council Chambers**

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**1. ROLL CALL**

**1.A ANNOUNCEMENTS**

**1.B APPROVAL OF AGENDA**

**2. SPECIAL RECOGNITION**

**2.A** [19-0990](#) Special Recognition - Pesticide Free Parks

**3. PUBLIC COMMENT**

*(Estimated Time: 0-30 Minutes) (Sign-up Sheets are provided in the Foyer.)*

*During this portion of the meeting, citizens may address the City Council regarding items related to City business, including items on the Agenda. In order for the City Council to maintain impartiality and the appearance of fairness in upcoming matters and to comply with Public Disclosure Law for political campaigns, speakers will not be permitted to make public comments before the Council in these three areas: (1) on agenda items for which the City Council either held a Public Hearing in the last 45 days, or will hold a Public Hearing within 45 days, or (2) where the public testimony may implicate a matter on which the City Council will be required to act in a quasi-judicial capacity, or (3) where the speaker promotes or opposes a candidate for public office or a ballot measure.*

*Individual comments are limited to three (3) minutes or less. In order to hear as many people as possible during the 30-minutes set aside for Public Communication, the City Council will refrain from commenting on individual remarks until all public comment has been taken. The City Council will allow for additional public comment to be taken at the end of the meeting for those who signed up at the beginning of the meeting and did not get an opportunity to speak during the allotted 30-minutes.*

**COUNCIL RESPONSE TO PUBLIC COMMENT (Optional)**

**4. CONSENT CALENDAR**

*(Items of a Routine Nature)*

**4.A** [19-1053](#) Approval of November 4, 2019 City Council Meeting Minutes

**Attachments:** [Minutes](#)

**4.B** [19-1052](#) Approval of the Proposed Agenda Items, Location, and Facilitator for the 2020 Annual City Council Retreat

**4.C** [19-0859](#) Approval to Launch the Program Year 2019 Community Development Block Grant (CDGB) Amendment Public Process

**Attachments:** [Salvation Army Letter Dated 10.24.19](#)

- 4.D [19-0993](#) Approval of Community Development Block Grant (CDBG) Program Year 2018 Annual Report

**Attachments:** [Draft 2018 CDBG CAPER Citizen's Summary](#)  
[Draft 2018 CDBG CAPER – Full IDIS Version](#)

- 4.E [19-1003](#) Approval of a Resolution Authorizing a Sublease at Percival Landing with Mg Burgher and Associates

**Attachments:** [Resolution](#)  
[Sublease](#)

#### 4. SECOND READINGS (Ordinances)

- 4.F [19-0991](#) Approval of an Ordinance Imposing the Maximum Sales and Use Tax for Affordable Housing Permitted by SHB 1406

**Attachments:** [Ordinance](#)

#### 4. FIRST READINGS (Ordinances)

- 4.G [19-0884](#) Approval of an Ordinance Amending Final Plat Approval Process (per RCW 58.17.100)

**Attachments:** [Ordinance](#)

- 4.H [19-1045](#) Approval of an Ordinance Authorizing Issuance of General Obligation Bonds

**Attachments:** [Ordinance](#)

- 4.I [19-1047](#) Approval of an Ordinance to Provide Authority to Issue Revenue Refunding Bonds

**Attachments:** [Ordinance](#)

#### 5. PUBLIC HEARING

- 5.A [19-1000](#) Public Hearing on a Petition for the Bethel Street Right-of-Way Vacation

**Attachments:** [Petition to Vacate](#)  
[Proposed Development Site Plan](#)  
[Vicinity Map](#)

- 5.B [19-1034](#) Public Hearing to Consider an Ordinance Declaring a Continuing State of a Public Health Emergency Related to Homelessness - First and Final Reading

**Attachments:** [Ordinance](#)

- 5.C [19-1048](#) Public Hearing on an Ordinance Setting the 2020 Ad Valorem Tax

**Attachments:** [Ordinance](#)  
[Estimated 2020 General Fund Revenue by Type](#)

## 6. OTHER BUSINESS

- 6.A [19-1042](#) Discussion of Budget Special Topics - Utility Rates, Impact Fees, Development Fees, PBIA, and Lodging Tax
- Attachments:** [UAC 2020 Utility Rates, GFCs and 2020-2025 CFP Recommendations](#)  
[2020 Park Impact Fees](#)  
[2020 PBIA Draft Budget Recommendations](#)  
[2020 Lodging Tax Recommendations](#)  
[2020 Development Review and Inspection Fees](#)

## 7. CONTINUED PUBLIC COMMENT

*(If needed for those who signed up earlier and did not get an opportunity to speak during the allotted 30 minutes)*

## 8. REPORTS AND REFERRALS

### 8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS

### 8.B CITY MANAGER'S REPORT AND REFERRALS

## 9. ADJOURNMENT

*The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council meeting, please contact the Council's Executive Assistant at 360.753.8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.*



## City Council

### Special Recognition - Pesticide Free Parks

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 2.A  
**File Number:** 19-0990

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**Type:** recognition **Version:** 2 **Status:** Recognition

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**Title**

Special Recognition - Pesticide Free Parks

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Recognize Olympia's Pesticide Free Parks Program

**Report**

**Issue:**

Whether to Recognize Olympia's Pesticide Free Parks Program

**Staff Contact:**

Jonathon Turlove, Director of Park Planning and Maintenance, 360.753.8068

**Presenter(s):**

Jonathon Turlove, Director of Park Planning and Maintenance

**Background and Analysis:**

In 2014, the Olympia Parks, Arts and Recreation Department (OPARD) began a pilot program making six neighborhood parks pesticide-free. The program was successful and has now been expanded to the rest of the park system.

**Neighborhood/Community Interests (if known):**

Anecdotally, there appears to be strong support in the community for practices that limit or eliminate pesticide use in parks.

**Options:**

N/A

**Financial Impact:**

This expansion will have minimal financial impact. Minor costs for signage and innovative tools/equipment will likely be offset by savings from reduced purchases of pesticides and related

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**Type:** recognition **Version:** 2 **Status:** Recognition

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equipment.

**Attachments:**

None



City Hall  
601 4th Avenue E.  
Olympia, WA 98501  
360-753-8244

## City Council

### Approval of November 4, 2019 City Council Meeting Minutes

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.A  
**File Number:** 19-1053

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**Type:** minutes **Version:** 1 **Status:** Consent Calendar

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**Title**

Approval of November 4, 2019 City Council Meeting Minutes



# Meeting Minutes

## City Council

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Tuesday, October 29, 2019**

**7:00 PM**

**Council Chambers**

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### 1. ROLL CALL

**Present:** 5 - Mayor Cheryl Selby, Mayor Pro Tem Jessica Bateman, Councilmember Jim Cooper, Councilmember Clark Gilman and Councilmember Nathaniel Jones

**Excused:** 2 - Councilmember Lisa Parshley and Councilmember Renata Rollins

### 1.A ANNOUNCEMENTS

Mayor Selby noted the Council met earlier in a Study Session where no decisions were made.

City Manager Steve Hall discussed a flyer that was recently sent to citizens regarding an initiative that would remove the City's ability to collect funds for the Transportation Benefit District. He apologized for any upset caused to citizens and noted the City will work with the Public Disclosure Commission regarding a complaint they received.

Community Planning & Development Director Keith Stahley discussed cold weather sheltering options.

### 1.B APPROVAL OF AGENDA

**The agenda was approved.**

### 2. SPECIAL RECOGNITION

#### 2.A [19-0985](#) Special Recognition - Introduction of Fire Chief Mark John

Mr. Hall introduced Olympia's new Fire Chief Mark John. Chief John said a few words regarding joining the City of Olympia.

**The recognition was received.**

#### 2.B [19-0971](#) Special Recognition - Introduction of City Building Official Larry Merrell

Community Planning & Development Deputy Director Leonard Bauer introduced new Building Official Larry Merrell. Mr. Merrill said a few words regarding his role and noted he previously served as the City Building Inspector Supervisor.

**The recognition was received.**

**3. PUBLIC COMMENT**

The following people spoke: Jerry Dierker, Candace Mercer, Rene Dars, Sara Joseph, Linda Ann Moniz, Walker Stephens, Wendy Tanowitz, Nick Schmidt, and Thomas Anney.

**4. CONSENT CALENDAR**

- 4.A**     [19-0981](#)           Approval of October 15, 2019 Study Session Meeting Minutes

**The minutes were adopted.**

- 4.B**     [19-0982](#)           Approval of October 15, 2019 City Council Meeting Minutes

**The minutes were adopted.**

- 4.C**     [19-0975](#)           Approval of Updates to the City's Investment Policy

**The decision was adopted.**

- 4.D**     [19-0980](#)           Approval of a Resolution Authorizing the Maximum Sales and Use Tax for Affordable Housing Permitted by SHB 1406

**The resolution was adopted.**

- 4.E**     [19-0927](#)           Approval of a Resolution Authorizing Participation in the National Cooperative Purchasing Alliance Program

**The resolution was adopted.**

- 4.F**     [19-0699](#)           Approval of a Resolution Authorizing an Interlocal Agreement with Olympia, Lacey, Tumwater and Thurston County for Environmental Education and Outreach

**The resolution was adopted.**

- 4.G**     [19-0979](#)           Approval of a Resolution Authorizing an Interlocal Agreement with Lewis County for Use of Jail Facilities and Services

**The resolution was adopted.**

- 4.H**     [19-0925](#)           Approval of a Resolution Authorizing a Professional Services Agreement for the Waste ReSources Carpenter Road Facility

**The resolution was adopted.**

- 4.I**     [19-0978](#)           Approval of a Resolution Authorizing the Purchase of Real Estate Owned by Barbara J. Pettus

**The resolution was adopted.**



## Approval of the Consent Agenda

**Mayor Pro Tem Bateman moved, seconded by Councilmember Cooper, to adopt the Consent Calendar. The motion carried by the following vote:**

**Aye:** 5 - Mayor Selby, Mayor Pro Tem Bateman, Councilmember Cooper, Councilmember Gilman and Councilmember Jones

**Excused:** 2 - Councilmember Parshley and Councilmember Rollins

### 4. SECOND READINGS (Ordinances) - None

### 4. FIRST READINGS (Ordinances) - None

## 5. PUBLIC HEARING

### 5.A [19-0968](#) Public Hearing on Community Development Block Grant (CDBG) Program Year 2018 Annual Report

Community Development Block Grant (CDBG) Program Manager Anna Schlecht gave an overview of the CDBG Program Year 2018 Consolidated Plan and accomplishments.

Mayor Selby opened the public hearing at 8:06 p.m. No one spoke. Mayor Selby closed the public hearing at 8:06 p.m.

**The public hearing was held and closed.**

### 5.B [19-0984](#) Public Hearing on the Preliminary Capital Facilities Plan and 2020-2025 Financial Plan

Administrative Services Director Debbie Sullivan gave an overview of the Preliminary Capital Facilities Plan (CFP) and 2020-2025 Financial Plan and next steps.

Assistant Superintendent Jennifer Priddy discussed the Olympia School District's 2020 - 2025 CFP.

Planning Commission Chair Rad Cunningham shared the Planning Commission's feedback on the CFP. Bicycle Pedestrian Advisory Committee Chair Brittany Yunker Carlson shared the BPAC's feedback on the CFP.

Councilmembers asked clarifying questions.

Mayor Selby opened the public hearing at 8:42 p.m. No one spoke. Mayor Selby closed the public hearing at 8:42 p.m.

**The public hearing was held and closed. Written comments will be accepted until 5:00 p.m. November 19.**

**6. OTHER BUSINESS****6.A** [19-0987](#) Presentation of the 2020 Preliminary Operating Budget

Mr. Hall and Ms. Sullivan gave an overview of the 2020 Preliminary Operating Budget.

Councilmembers asked clarifying questions.

**The discussion was completed.**

**7. CONTINUED PUBLIC COMMENT - None****8. REPORTS AND REFERRALS****8.A COUNCIL INTERGOVERNMENTAL/COMMITTEE REPORTS AND REFERRALS**

Councilmembers reported on meetings and events attended.

**8.B CITY MANAGER'S REPORT AND REFERRALS**

Mr. Hall reported the 26th avenue sidewalk and watermain project has started. He also discussed the City of Olympia Women's group and thanked Kellie Purce Braseth and Debbie Sullivan for their work developing the group.

**9. ADJOURNMENT**

The meeting adjourned at 9:39 p.m.



## City Council

### Approval of the Proposed Agenda Items, Location, and Facilitator for the 2020 Annual City Council Retreat

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.B  
**File Number:** 19-1052

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**Type:** decision **Version:** 1 **Status:** Consent Calendar

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#### **Title**

Approval of the Proposed Agenda Items, Location, and Facilitator for the 2020 Annual City Council Retreat

#### **Recommended Action**

##### **Committee Recommendation:**

The General Government Committee met on October 16 and recommended the following agenda items and location for the City Council Annual Retreat.

##### **City Manager Recommendation:**

Move to approve the 2020 annual retreat location, agenda items and facilitator as recommended by the General Government Committee.

#### **Report**

##### **Issue:**

Whether to approve the recommendations for the agenda items, location and facilitator for the annual retreat.

##### **Staff Contact:**

Jay Burney, Interim City Manager, 360.753.8740  
Kellie Purce Braseth, Strategic Communications Director, 360.753.8361

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

Annually the City Council holds a retreat to consider priorities for the upcoming year, and discuss other issues or topics of importance to the Council and the community. The recommended date for the 2020 annual City Council retreat is Friday and Saturday, January 10 and 11, 2020. The recommended location is the LOTT Clean Water Alliance Boardroom, 500 Adams Street NE.

In previous years, Council has scheduled the first day of the retreat as a half-day starting at noon, with a longer second retreat day running from 9 a.m. to 2 p.m. The General Government Committee

recommends scheduling two full days of retreat: devoting Friday, January 10, to focus on relationship strengthening and skill building and devoting Saturday, January 11, to discussing Council assignments for the year, and topics such as the Homeless Response Plan and the local economic ecosystem.

The recommended 2020 retreat schedule is Friday, January 10 from 10 a.m. - 5 p.m. and Saturday, January 11 from 9:30 a.m. - 4 p.m.

General Government recommends Nancy Campbell facilitate the retreat, and staff have confirmed her availability. Should Council approve, Ms. Campbell will begin conversations with each Councilmember and the Interim City Manager to develop a proposed agenda for the retreat.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Approve the time, date, facilitator and agenda items for the annual retreat.
2. Make changes to the time, date, facilitator and/or agenda items.
3. Do not approve the time, date, facilitator and agenda items for the annual retreat

**Financial Impact:**

Cost for the facilitator is estimated at approximately \$10,000.

**Attachments:**

None



## City Council

### Approval to Launch the Program Year 2019 Community Development Block Grant (CDGB) Amendment Public Process

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.C  
**File Number:** 19-0859

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**Type:** decision **Version:** 1 **Status:** Consent Calendar

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#### **Title**

Approval to Launch the Program Year 2019 Community Development Block Grant (CDGB)  
Amendment Public Process

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019.

#### **Report**

##### **Issue:**

Whether the Council should launch a Program Year 2019 CDBG Amendment Public Process to re-allocate the \$425,000 from the cancelled Salvation Army Day Center / Community Kitchen Project?

##### **Staff Contact:**

Anna Schlecht, Community Service, Community Planning and Development Department, (360) 753-8182

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

Salvation Army Olympia Corps has informed staff that they have decided to cancel the Community Development Block Grant (CDGB) loan offered them by the City to help fund their Day Center/Community Kitchen project. Instead of using City funds, they plan to pursue other less-restrictive sources of funding. The formal letter from Salvation Army Dated October 24, 2019, details this cancellation. This means that the City now has a total of \$425,000 that must be reallocated.

The City submitted its original Program Year (PY) Action Plan on July 15, 2019, which contained an

additional \$125,000 for the Salvation Army Day Center/Community Kitchen project. This PY 2019 allocation was in addition to the prior year's PY 2018 allocation of \$300,000, coming to a total of \$425,000 allocations for Salvation Army. Since July, the Salvation Army has determined they do not want to encumber their property with a Deed of Trust and are further concerned about other government regulatory issues tied to the CDBG funds that would increase the cost of their proposed project. Instead, they anticipate pursuit of other less restrictive funds. They have approximately \$800,000 from several sources including a \$250,000 grant from the Seattle-based Birkenfeld Foundation.

**Proposed PY 2019 Amendment:** Staff presented a recommendation to the General Government Committee that the entirety of the \$425,000 be used in the purchase of land intended for the development of affordable/low-cost housing. The specific properties to be considered will be presented at a soon-to-be scheduled Council Executive Session.

At this time, Council may direct staff to prepare materials for a 30-public comment period to amend the current PY 2019 Action Plan as follows:

<b>\$425,000</b>	<b><i>PROPOSED AMENDMENT: Land Acquisition</i></b>
\$ 80,000	Interfaith Works Shelter Repairs
\$ 50,000	Crime Prevention Through Environmental Design (CPTED)
\$ 30,000	Small Business Training & Assistance
\$ 20,000	Micro-Enterprise Assistance/Business Training & Technical Assistance
\$ 55,000	Downtown Ambassador Program
<u>\$ 90,000</u>	<u>Program Administration - <b>Required</b></u>
<b>\$750,000</b>	<b>TOTAL PROPOSED PY 2018 CDBG FUNDING AMENDMENT</b>

**Amendment Public Process:** CDBG regulations call for a 30-day Citizen Participation Process in which the public can review this substantial amendment to the current PY Action Plan and offer their comments. Staff recommends that this process run from November 13 - December 13, 2019 with a public hearing scheduled for December 10, 2019. Final approval of the proposed Amendment will be scheduled for December 17, 2019.

**CDBG Program Purpose:** The CDBG Program was created as a "bundled" federal aid program intended to aid the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Regulations for the CDBG Program are contained in 24 CFR 570.

Please note that this Amendment will occur during the second year of the Five-Year CDBG Consolidated Plan (2018 - 2022).

**Prior Discussions:** This proposed PY 2019 Amendment was discussed at a General Government Committee meeting on September 25, 2019. The original Salvation Army project was discussed during Public Process for both the CDBG PY 2018 and the PY 2019 Action Plans.

**Neighborhood/Community Interests (if known):**

All neighborhoods and community stakeholders have an interest in how federal CDBG funds are invested in community development programs and projects.

**Options:**

1. Move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019.
2. Do not move to approve the Amendment Process for the CDBG Program Year 2019 Action Plan and direct staff to prepare for a 30-day public comment period November 13 - December 13, 2019 and risk a timeliness finding.

**Financial Impact:**

This proposed Amendment Process would allow public comments on the proposed re-allocation of \$425,000,000 in CDBG funds from PY 2018 (\$300,000) and PY 2019 (\$125,000) for property acquisition.

**Attachments:**

Salvation Army Letter dated 10.24.19

Brian Peddle  
**GENERAL**

William Booth  
**FOUNDER**

Commissioner Kenneth G. Hodder  
**TERRITORIAL COMMANDER**



**THE SALVATION ARMY**

Founded 1865

Captains Mark & Dora Stearns  
**CORPS OFFICERS**

1505 4<sup>th</sup> Avenue E. Olympia, WA 98501  
all mail – P.O. Box 173, Olympia, WA 98507

Lt. Colonel Bill Dickinson Jr.  
**DIVISIONAL COMMANDER**

(360) 352-8596  
[www.olympia.salvationarmy.org](http://www.olympia.salvationarmy.org)

October 24, 2019

M. Anna Schlecht  
Housing Program Manager  
PO Box 1967  
Olympia, Washington 98507-1967

**Re: Community Development Block Grant Agreement and Corresponding Loan Documentation**

This letter serves as notice of The Salvation Army's decision to terminate the Community Development Block Grant Agreement that was to be used to fund improvement efforts at 824 5th Avenue East, Olympia, Washington. The Salvation Army appreciate the opportunity to apply for funding; however, The Salvation Army has decided not to pursue the Agreement further due to the funding being structured as a loan instead of a grant. No funds have been deposited by The Salvation Army and the Promissory Note and Disclosure Statement have not been signed.

The Community Development Block Grant Performance Agreement states in Section N(8) that either Party may terminate the Agreement by giving notice thirty (30) days before the effective date of such termination. Thus, termination shall be effective November 30, 2019.

Please let us know if you have any questions.

Sincerely,

Captain Mark Stearns  
Corps Officer & Washington State Capitol Liaison





## City Council

# Approval of Community Development Block Grant (CDBG) Program Year 2018 Annual Report

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.D  
**File Number:** 19-0993

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**Type:** decision **Version:** 1 **Status:** Consent Calendar

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### Title

Approval of Community Development Block Grant (CDBG) Program Year 2018 Annual Report

### Recommended Action

#### Committee Recommendation:

Not referred to a committee.

#### City Manager Recommendation:

Move to approve the Community Development Block Grant (CDBG) Program Year 2018 (9/1/18 - 8/31/19) Annual Report called the "Consolidated Annual Performance & Evaluation Report (CAPER)" and direct staff to submit to HUD on or before November 15, 2019.

### Report

#### Issue:

Whether to approve the CDBG Program in Program Year 2018 (9/1/18 - 8/31/19) Annual Report and submit to HUD on or before November 15, 2019.

#### Staff Contact:

Anna Schlecht, Community Service Programs Manager, Community Planning & Development Department, (360) 753-8183

#### Presenter(s):

None - Consent Calendar Item.

#### Background and Analysis:

Each year the City reports on the performance of the Community Development Block Grant (CDBG) Program through the "Consolidated Annual Performance & Evaluation Report" known as the CAPER. This report is presented in a short "Citizens Summary" version and the full CAPER format that will ultimately be submitted to the federal Department of Housing and Urban Development (HUD).

This CAPER details the performance of the City's CDBG Program for the Program Year 2018 (September 1, 2018 - August 31, 2019), with the specific accomplishments outlined. The CDBG Program Year 2019 expenditures are summarized in the attached Citizen's Summary, Program Year

2019 Consolidated Annual Performance & Evaluation Report and detailed in the full report, also attached.

The City held a 15-day public comment period that ran from October 25, 2019, through 5 p.m. November 8, 2019, which allowed the public to review of the CAPER. Copies of the CAPER were made available online at [www.ci.olympia.wa.us](http://www.ci.olympia.wa.us) <<http://www.ci.olympia.wa.us>>; and paper copies were made available at Olympia City Hall and the Olympia Public Library.

The public was advised on how to submit comments on the CAPER via emailing the City CDBG Program, sending a letter to the Olympia CDBG Program or attending the public hearing on Tuesday October 29, 2019.

All public comments received prior to this staff report and the minutes from the Public Hearing are included in this staff report. More recent comments will be placed at each Council member's desk by 5 p.m. the night of tonight's Council meeting.

**Neighborhood/Community Interests (if known):**

The federal CDBG Program offers a flexible source of funding to meet a wide variety of affordable housing, social service, economic development and other community development needs. All neighborhoods and community stakeholders have an interest in how CDBG funds are invested in community development programs and projects.

**Options:**

1. Move to Approve the Community Development Block Grant Program Year 2018 Annual Report called the Consolidated Annual Performance & Evaluation Report (CAPER) and direct staff to submit to HUD on or before November 15, 2019.
2. Do not move to approve the Community Development Block Grant Program Year 2018 Annual Report called the Consolidated Annual Performance & Evaluation Report (CAPER) and risk federal compliance issues.

**Financial Impact:**

The CDBG Program Year 2018 Annual CAPER Report details the expenditures of \$567,256.26 in federal CDBG funds.

**Attachments:**

Draft 2018 CDBG CAPER - Citizens Summary  
Draft 2018 CDBG CAPER - Full IDIS Version



## Program Year 2018

# Consolidated Annual Performance and Evaluation Report

Sept 1, 2018 - August 31, 2019

## CDBG

The Community Development Block Grant (CDBG) is a federally funded program that helps cities and counties provide decent housing, suitable living environment and expands economic opportunities principally for low-to-moderate income people.



[olympiawa.gov/CDBG](http://olympiawa.gov/CDBG)



[CDBG@ci.olympia.wa.us](mailto:CDBG@ci.olympia.wa.us)

# Olympia’s Program Year 2018 Consolidated Annual Performance & Evaluation Report

## Introduction

The **Consolidated Annual Performance and Evaluation Report** (CAPER) is the City of Olympia’s annual report on the **Community Development Block Grant** (CDBG) Program. This report provides information on the activities funded for the Program Year 2018 (herein PY 2018) Action Plan (9/1/18 – 8/31/19), the final year of the City of Olympia’s Five-year Consolidated Plan.

## Report Format

The full CDBG annual report known as the CAPER is submitted online to the federal Department of Housing and Urban Development (HUD) in a digital format that may be difficult for citizens to understand. A copy of the full CAPER is either attached or available upon request. In the spirit of our Citizen Participation Plan, we offer this **“Citizen’s Summary”** to provide key information in a user-friendly format to ensure that our community understands how these federal funds are used.

## Availability

The draft CAPER will be available for public comment as follows:

- **Public Comment Period:** 15 Day period running from **Friday, October 25, 2019 – 5 pm Monday, November 8, 2019**
- **Public Hearing:** 7 pm, Monday evening, **October 29, 2019**
- **Collecting Public Comments:** All public comments and corrections will be included in the final CAPER
- **Submittal:** Final CAPER submitted to HUD on or before **November 15, 2019**
- **Available Online:** The CAPER will be available on the City’s website located at [Olympiawa.gov/CDBG](http://Olympiawa.gov/CDBG)
- **Paper Copies:** Available at City Hall (601 4<sup>th</sup> Avenue East), the Olympia Timberland Library (313 8<sup>th</sup> Avenue SE) or by calling City of Olympia staff at 360-753-8183

## CDBG Strategic Goals

The City identified five goals to pursue with CDBG funding during the current five-year “CDBG Consolidated Plan” period (PY 2018 – PY 2022). This strategic plan can be viewed at: <http://olympiawa.gov/city-services/housing-social-service.aspx> and is summarized as follows:

- **Housing Rehabilitation (Highest priority)**
- **Social (Public) Services (Highest Priority)**
- **Economic Development**
- **Land Acquisition**
- **Public Facilities**



*CDBG was used to fund several community development goals to improve the urban hub – including small business training, micro-enterprise training and downtown safety loans.*

## Program Year 2018 CDBG Expenditures

The following table represents the current and prior year projects that had fiscal activity during Program Year 2018:

Type	Activity Name (Project Number)	Approved Allocation	Activity Expenditure	Accomplishments
<b>Economic Development</b>	Downtown Safety Program (CPTED**) Consulting (PY2018)	\$2,500	\$0.00	N/A
<b>Economic Development</b>	ADC Downtown Safety Projects (CPTED**) (PY2018)	\$1,000	\$23,905.26	Safety Lighting for 3 businesses & 1 non-profit – 1 FTE Job*
<b>Public Facilities</b>	<b><i>The Salvation Army Day Center (PY2018)</i></b>	<b><i>\$350,000.00**</i></b>	<b><i>\$53,345.86**</i></b>	<b><i>Funds returned – Project Cancelled</i></b>
<b>Public Services</b>	CYS Rosie's Place Day Center Staffing (PY2018)	\$45,000 ADC*	\$45,000 \$653.58*	40 people served daily / 5,493 annually
<b>Acquisition</b>	Family Support Center (PY2018)	\$89,000	\$89,000***	Land acquisition for housing development
<b>Social Services</b>	Downtown Ambassador Program (PY2018)	\$55,000 ADC*	\$55,000 \$36.88*	3,414 Homeless/Mentally Ill Street-Dependent Individuals
<b>Economic Development</b>	Enterprise for Equity Micro-Business Training and Assistance (PY2018)	\$20,000 ADC*	\$20,000 \$201.77*	11 LMI Entrepreneurs Trained
<b>Economic Development</b>	EDC Business Training and Assistance (PY2018)	\$30,000	\$22,829.46	1 FTE Job created* (31 Small Businesses trained)
<b>Relocation</b>	Angelus Tenant Relocation (PY2018)	\$61,600	\$57,500****	23 households – Relocation assistance
<b>Economic Development</b>	<i>Tune-Up/Scale-Up Business Training &amp; Technical Assistance (Prior Year - PY2017)</i>	<i>\$25,000</i>	<i>\$24,022.03</i>	<i>1 FTE Job created* (29 Small businesses Assisted)</i>
<b>Economic Development</b>	<i>ODA Business Training &amp; Technical Assistance (PY2017)</i>	<i>\$30,000</i>	<i>\$29,293.01</i>	<i>1 FTE Job* (30 Businesses Assisted)</i>
<b>Housing Rehab</b>	<i>Mollie B Oxford House: Siding &amp; Garage Demo</i>	<i>\$75,000 ADC</i>	<i>\$66,645.44 \$3,313.77</i>	<i>Lead painted siding replaced, garage demolished</i>
<b>Housing Rehab</b>	<i>Sewer Connection - 1111 Lilly Road NE (PY2016)</i>	<i>\$95,000</i>	<i>\$79,250.11</i>	<i>6 Households assisted</i>
<b>Housing Rehab</b>	<i>FFC Sewer Project - 1304 Rogers St NW (PY2017)</i>	<i>\$60,000</i>	<i>\$29,800.03</i>	<i>1 Household assisted</i>
<b>Housing Rehab</b>	<i>McGee Revocable Living Trust - Sewer Connection (PY2017)</i>	<i>\$85,000</i>	<i>\$85,000</i>	<i>6 Households assisted</i>
<b>Required General Admin</b>	Planning & Administration (PY2018-8)	\$100,000	\$100,000	N/A

\*Activity Delivery Cost (ADC) activities— costs incurred for implementing and carrying out eligible CDBG activities.

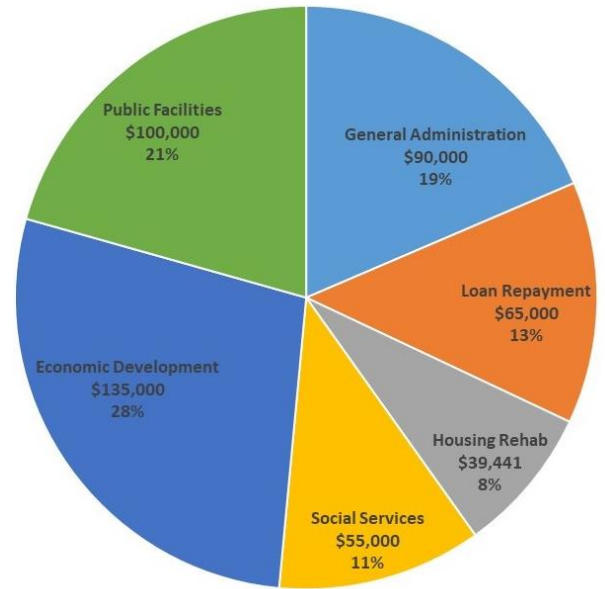
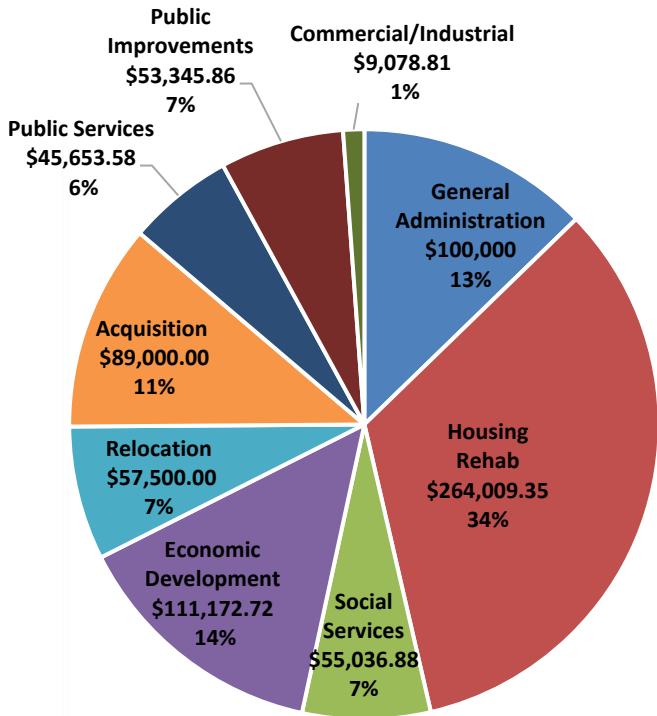
\*\*Salvation Army – Day Center project cancelled, funds to be returned

\*\*\*Supplemented by \$311,000 in City's former Rental Rehabilitation funds, locally designated for this affordable housing project

## Program Year 2018 CDBG Allocations and Expenditures

### Program Year 2018 CDBG Allocations by Activity Type

The chart to the right shows the percentage of PY 2018 CDBG funding by activity. While there was a range of activity, the City intended to utilize these CDBG funds to focus on the urban core in general and to improve the business climate.



### Actual Expenditures for PY2018

The chart to the left presents the actual expenditures during PY 2018, broken down by the CDBG category, with three large housing projects and one public facility – sewer line project to support a group home for disabled adults. Please see below for some more detailed reports on specific projects.

### Financial Resources Leveraged by CDBG

Projects funded with Olympia's CDBG monies also receive funding from other sources, which "leverages" or matches with other fund sources to meet the needs in our community. This chart shows how the **City of Olympia leveraged an additional \$2,226,278** with federal CDBG funds in the amount of \$567,256 (fund sources shown below). The dollar amount in the far right column shows the leverage or match per CDBG dollar. Overall, for every CDBG dollar, an additional \$3.92 was leveraged as shown below:

Fund Source	Fund Amount	Percentage Total Funds	Leverage per CDBG Dollar
Federal: CDBG and Program Income	\$567,256	20%	
Local: City of Olympia Funds	\$575,428	21%	\$1.01
Local: Olympia Home Fund	\$1,000,000	36%	\$1.76
Local CIP* Funds	\$95,850	3%	\$0.17
Private Funds	\$25,000	1%	\$0.04
State Housing Finance Commission Land Acquisition Program	\$530,000	19%	\$0.93
<b>TOTAL</b>	<b>\$2,793,534</b>	<b>100%</b>	

## Program Year 2018 Accomplishments

Following are a couple of highlights from the **Program Year 2018 Action Plan**:



**Downtown Safety Program – Completed 4 lighting projects, including the street-side of Harlequin Theater**

**Downtown Safety Program:** The City partnered with the Olympia Downtown Association to identify key nighttime walking paths in need of better lighting. This phase of the Downtown Safety Program provided lighting on four (4) buildings in the urban hub. The ultimate goal was to create well-lit walking paths between parking lots and the major theaters and other evening venues in the urban hub. The City allocated a total of \$50,000 and expended **\$23,905 with an additional \$30,000 in projects still underway.**



*Community Action Council staff work with displaced resident on relocation*

### **Community Action Council's Displaced Tenant Assistance Project:**

The City worked with **Community Action Council and provided Relocation Assistance for 23 out of 28 total households.** (Some households were reluctant to participate in a government-funded project). These households were displaced by a redevelopment project undertaken by the new property owner. The City allocated a total of \$61,600 and expended **\$57,500** in CDBG funds.



## Downtown Ambassador Program

The City funded the Downtown Ambassador Program, first through the Capital Recovery Center, then bringing the program in-house. This team provides services and referrals on 3,414 occasions for homeless, mentally ill and street dependent people in Olympia’s urban hub. This program is paired with the City-funded Downtown Clean Team that provides downtown clean-up services, including the removal of human waste generated by homeless people and street dependent people. The City allocated and expended the full amount of \$55,000 in CDBG funds.

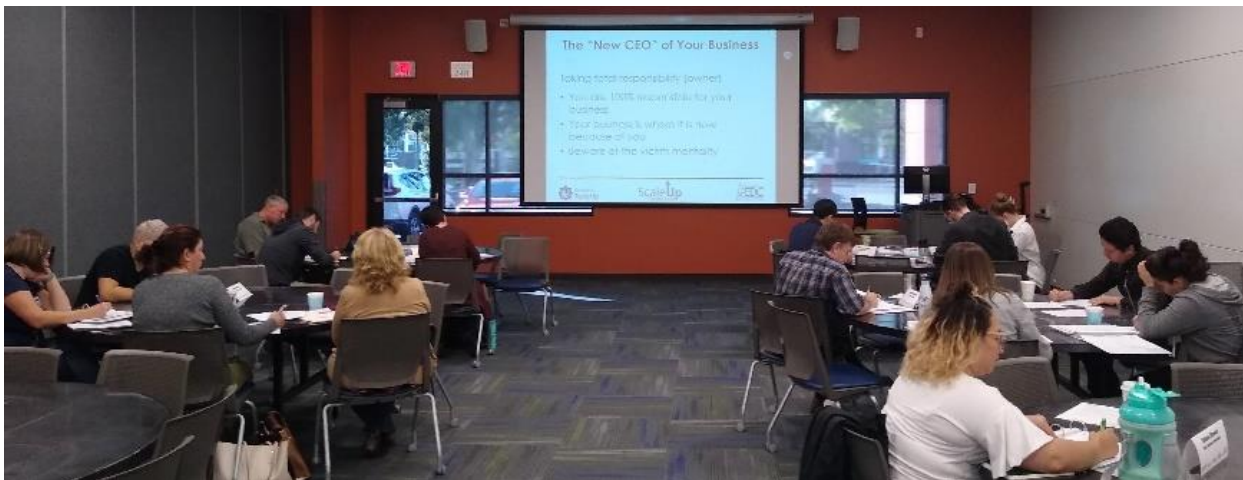
*The Downtown Ambassadors provide direct assistance & referrals to street-dependent people in the urban hub*

## Micro Enterprise Training and Technical Assistance

The City worked with Enterprise for Equity to provide Micro Enterprise training and technical assistance for 11 entrepreneurs. This program fosters economic opportunities by helping low and moderate income entrepreneurs develop and launch sound business plans. The City allocated and expended \$20,000 in CDBG funds.

## Small Business Training and Technical Assistance

The City worked with **Center for Business & Innovation** (CBI - a partner of Thurston Economic Development Council) and provided business training & technical assistance for 47 Olympia-based businesses. This training, called the “Scale-up/Tune-Up” Business Training” program created a total of six new (6) jobs. The City allocated \$30,000 to this program and expended \$24,022.03 in CDBG funds.



*The CBI “Scale-Up” business training sessions are tailored to strengthen small businesses which in turn create jobs.*

## Salvation Army Day Center / Community Kitchen Project - **CANCELLED**

Salvation Army cancelled their City-funded agreement for their new Day Center, instead they plan to pursue their project with private funding. This project is designed to double the capacity. This means the City will need to re-allocate the PY 2018 award of \$300,000 along with \$125,000 in the current PY 2019 Annual Action Plan. The City anticipates launching the public process to re-allocate these funds to a new project by the middle of December 2019.



## Creation of the Olympia Home Fund

In 2017 the City of Olympia voters passed an affordable housing levy creating the Home Fund. That new sales and use tax increase created \$2.3 million annually for affordable and supportive housing and housing-related purposes including mental health and behavioral health related facilities. The Home Fund can also pay operational costs, maintenance, delivery and evaluation of mental health and housing related services. From the inception, the City intended to align this local housing resource with other resources, like CDBG. Late in 2018 Olympia hired a Home Fund Manager who will oversee this program and collaborate with other local and state affordable housing programs and fund sources.

### Accomplishments in the first full year

#### Establishment of advisory group

In 2019 City Council appointed a volunteer Home Fund Advisory Board. That group includes a broad range of citizens and affected partners who advise the Council and City staff on how best to invest limited housing and related social service dollars to meet the most urgent community needs.

#### First capital funding round

The Home Fund's first funding round in 2019 received three proposals for affordable housing construction projects that were currently in the Thurston County affordable housing development pipeline. The Home Fund Advisory recommended to City Council that \$1.1 million be awarded to a project that is planning 60 beds of single adult low-barrier shelter and 65 units of supportive housing. That project also has a pending state Housing Trust Fund application and will apply for Low Income Housing Tax Credits later this year.

#### Operating Investments

Olympia also uses Home Fund dollars to help build and operate a 29 unit tiny home shelter that has already exited nearly ten individuals to permanent housing. Funds were also used to create a sanctioned tent encampment that has improved the County's outreach and engagement in Coordinated Entry.



*Devoe II Veterans Housing (50 units) typifies the housing goals of the Home Fund*

#### Plans for 2020

The Home Fund will award another \$1 million for construction in 2020. That funding round will prioritize supportive housing for homeless households, a high need as identified in the *Thurston County Homeless Crisis Response Plan 2019-2024*. The Home Fund Advisory has set a goal of funding 300 new units of supportive housing in Thurston County in the next five years to help address the supportive housing gap that report identified. The Home Fund is intended to leverage the State Housing Trust Fund and tax credit construction funding.

## Olympia City Council

Cheryl Selby, Mayor • Jessica Bateman • Jim Cooper • Clark Gilman • Nathaniel Jones • Lisa Parshley • Renata Rollins

## City of Olympia Staff | Community Planning & Development Department

Director, Keith Stahley • Deputy Director, Leonard Bauer • Home Fund Manager, Cary Retlin • CDBG Program Manager, Anna Schlecht • Housing Program Assistant, Jessica Pollett

### To Request a Copy

To request a copy of this publication in an alternative format, please contact Jessica Pollett at 360.709.2679 or [jpollett@ci.olympia.wa.us](mailto:jpollett@ci.olympia.wa.us). First Draft: October 25, 2019

[olympiawa.gov/cdbg](http://olympiawa.gov/cdbg)



## CR-05 - Goals and Outcomes

### Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

In this First year of the current Five (5) Year Consolidated Plan (2018 – 2022), the City has invested CDBG funds in the two priority activities of Land Acquisition for housing development and social services (aka public services). Several other prior year projects were also completed during this program year. One significant activity – the Salvation Army Day Center was cancelled, although it appears likely that this project will continue with private funding. Additionally, the City has maintained an emphasis on economic development through small business training and technical assistance in order to expand economic opportunities.

### Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee’s program year goals.

Goal	Category	5-Year Plan Source / Amount	Indicator	Unit of Measure	Expected – Strategic Plan	Actual – Strategic Plan	Percent Complete	Expected – Program Year	Actual – Program Year	Percent Complete
Affordable Housing	Affordable Housing	CDBG: \$99441	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Households Assisted	10 Renter Units 8 Owner occupied units	0	0%	0	0	0%

Affordable Housing	Affordable Housing	CDBG: \$99441	Rental units rehabilitated	Household Housing Unit	50	10	20%	0	0	0%
Affordable Housing	Affordable Housing	CDBG: \$99441	Homeowner Housing Rehabilitated	Household Housing Unit	10	0	0%	0	0	0%
Economic Development	Non-Housing Community Development	CDBG: \$135000	Facade treatment/business building rehabilitation	Business	0	0	0%	8	4	50%
Economic Development	Non-Housing Community Development	CDBG: \$135000	Jobs created/retained	Jobs	0	30	30%	30	5	17%
Economic Development	Non-Housing Community Development	CDBG: \$135000	Businesses assisted	Businesses Assisted	120	91	72.80%	20	40	200%
Homeless Continuum of Care	Homeless		Homeless Person Overnight Shelter	Persons Assisted	2100	0	0%	0	0	0%
Homeless Continuum of Care	Homeless		Overnight/Emergency Shelter/Transitional Housing Beds added	Beds	30	0	0%	0	0	0%
Homeless Continuum of Care	Homeless		Homelessness Prevention	Persons Assisted	600	0	0%	0	0	0%
Homeless Continuum of Care	Homeless		Housing for Homeless added	Household Housing Unit	150	0	0%	0	0	0%

Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	3357		0%	0	0%
Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	177		0	0	0%
Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Homeless Person Overnight Shelter	Persons Assisted	0	0	0	0	0	0
Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Overnight/Emergency Shelter/Transitional Housing Beds added	Beds	0	0	0	0	0	0%
Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Homelessness Prevention	Persons Assisted	0	0	0	0	0	0%
Public Facilities and Infrastructure	Non-Housing Community Development	CDBG: \$100000	Buildings Demolished	Buildings	2	0	0%	0	0	0%
Public Services	Non-Homeless Special Needs	CDBG: \$55000	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	700	10770	1,538.57%	7,800	6,646	85%
Public Services	Non-Homeless Special Needs	CDBG: \$55000	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	0	0	0	0	0	0%

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

**Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.**

The two highest priority activities during the PY 2018 Annual Action Plan period were public facilities and housing rehabilitation. Given the 15% cap on public services, the City funded two activities – day center staffing at the Community Youth Services Rosie’s Place facility and staffing for the Downtown Ambassador Program which provided critical outreach services to homeless and mentally ill street dependent people.. Affordable Housing was identified as the other priority CDBG Annual Action Plan activity. During PY2018, three affordable activities were undertaken to rehabilitate, or provide critical utility access to preserve 117 existing housing units. In addition to those priorities, the City maintained its emphasis on economic development and three activities were undertaken – a small business training and technical assistance programs that provided training for a total 40 individuals and their businesses. A related activity involved four (4) safety lighting safety projects based on a comprehensive downtown safety assessment intended to enhance the safety of downtown Olympia. Together, these three economic development activities created an aggregate of six (6) new FTE jobs for LMI people. Several other prior year activities were also completed during this program year.

The City did not make progress on the following strategies: No homeowner rehabilitation; fewer jobs created (6 versus the goal of 30); 40 businesses assisted not the goal of 125; no homeless shelters were directly funded; no homeless prevention was directly funded; no new housing units were added; and, no buildings were demolished to remove urban decay or spot blight. The primary reason for falling short of the goals is the limited amount of CDBG funding.

## CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted).

91.520(a)

	CDBG
White	4,990
Black or African American	197
Asian	233
American Indian or American Native	613
Native Hawaiian or Other Pacific Islander	113
Native & White	84
Asian & White	21
Black & White	248
Native American & Black	10
Other Multi-Racial	143
<b>Total</b>	<b>6,646</b>
Hispanic	1319
Not Hispanic	4,900

Table 2 – Table of assistance to racial and ethnic populations by source of funds

### Narrative

The City's CDBG program benefited racial ethnic populations equivalent to our demography. Unfortunately, a significant number of social service beneficiaries of the Downtown Ambassador Program refused to self-identify their race or ethnicity.

**CR-15 - Resources and Investments 91.520(a)**

**Identify the resources made available**

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public – federal	570,702.72	\$567,256.26

**Table 3 - Resources Made Available**

**Narrative**

35% of PY 2018 CDBG expenditures (\$138,320.31) were invested in the Downtown core for social services and economic development, while the affordable housing investments were made in other parts of the city.

**Identify the geographic distribution and location of investments**

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Downtown & Scattered sites	%84 – Downtown and 16% Scattered Sites	%84 – Downtown and 16% Scattered Sites	

**Table 4 – Identify the geographic distribution and location of investments**

**Narrative**

The original PY 2018 Annual Action Plan was intended to focus primarily on downtown Olympia given the high concentration of the lowest income households given the American Community Survey data showing this to be one of the lowest income census areas (Tract 101, Block 1).



## Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

Projects funded with Olympia’s CDBG monies also receive funding from other sources, which “leverages” or matches with other fund sources to meet the needs in our community. This chart shows how the **City of Olympia leveraged an additional \$2,226,278** with federal CDBG funds in the amount of \$567,256 (fund sources shown below). The dollar amount in the far right column shows the leverage or match per CDBG dollar. Overall, for every CDBG dollar, an additional \$3.92 was leveraged as shown below:

Fund Source	Fund Amount	Percentage Total Funds	Leverage per CDBG Dollar
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Private Funds	<b>\$25,000</b>	1%	\$0.04
State Housing Finance Commission Land Acquisition Program	<b>\$530,000</b>	19%	\$0.93
<b>TOTAL</b>	<b>\$2,793,534</b>	<b>100%</b>	

There was no public land utilized in this year’s CDBG Program.

## CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	0	0
Number of Special-Needs households to be provided affordable housing units	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Table 5 – Number of Households

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	0
Number of households supported through The Production of New Units	0	0
Number of households supported through Rehab of Existing Units	0	117
Number of households supported through Acquisition of Existing Units	0	0
<b>Total</b>	<b>0</b>	<b>117</b>

Table 6 – Number of Households Supported

**Discuss the difference between goals and outcomes and problems encountered in meeting these goals.**

The City has created a new local fund called the Olympia Home Fund to address our Affordable Housing goals. CDBG funds were focused on land acquisition for future housing construction; economic development activities and public services. Together, these combined funds helped to achieve the goals of Program Year 2018 as established in the Five-Year Consolidated Plan.

**Discuss how these outcomes will impact future annual action plans.**

The City will utilize the newly created local tax funded “Olympia Home Fund” to provide \$2,300,000 to expand the City’s capacity to create new affordable housing, rehabilitate existing units and provide direct homeless shelter assistance. The City will also adjust its annual goals to better reflect the available resources.

**Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.**

<b>Number of Households Served</b>	<b>CDBG Actual</b>	<b>HOME Actual</b>
Extremely Low-income	6,646	0
Low-income	5	0
Moderate-income	2	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Table 7 – Number of Households Served**

**Narrative Information**

The City has very limited CDBG funds available on an annual basis, as result the City can only undertake only a few affordable housing projects. During the PY 2018 Annual Action Plan period, the City launched a local tax-funded ballot measure called the Home Fund to raise 2,300,000 annually for the purpose of expanding resources for affordable housing. During PY 2018 \$1,000,000 was raised and allocated.

CDBG beneficiaries during PY 2018 were predominantly extremely low-income residents of the Downtown Ambassador and Rosie’s Place programs, with the beneficiaries of the package of economic development activities benefiting low and moderate income peoples.

In the other priority activity, the social services benefited extremely low-income homeless and mentally ill clients of the Day Center or the Downtown Ambassador Program.

Conversely, the beneficiaries of the two small business training programs and the Downtown Safety Program (the Olympia Downtown Alliance Safety Program) were five (5) FTE new employees who were low- and moderate-income. Please note: there were an additional three (3) jobs created via the business training program that were not included due to employee concerns on financial privacy.

## **CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)**

**Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:**

### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The Downtown Ambassador Program and the Community Youth Services Day Center projects provided significant resources for unsheltered homeless people.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

There were no CDBG-funded activities to address these needs during Program Year 2018.

### **Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

There were no CDBG-funded activities to address these needs during Program Year 2018.

### **Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

While homelessness is a regional issue, its locus is in Olympia, primarily concentrated in the urban hub. As a result, the City prioritized all of its CDBG funded social services on homeless and extremely mentally ill people. Specifically, the City used CDBG funding for street outreach to homeless and extremely mentally ill people. CDBG funds were also used to staff a Day Center for homeless people. Other non-federal funds were utilized to support homeless shelters for homeless adults. Through the regional Housing Action Team partnership, other shelters and transitional housing and social services were funded with a variety of federal, state and local funds.

The City coordinated the 2019 Point in Time Homeless Census via contract with Thurston County, and provides additional City monies to support this effort. Quality data serves to inform regional homeless

policy and investments.

The City also participates in the Regional Housing Action Team's Homeless Housing Hub to support the development of regional homeless policy.

Additionally, the City has: 1) hired a **Homeless Coordinator**; 2) established a **Homeless Response Team** of full time and adjunct City staff; 3) develop and began implementation of a **Homeless Response Plan**; 4) established a **"Tiny House Village"** called Pear Street Village for up to 40 households; 5) established a **"mitigation site"** which accommodated 120 tent-based households on City owned property; 6) established a **storage facility** for unhoused people; and 7) worked with regional partners on the **"Thurston County Homeless Crisis Response Plan, 2019 – 2022"**.

The City's Homeless Response Plan included the small amount of federal CDBG funding for the Downtown Ambassadors and the Community Youth Services' Rosie's Place program, however it was primarily funded with 1,800,000 in local funding.

## **CR-30 - Public Housing 91.220(h); 91.320(j)**

### **Actions taken to address the needs of public housing**

No actions were taken to assist Public Housing during Program Year 2018. The Thurston County Housing Authority is a strong partner in providing rental subsidies for regionally funded new housing projects.

### **Actions taken to encourage public housing residents to become more involved in management and participate in homeownership**

There were no activities to encourage public housing residents to become more involved in management and participate in homeownership during Program Year 2018.

### **Actions taken to provide assistance to troubled PHAs**

There were no activities to assist troubled PHA's during Program Year 2018.

### **CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)**

**Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)**

The City's Planning Department continues to address zoning and development guidelines that make housing construction more expensive. This planning process to enact over 140 sweeping changes that affect housing affordability, termed "the Missing Middle" is scheduled for adoption in late Fall 2018. A petition for review of the Missing Middle zoning changes was filed with the Western WA Growth Management Hearings Board. The Board has ruled the changes are not in effect while their review continues.

### **Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)**

The City considers all CDBG-funded social services described above as actions to meet underserved needs.

### **Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)**

The City continues to provide Lead Paint Safety information through its website and building permit services. One project this program year involved the removal and abatement of lead painted building materials.

### **Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)**

No actions during this program year.

### **Actions taken to develop institutional structure. 91.220(k); 91.320(j)**

The City's work on the "Missing Middle" housing policies effectively change the institutional structures that govern the development of affordable housing. The City continues to work with other regional jurisdictions to address zoning, development and other policies that affect the cost and availability of affordable housing.

### **Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)**

The City coordinates public and private housing and social services through participation in Thurston Thrives, a regional policy body that brings government, social services, non-profit sector, faith sector, private sector and other stakeholders together to develop policy and funding recommendations that enhance coordination.

**Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)**

The City undertook an exhaustive Assessment of Fair Housing in partnership with Thurston County to conduct a comprehensive assessment of current laws, instances of discrimination and ultimately developed a set of five recommendations to strengthen Fair Housing in Thurston County and the City of Olympia. Unfortunately, an executive order enacted a five-year delay for all AFH recommendations until the year 2022. However, local governments are pursuing those recommendations at the local level.

The City refers all Fair Housing complaints to:

- Fair Housing Center of Washington: 844-302-4674
- Washington State Human Rights Commission: 360-753-6770

The City also provided the annual Fair Housing Training on May 15th for residential property managers in conjunction with a crime prevention training offered by local law enforcement.



## **CR-40 - Monitoring 91.220 and 91.230**

**Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements**

Each year the City conducts monitoring visits to each sub-recipient to ensure full compliance. The monitoring visits are designed in accordance with the CDBG Sub-Recipient Handbook with an emphasis on confirming that funds go to CDBG-eligible activities, that the beneficiaries are CDBG-eligible and that record keeping and internal controls comply with HUD standards.

The City posts information about its CDBG Program on its website and directly emails information about CDBG Program activity to a stakeholder list. All communications state the City's non-discrimination policies. Efforts to reach minority businesses are conducted through the two partner business organizations – the Olympia Downtown Alliance and the Center for Business & Improvement.

## **Citizen Participation Plan 91.105(d); 91.115(d)**

**Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.**

The City's Citizen Participation Plan will offer an opportunity for all stakeholder to examine the report for 15 days prior to submission on November 15, 2018. Copies of the plan will be presented at local stakeholder meetings, such as the Housing Action Team and the Homeless Housing Hub; direct emailed to the CDBG stakeholder list; and, paper copies are made available at City Hall and the public library.

## **CR-45 - CDBG 91.520(c)**

**Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.**

N/A

**Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?**

No

**[BEDI grantees] Describe accomplishments and program outcomes during the last year.**



**CR-45 - CDBG 91.520(c)**

**Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.**

N/A

**Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?**

No

**[BEDI grantees] Describe accomplishments and program outcomes during the last year.**

There were no Brownfield Economic Development Initiative activities during this program year.





## City Council

### Approval of a Resolution Authorizing a Sublease at Percival Landing with Mg Burgher and Associates

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.E  
**File Number:** 19-1003

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**Type:** resolution **Version:** 1 **Status:** Consent Calendar

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#### **Title**

Approval of a Resolution Authorizing a Sublease at Percival Landing with Mg Burgher and Associates

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee

##### **City Manager Recommendation:**

Move to approve the resolution authorizing a sublease at Percival Landing with Mg Burgher and Associates and authorize the Interim City Manager to execute all documents necessary.

#### **Report**

##### **Issue:**

Whether to approve a resolution authorizing a sublease at Percival Landing with Mg Burgher and Associates

##### **Staff Contact:**

Jonathon Turlove, Director of Park Planning and Maintenance, 360.753-8068

##### **Presenter(s):**

None - Consent Calendar Item.

#### **Background and Analysis:**

Much of the aquatic land underlying Percival Landing is managed by the Department of Natural Resources (DNR) and is either leased or subleased to the City. One such area is the portion of the Landing and associated parking near Martin Marina. This portion of the Landing is leased by DNR to Mg Burgher and Associates (the owner of the marina and several buildings) who then subleases it to the City. The City's current sublease with Mg Burgher and Associates has expired. Mr. Burgher has recently renewed his lease with DNR and for the past several years has been negotiating with the City over the terms of the sublease.

The sublease area includes a portion of Percival Landing from just north of the Harbor House to a

point just south of Budd Bay Café (see attached sublease exhibits for an exact drawing and legal description). This portion is being leased to the City free of charge.

The sublease area also includes a portion of a paved parking lot north of the Harbor House. This parking area is currently signed as free two-hour parking and is used by both the general public as well as tenants at Martin Marina (who are given a parking pass to use the lot). The lot also provides the only access to the dumpster and maintenance entrance to Percival Landing's Harbor House. DNR is charging Burgher and Associates what they have determined to be market rate rent for this parking area. The City has negotiated with Burger and Associates to lease half of this parking area and pay Burgher and Associates half of what DNR will be charging them. Staff is proposing to continue to use the City's half of the lot for free two-hour parking for Percival Landing.

**Neighborhood/Community Interests (if known):**

The parking lot is well utilized as it provides free two-hour parking for Percival Landing and nearby businesses.

**Options:**

1. Move to approve the resolution authorizing a sublease at Percival Landing with Mg Burgher and Associates and authorize the Interim City Manager to execute all documents necessary.
2. Do not move to approve the resolution authorizing the sublease. Unless a different sublease was renegotiated, the City would lose parking for Percival Landing and maintenance/dumpster access for the Harbor House.

**Financial Impact:**

The sublease will cost \$7,500 in 2019, \$8,750 in 2020, \$10,000 in 2021, and \$11,250 in 2022.

**Attachments:**

Resolution  
Sublease

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, APPROVING A SUBLEASE BY THE CITY OF OLYMPIA FROM M.G. BURGHER AND ASSOCIATES, INC. FOR PROPERTY OWNED BY THE DEPARTMENT OF NATURAL RESOURCES AND UTILIZED FOR PERCIVAL LANDING.**

**WHEREAS**, much of the aquatic land underlying Percival Landing is managed by the Department of Natural Resources (DNR) and is either leased or subleased by the City; and

**WHEREAS**, one such area includes the portion of the Landing and associated parking near Martin Marina, which is leased by DNR to M.G. Burgher and Associates, Inc. (Burgher and Associates), who then subleases it to the City; and

**WHEREAS**, the City's current sublease with Burgher and Associates has expired; and

**WHEREAS**, Burgher and Associates recently renewed their lease with DNR and for the past several years has been negotiating with the City over the terms of the sublease; and

**WHEREAS**, the City and Burgher and Associates have agreed to a sublease which includes a portion of Percival Landing from just north of the Harbor House to a point just south of Budd Bay Café, free of charge to the City; and

**WHEREAS**, the sublease area also includes a portion of paved parking lot north of the Harbor House, currently signed as free 2-hour parking for which the City has agreed to pay half of what DNR charges Burgher and Associates to lease; and

**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE** as follows:

1. The Olympia City Council hereby approves the form of Sublease Agreement between the City of Olympia and Burgher and Associates for property utilized for Percival Landing and the terms and conditions contained therein.
2. The City Manager is authorized and directed to execute on behalf of the City of Olympia the Sublease Agreement, and any other documents necessary to execute said Agreement, and to make any minor modifications as may be required and are consistent with the intent of the Agreement, or to correct any scrivener's errors.

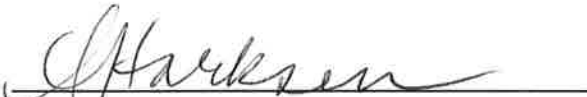
PASSED BY THE OLYMPIA CITY COUNCIL this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

  
\_\_\_\_\_  
DEPUTY CITY ATTORNEY



## SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") is made and entered into this 1<sup>st</sup> day of February, 2019, by and between the City of Olympia ("Olympia"), and M.G. Burgher & Associates, Inc. ("Sublessor", and collectively, the "Parties").

### RECITALS

A. Sublessor leases certain property, a portion of which is the subject of this Sublease, from the Washington State Department of Natural Resources (the "State") under Lease 22-A02433, effective February 1, 2019 (the "DNR Lease"). Capitalized terms not otherwise defined in this Sublease shall have those meanings provided in the Lease.

B. Sublessor desires to sublease to Olympia, and Olympia desires to sublease from Sublessor, a portion of the property legally described on **Exhibit A** (the "DNR Leased Property" or "Property") for this Sublease. The Sub-Leased Area shall be further described as provided herein.

### AGREEMENT

In consideration for the mutual benefits created herein, and other good and valuable consideration, Sublessor hereby subleases to Olympia the Sub-Leased Area legally described on **Exhibit B** pursuant to the following terms:

1. **Term.** The term of this Sublease shall be deemed to have commenced on February 1, 2019, and shall run concurrently with the term of the DNR Lease.

2. **Rent.** Olympia shall pay annual rent to Sublessor in an amount calculated at one-half the lease rate, inclusive of costs and any other fees Sublessor pays under the DNR Lease for the Property ("Rent"). Olympia shall pay Rent in quarterly installments, each of which is equal to one-fourth (1/4) the then-current Rent. These payments shall be due on or before the first day of February, May, August, and November each year. Upon execution of this Sublease, Olympia shall pay the installments of Rent due as of February and May 2019.

3. **Use; Public Benefit.** Olympia may use the Sub-Leased Area to maintain and operate a boardwalk and parking facilities. The Parties agree that the Sub-Leased Area shall be used for the benefit of the public and that Sublessor shall not interfere with the right of any member of the public to lawfully use the Sub-Leased Area.

Olympia shall maintain the Sub-Leased Area in a reasonable manner and shall make necessary repairs in a timely fashion. Olympia's occupancy and use shall not unreasonably interfere with the business of the Sublessor.

4. **Public Parking; Maintenance.** Sublessor hereby authorizes Olympia to enforce reasonable parking restrictions in the Sub-Leased Area. Olympia may establish daily or weekend time limits for parking. Olympia may patrol the Sub-Leased Area in the same manner it patrols other facilities. Olympia shall maintain the Sub-Leased Area as is reasonably necessary or appropriate to present a clean, neat, and orderly appearance.

5. **Termination.** Sublessor may terminate this Sublease prior to the end of the Term only if Olympia abandons the Sub-Leased Area or no longer uses it for the authorized use herein.

6. **Indemnification**

6.1 Olympia shall indemnify and hold the State, Sublessor, and their respective employees, officers, and agents harmless from any claims arising out of Olympia's use, occupation, or control of the Sub-Leased Area.

6.2 Sublessor shall indemnify and hold Olympia, its employees, officers, and agents harmless from any claims arising out of Sublessor's use, occupation, or control of the Property.

6.3 In construction and maintenance, Olympia shall not unreasonably disrupt Sublessor's business on the Property or the adjacent property. Sublessor retains the right to maintain and upgrade its existing utility lines and facilities that are currently located on the Property, and shall not unreasonably interfere with Olympia's use of the Sub-Leased Area in doing so.

7. **Subtenancy.** In the event any provision of this Sublease purports to grant Olympia the ability to hinder or disrupt Sublessor's ability to perform its obligations under the DNR Lease, said provision shall be deemed ineffective for the purpose of doing so. Under no circumstance shall Sublessor be limited in performing its obligations under the DNR Lease due to this Sublease. In the event Sublessor requires Olympia's consent or cooperation in order for Sublessor to perform an obligation under the DNR Lease, Olympia shall not withhold such consent or cooperation.

7.1 Should Sublessor desire to convey or transfer its leasehold interest under the DNR Lease, it shall notify Olympia of its intention to do so at least twenty (20) days prior to executing said conveyance or transfer.

7.2 Any such conveyance or transfer shall include as a condition thereof a provision that the conveyance or transferee shall be bound by the terms of this Sublease. Sublessor shall not further sublease the Property in a manner or to an extent that interferes with the use of said Sub-Leased Area by Olympia or the general public.

8. **Description of Sub-Leased Area.** The Sub-Leased Area is described on **Exhibit B** and a drawing of the Sub-Leased Area is attached as **Exhibits B-1 and B-2.**

8.1 Olympia agrees, at its sole expense, to install a barrier to segregate the Sub-Leased Area from the remainder of the parking lot, effectively splitting the existing parking lot

into two separate parking lots, each with single dedicated entrances. The Sub-Leased Area will be accessible from the Southeastern entrance to the existing parking lot. The portion of the parking lot retained by Sublessor shall be accessible by the Northeast entrance to the existing parking lot. The Parties have mutually negotiated the installation of a barrier on the Property to effectively divide the Sub-Leased Area from the rest of the parking lot, and shall do so upon the commencement of this Sublease.

9. **Additional Sublease Terms.** Pursuant to Section 9.3 of the DNR Lease, the following terms, representations, and acknowledgements are hereby made:

9.1 This Sublease is subject and subordinate to the DNR Lease, and Olympia shall have no greater rights in and to the Sub-Leased Area than Sublessor has as a tenant under the DNR Lease. In the event of any conflict between a term of the DNR Lease and this Sublease, the provisions of the DNR Lease shall control.

9.2 In the event the DNR Lease is cancelled or terminated, the Term of this Sublease shall automatically terminate as of the date of such cancellation or termination of the DNR Lease, and Sublessor shall not be liable in any way or to any extent to Olympia for such termination or cancellation or for any damages or losses incurred or claimed to be incurred by Olympia as a result thereof.

9.3 Olympia hereby represents and acknowledges it has received a copy of the DNR Lease.

9.4 Olympia may not prepay to Sublessor more than quarterly Rent.

9.5 The Parties acknowledge and agree there is no privity of contract between Olympia and the State of Washington, or any of its agencies or political subdivisions, by virtue of arising out of this Sublease.

9.6 Upon termination of this Sublease, Olympia shall remove any improvements or personal property it constructed or owns from the Sub-Leased Area.

10. **Improvements.** Olympia may not construct any improvements in the Sub-Leased Area: (i) without the prior written consent of Sublessor, which shall not be unreasonably withheld; and (ii) unless such construction or improvement is allowed by the DNR Lease.

11. **Entry by State.** Olympia acknowledges that the State may enter the Property (to include the Sub-Leased Area) at any reasonable hour to inspect for compliance with the terms of the DNR Lease, monitor impacts to habitat, or to survey habitat and species.

12. **State Approval.** A condition precedent to the effectiveness of this Sublease, regardless of execution, is the approval of this Sublease by the State.

This Sublease is made and entered into the date first above-written.

**CITY OF OLYMPIA:  
OLYMPIA**

By: \_\_\_\_\_  
Steven R. Hall  
Its: City Manager  
Date: \_\_\_\_\_

Approved as to form:

  
\_\_\_\_\_  
Deputy City Attorney

STATE OF WASHINGTON )

) ss.

COUNTY OF THURSTON )

On the \_\_\_\_ day of \_\_\_\_\_, 2019, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that \_\_\_\_ is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

\_\_\_\_\_  
Signature

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

NOTARY PUBLIC in and for the State of Washington, residing at \_\_\_\_\_

My commission expires \_\_\_\_\_

SUBLESSOR:  
M.G. BURGHER & ASSOCIATES, INC.

By: Roger Burgher  
Roger Burgher  
Its: ~~President~~ Treasurer NB  
Date: 9/4/19

STATE OF WASHINGTON)

) ss.

COUNTY OF ~~THURSTON~~ )  
KING )

On the 4<sup>th</sup> day of September 2019, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared before me Roger Burgher, to me known to be the Treasurer of M.G. Burgher & Associates, Inc., a Washington corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath states that he is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

Lisa Johnson  
Signature  
Print Name: Lisa Johnson

NOTARY PUBLIC in and for the State of Washington, residing at Seattle

My commission expires Dec 9<sup>th</sup>, 2020



**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY**

**MARTIN MARINA – PERCIVAL LANDING NORTH**

THOSE PORTIONS of Olympia Harbor Lease Numbers 2213, 2410, and 2433 lying between the inner harbor line and the outer harbor line as shown on the Fourth Supplemental Maps of Replat of a portion of Olympia Tidelands and Harbor Arca Plate 1, recorded under Auditor's File Number 1041210, Records of Thurston County, Washington, described as follows:

Beginning at the intersection of the inner harbor line with the North line of Lot 3, Block 2, Olympia Tidelands, extended westerly thence S 4-05-26 E along said harbor line, 447.88 feet to the Government Meander Line; thence S 43-14-35 W along said meander line, 18.17 feet to the North right-of-way line of Thurston Avenue; thence S 85-53-44 W along said line and said line extended, 158.91 feet to the waterward face of a boardwalk known as Percival Landing North the plan of which is on file at the Olympia City Engineer's office; thence N 1-29-23 W along said face, 91.04 feet; thence N 49-12-01 W along said face, 37.90 feet; thence N 4-05-06 W along said face, 84.00 feet, thence N 40-54-20 E along said face, 9.90 feet; thence N 85-52-44 E along said face, 85.98 feet; thence N 40-54-35 E along said face, 31.11 feet; thence N 4-05-26 W along said face, and said face extended to the intersection of said north line of said Lot 3 extended; thence N 85-54-34 E along said north line, 80.00 feet to the point of beginning.

EXCEPTING THEREFROM the following described parcel:

Commencing at the intersection of the inner harbor line and the North line of said Lot 3 extended westerly; thence S 4-05-26 E along said harbor line, 258.64 feet; thence S 85-54-35 W, 5.20 feet to the point of beginning; thence S 4-05-26E, 122.56 feet; thence S 40-54-35 W, 12.73 feet; thence S 85-54-36W, 41.10 feet; thence N 49-05-24 W, 66.60 feet; thence N 40-54-35 E, 128.45 feet; thence S 49-05-26 E, 9.00 feet to the point of beginning.

ALSO EXCEPTING THEREFROM the following parcel:

Commencing at the intersection of the inner harbor line and the North line of said Lot 3 extended westerly; thence S 4-05-26 E along said harbor line, 43.10 feet; thence S 85-54-35 W, 7.00 feet to the point of beginning; thence S 4-05-26 E, 123.10 feet; thence S 40-54-35 W, 39.60 feet; thence S 85-54-34 W, 20.00 feet; thence N 4-05-26 W, 112.99 feet; thence N 40-54-03 E, 60.89 feet; thence S 49-05-25 E, 7.00 feet to the point of beginning.

In City of Olympia, Thurston County, Washington.

## EXHIBIT "B"

### DESCRIPTION OF SUBLEASE AREA

That portion of the Olympia Harbor area lying between the Inner Harbor Line and the Outer Harbor Line as shown on the Fourth Supplemental Maps of Olympia Tidelands as recorded under Auditor's File No. 1041210, situated within the Northwest Quarter of Section 14, Township 18 North, Range 2 West, Willamette Meridian, more particularly described as follows:

Commencing at a cased monument at the intersection of Columbia Street and Thurston Avenue West, as shown on Record of Survey filed under Auditor's File No. 9312030180, records of Thurston County, Washington; thence S85°53'44"W along the monumented line of Thurston Avenue West a distance of 262.27 feet; then departing said monumented line on a bearing of N01°03'49"W a distance of 24.02 feet to the northerly margin of Thurston Avenue West as shown on said Record of Survey, and the TRUE POINT OF BEGINNING; thence continuing N01°03'49"W a distance of 90.02 feet; thence N48°12'40"W a distance of 38.12 feet; thence N03°42'54"W a distance of 85.09 feet; thence N41°10'10"E a distance of 9.22 feet; thence N86°05'50"E a distance of 85.37 feet; thence N40°57'02"E a distance of 31.41 feet; thence N04°06'55"W a distance of 144.54 feet; thence N40°40'51"E a distance of 54.76 feet; thence N04°18'55"W a distance of 26.19 feet; thence N46°59'32"W a distance of 27.01 feet to the northerly line of that parcel surveyed on said Record of Survey; thence N85°53'56"E a distance of 60.46 feet to the Inner Harbor Line as shown on said Record of Survey; thence S04°04'20"E along said Inner Harbor Line a distance of 23.70 feet; thence S41°21'13"W a distance of 80.47 feet; thence S04°11'00"E a distance of 113.97 feet; thence N86°11'19"E a distance of 33.34 feet; thence S40°54'49"W a distance of 118.30 feet; thence S74°31'44"W a distance of 14.63 feet; thence S40°50'40"W a distance of 51.90 feet; thence S04°08'05"E a distance of 62.91 feet; thence S49°06'01"E a distance of 34.16 feet; thence N41°02'55"E a distance of 58.69 feet; thence S49°06'19"E a distance of 54.49 feet; thence N85°55'31"E a distance of 39.26 feet; thence N42°22'38"E a distance of 20.35 feet to the Inner Harbor Line as shown on said Record of Survey; thence S04°04'20"E along said Inner Harbor Line a distance of 59.92 feet; thence S43°14'40"W a distance of 18.42 feet to said northerly margin of Thurston Avenue West; thence S85°53'44"W along said northerly margin a distance of 158.87 feet to the TRUE POINT OF BEGINNING.



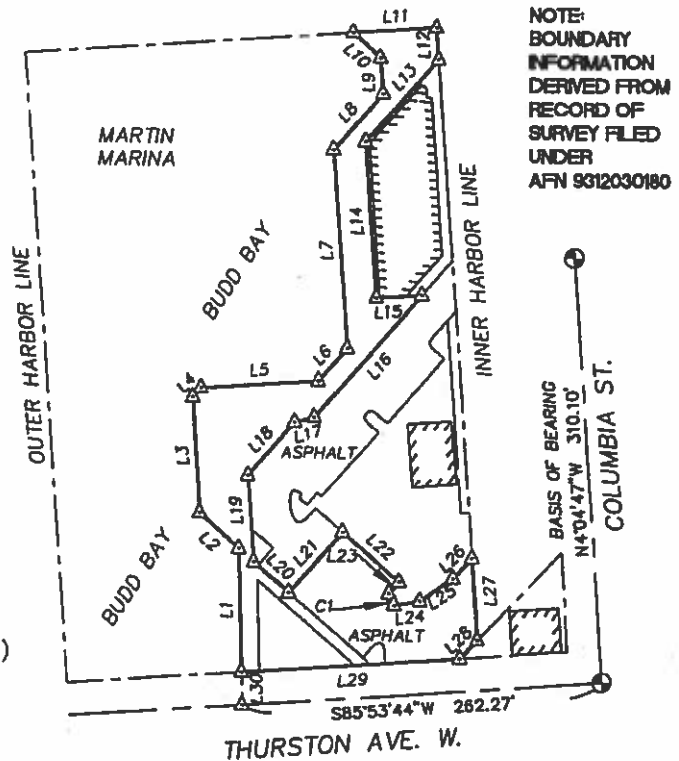
EXHIBIT "B"  
LEGAL DESCRIPTION OF LEASED AREA



NOTE: SEE EXHIBIT B-2 FOR DIMENSIONS  
(LINE CALL TABLE)

**LEGEND**

- PROPERTY LINE
- MONUMENT LINE
- LEASE AREA BOUNDARY
- ▨ BUILDING LINE
- △ CALCULATED POINT (NOTHING SET OR FOUND)
- ⊙ CASED MONUMENT— PER RECORD OF SURVEY UNDER AFN 9312030180



NOTE: BOUNDARY INFORMATION DERIVED FROM RECORD OF SURVEY FILED UNDER AFN 9312030180

DRAWN TCM		PROJECT NO. -	<b>CITY OF OLYMPIA</b> EXHIBIT "B-1" SUBLEASE AREA SECTION 14, T.18N., R.2W., W.M.	DRAWING NAME
QC REVIEW KLH		DATE		PERCIVAL LANDING
SCALE N.T.S.		JULY 2019		SHEET 1 OF 2

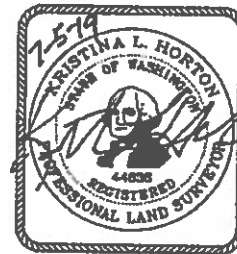


Line Table		
Line #	Length	Direction
L1	90.02'	N1°35'49"W
L2	38.12'	N48°12'40"W
L3	85.09'	N3°42'54"W
L4	9.22'	N41°10'10"E
L5	85.37'	N86°05'50"E
L7	144.54'	N4°06'55"W
L8	54.76'	N40°40'51"E
L9	26.19'	N47°55'55"W
L10	27.01'	N46°59'32"W
L11	80.46'	N85°53'56"E

Line Table		
Line #	Length	Direction
L12	23.70'	S4°04'20"E
L13	80.47'	S41°21'13"W
L14	113.97'	S47°11'00"E
L15	33.34'	N86°11'19"E
L16	118.30'	S40°54'49"W
L17	14.63'	S74°31'44"W
L18	51.90'	S40°50'40"W
L19	62.91'	S4°08'05"E
L20	34.16'	S49°06'01"E
L21	58.69'	N41°02'55"E

Line Table		
Line #	Length	Direction
L22	54.49'	S49°06'19"E
L23	11.29'	S40°52'33"W
L24	19.17'	N80°25'20"E
L25	29.02'	N55°20'07"E
L26	20.35'	N42°22'38"E
L27	59.92'	S4°04'20"E
L28	18.42'	S43°14'40"W
L29	158.87'	S85°53'44"W
L30	24.02'	N1°35'49"W

Curve Table				
Curve #	Length	Radius	Delta	Radial Bearing
C1	11.64'	5.00'	133°20'52"	S47°36'37"E



DRAWN	TCM	PROJECT NO.	-	<b>CITY OF OLYMPIA</b> EXHIBIT "B-2" SUBLEASE AREA SECTION 14, T.18N., R.2W., W.M.	DRAWING NAME	PERCIVAL LANDING
QC REVIEW	KLH	DATE	JULY 2019		SHEET 2 OF 2	
SCALE	N.T.S.					



## City Council

### Approval of an Ordinance Imposing the Maximum Sales and Use Tax for Affordable Housing Permitted by SHB 1406

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.F  
**File Number:** 19-0991

---

**Type:** ordinance **Version:** 2 **Status:** 2d Reading-Consent

---

#### **Title**

Approval of an Ordinance Imposing the Maximum Sales and Use Tax for Affordable Housing Permitted by SHB 1406

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to adopt the Ordinance imposing the maximum sales and use tax credit permitted by SHB 1406, which permits the City to receive 0.0146 percent of the State's 6.5 percent sales and use tax collected within the City of Olympia, as permitted by SHB 1406 for affordable and supportive housing purposes on first reading and forward to second reading.

#### **Report**

##### **Issue:**

Whether to adopt legislation authorizing the maximum capacity of the sales and use tax for affordable and supportive housing as provided by SHB 1406.

##### **Staff Contact:**

Cary Retlin, Housing Manager, Community Planning & Development, 360.570-3956.

##### **Presenter(s):**

None - Consent Calendar Item.

##### **Background and Analysis:**

Background and analysis has not changed from first to second reading.

During the 2019 legislative session, the state approved a local option for cities and counties to receive a portion of the State's existing sales tax revenue (6.5%) for specific affordable housing uses by cities and counties. This local sales tax authority is a credit against the State's sales tax, so it does not increase taxes locally for the consumer.

SHB 1406 incentivizes cities and counties to pass local levies like Olympia's Home Fund and rewards cities that have already taken that step. Because Olympia has passed a "qualifying local tax" in the Home Fund, the City can claim the higher increment of 0.0146 percent of the State's portion of local sales and use tax for up to 20 years.

The revenue derived by the proposed ordinance must be used for acquiring, rehabilitating, or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities; and rental assistance. The funding must be spent on projects that serve persons whose income is at or below 60 percent of the area median income. Cities can also issue bonds to finance the authorized projects with this revenue.

This Ordinance is required to re-adopt the sales and use tax credit permitted by SHB 1406, following Council's repeal of prior Ordinance No. 7200 in Ordinance No. 7204, in order to permit Thurston County to pass its SHB 1406 ordinance first in order to maximum the County's receipt of funding under SHB 1406.

**Neighborhood/Community Interests (if known):**

Passage of the Home Fund levy indicates there is broad community support for dedicating tax revenue to local affordable housing investments. SHB 1406 permits sharing of the State's portion of sales and use taxes collected within the City of Olympia for local use to acquire, rehabilitate or construct affordable housing, operation and maintenance of such housing facilities, or rental assistance.

**Options:**

1. Approve the Ordinance imposing the maximum sales and use tax permitted by SHB 1406 for affordable and supportive housing.
2. Do not approve the Ordinance.
3. Direct staff to take other action.

**Financial Impact:**

If this Ordinance is approved by Council, it will result in the City receiving new revenue from the State's portion of local sales and use taxes of approximately \$330,000 in 2020, for specific affordable housing uses in Olympia.

**Attachments:**

Ordinance  
Resolution of Intent

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, IMPOSING THE MAXIMUM LOCAL SALES AND USE TAX PURSUANT TO SUBSTITUTE HOUSE BILL 1406 (SHB 1406) (CHAPTER 338, LAWS OF 2019) TO BE USED TO CONSTRUCT AFFORDABLE HOUSING, SUPPORTIVE HOUSING SERVICES, AND PROVIDING RENTAL ASSISTANCE TO TENANTS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO AND PROPERLY PERMITTED BY STATE LAW.**

**THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON DOES ORDAIN** as follows:

**Section 1. Findings.** The City Council (the "Council") of the City of Olympia, Washington (the "City"), makes the following findings and determinations:

1.1 SHB 1406 (Chapter 338, Laws of 2019) authorizes counties and cities to impose a sales and use tax of 0.0146, provided that the city is a "Participating city" that has imposed a voter approved "Qualifying local tax" as provided in RCW 82.14.530 at a minimum or at least half of the authorized rate, which City's proceeds shall be used to construct affordable and supportive housing and for housing-related purposes, including mental and behavioral health-related facilities, and for costs for operations, maintenance, delivery, and evaluation of mental health programs and services, or housing-related services, all as permitted by state law in RCW 82.14.530.

1.2 On October 24, 2017, the Council adopted Resolution No. M-1912 (the "Ballot Resolution") authorizing submission to the qualified voters of the City a proposition authorizing an additional sales and use tax of not more than one-tenth of one percent for the Olympia Home Fund for supportive housing and housing-related purposes, including mental and behavioral health-related facilities ("Proposition No. 1") as provided in RCW 82.14.530.

1.3 Proposition No. 1 was approved by the requisite number of City voters at the election held on February 13, 2018, and its passage was certified by the County Auditor on February 23, 2018, imposing a "Qualifying local tax" for purposes of SHB 1406 (Chapter 338, Laws of 2019) to provide funds to construct affordable and supportive housing and housing related services and for operations and maintenance.

1.4 The Council previously found that the City of Olympia had satisfied all prerequisites to impose the sales and use tax permitted by SHB 1406 (Chapter 338, Laws of 2019, effective July 28, 2019), including adopting Council Resolution No. M-2047 on August 5, 2019, declaring Council's intent to impose the sales and use tax permitted by SHB 1406 (Chapter 338, Laws of 2019) at the maximum rate of 0.0146 percent, as the City is a "Participating city" with an existing "Qualifying local tax" pursuant to SHB 1406.

1.5 Subsequently, on October 29, 2019, after finding that the City of Olympia has satisfied all prerequisites to impose the sales and use tax permitted by SHB 1406 (Chapter 338, Laws of 2019, effective July 28, 2019), the Council adopted Council Resolution No. M-2059, declaring again the Council's intent to impose the sales and use tax permitted by SHB 1406 (Chapter 338, Laws of 2019, effective July 28, 2019) at the maximum rate of 0.0146 percent, as the City is a "Participating city" with an existing "Qualifying local tax" pursuant to SHB 1406.

**Section 2. Sales and Use Tax Imposed.**

2.1 **Tax Imposed; Effective Date.** The sales and use tax shall be imposed at a rate of 0.0146 of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use

tax. The tax shall become effective on the earliest practicable date consistent with SHB 1406 (Chapter 338, Laws of 2019).

2.2 Use of Sales and Use Tax Receipts Pursuant to SHB 1406. City proceeds shall be used for acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services, and providing supportive housing, or funding the operations and maintenance costs of new units of affordable or supportive housing, or for providing rental assistance to tenants as required by SHB 1406.

2.3 Income Limitations. The housing and services provided pursuant to SHB 1406(6) may only be provided to persons whose income is at or below sixty percent (60%) of the median income of Thurston County, as the City of Olympia is located within said county and is imposing the tax.

2.4 Expiration of Tax. The tax imposed by the City under SHB 1406 (Chapter 338, Laws of 2019) shall expire twenty (20) years after the date on which the tax is first imposed.

**Section 3. Administration.** The City Clerk is directed to cause a certified copy of this Ordinance to be delivered to the State of Washington Department of Revenue, the State of Washington Department of Commerce, and any other public officers or agencies required by law. The City's Administrative Services Director and other appropriate officers are authorized and directed to enter into such contracts with and provide such notices to the State Department of Revenue or Department of Commerce, and other appropriate state or local agencies, for the collection and distribution of receipts of the tax imposed by this Ordinance as may be necessary or convenient consistent with SHB 1406 (Chapter 338, Laws of 2019), Chapter 82.14 RCW and other applicable law.

**Section 4. Ratification.** All actions taken in furtherance of and not inconsistent with this Ordinance are ratified and confirmed in all respects.

**Section 5. Severability.** If any provision of this Ordinance is declared by any court of competent jurisdiction to be invalid, then such provision shall be null and void and shall be severable from the remaining provisions of this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance.

**Section 6. Publication and Effective Date.** Notification of passage of this Ordinance shall be published as provided by law, and shall take effect and be in full force five (5) days after publication.

\_\_\_\_\_  
MAYOR

**ATTEST:**

\_\_\_\_\_  
CITY CLERK

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
CITY ATTORNEY

**PASSED:**

**APPROVED:**

**PUBLISHED:**



## City Council

### Approval of an Ordinance Amending Final Plat Approval Process (per RCW 58.17.100)

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.G  
**File Number:** 19-0884

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**Type:** ordinance **Version:** 1 **Status:** 1st Reading-Consent

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#### **Title**

Approval of an Ordinance Amending Final Plat Approval Process

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve the ordinance amending the final plat approval process per RCW 58.17.100 on first reading and forward to second reading.

#### **Report**

##### **Issue:**

Whether to approve an ordinance amending the final plat approval process as allowed per RCW 58.17.100.

##### **Staff Contact:**

Joyce Phillips, Senior Planner, Community Planning and Development, 360.570.3722

##### **Presenter(s):**

None - Consent Calendar Item.

#### **Background and Analysis:**

In 2017, Senate Bill 5674 was passed by the Legislature and signed into state law. This revision to the state statutes for subdivisions allows a local government legislative body to delegate the authority to approve final plat applications to an established planning commission or agency, or to other administrative personnel. This is because the final plat approval process is ministerial in nature and based on a non-discretionary process. Final plat approval is only granted when the applicant meets all of the terms and conditions of the preliminary plat approval. If the final plat conforms to state law and local ordinances, final approval must be granted under state law (RCW 58.17.170). There is no public hearing for final plat approval.

#### **Neighborhood/Community Interests (if known):**

Neighborhood and community interests vary with each project. However, these comments are made

at the time of preliminary plat review and at the public hearing, where these comments are factored in to the decision regarding the preliminary application. At the time of final plat review, the developer must show conformance with all conditions of preliminary approval and all final plat submittal requirements. The preliminary plat conditions of approval cannot be amended by the public, city, or the developer at the time of final review.

**Options:**

1. Approve the text amendments to Titles 17 and 18, as proposed.
2. Approve text amendments to Titles 17 and 18, as modified by City Council.
3. Do not approve text amendments to Titles 17 and 18, as proposed.

**Financial Impact:**

Approval of this ordinance will result in a reduction of staff time spent on approval of final plat applications because an additional staff report and City Council meeting will not be required to occur once staff has completed the necessary review to determine that all conditions of approval have been completed before a final plat can be recorded and finalized.

**Attachments:**

Ordinance

**Ordinance No.**

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, AMENDING CHAPTER 17.24, SUBDIVISIONS, AND SECTION 18.72.100, UNIFIED DEVELOPMENT CODE, OF THE OLYMPIA MUNICIPAL CODE.**

**WHEREAS**, Senate Bill No. 5674 relating to the final approval of subdivisions of land was enacted by the Washington State Legislature in 2017 and codified under RCW 58.17; and

**WHEREAS**, RCW 58.17.100 allows the legislative body of a city to adopt by ordinance the delegation of final plat approval to an established planning agency or administrative personnel; and

**WHEREAS**, to conform with RCW 58.17.100, the City of Olympia Community Planning and Development Department has proposed minor amendments to Title 17, Subdivisions, and Title 18, Unified Development Code, of the Olympia Municipal Code (OMC) (the Proposed Amendments) regarding final city approval of subdivisions; and

**WHEREAS**, the Proposed Amendments are consistent with Chapter 58.17 RCW, Plats, Subdivisions, Dedications; and

**WHEREAS**, the Proposed Amendments are consistent with the Olympia Comprehensive Plan and other chapters of Title 18 OMC; and

**WHEREAS**, Chapters 35A.63 and 36.70A RCW and Article 11, Section 11 of the Washington State Constitution authorize and permit the City to adopt this Ordinance;

**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL ORDAINS AS FOLLOWS:**

**Section 1. Amendment of OMC 17.24. Olympia Municipal Code Chapter 17.24 is hereby amended to read as follows:**

**Chapter 17.24  
FINAL PLAT**

17.24.000 Chapter Contents

Sections:

- 17.24.010 Submission of application.
- 17.24.020 Format and content of application.
- 17.24.030 Distribution of copies.
- 17.24.040 Time to act.
- 17.24.050 Review criteria.
- 17.24.060 ~~City-Council action~~ final approval.
- 17.24.070 Filing for record--Copies.
- 17.24.080 Filing for record--Time limit.



### **17.24.010 Submission of application**

The subdivider shall submit twelve (12) dark line prints and one stable base polyester film or other approved material (hereinafter referred to as Mylar) to the department.

### **17.24.020 Format and content of application**

A. Survey of Subdivision and Preparation of Plat. The survey of the proposed subdivision and preparation of the plat shall be made by or under the supervision of a registered land surveyor who shall certify on the plat that it is a true and correct representation of the lands actually surveyed.

B. Drafting Standards. All final plats shall be drawn in accordance with the following:

1. The final plat shall be clearly and legibly drawn in permanent black ink upon a stable base polyester film.
2. The scale of the plat shall be not less than 1" = 200'. Lettering shall be at least 3/32 of an inch high. The perimeter of the plat or subdivision being recorded shall be depicted with heavier lines wider than the remaining portion of the plat or subdivision.
3. The size of each sheet shall be 18" by 24".
4. A marginal line shall be drawn completely around each sheet, leaving an entirely blank margin of three inches on the left, and one-half inch on each side of the other three sides.
5. If more than two sheets are used, an index of the entire subdivision showing the arrangement of all sheets shall be included. Each shall be appropriately numbered.
6. The plat title, date, scale and north arrow shall be shown on each appropriate sheet of the final plat.
7. All signatures placed on the final plat shall be original signatures written in permanent black India ink.

C. Street Monuments. The surveyor preparing the plat shall submit a street monumentation plat to the Public Works Department for approval prior to setting any permanent street monuments. The Public Works Department shall determine the number and location of permanent control monuments in streets within and leading into the plat, if any. All street monuments shall conform to the standard specifications of the American Public Works Association or as amended by city standard plans.

D. Content.

1. The following information is required on the final plat map:

- a. The date, scale, north arrow, legend, controlling topography and existing features such as highways and railroads;
- b. Legal description of the plat boundaries;
- c. Reference points and lines of existing surveys identified, related to the plat as follows:
  - i. Adjoining corners of adjoining subdivisions,
  - ii. City or county boundary lines when crossing or adjacent to the subdivision,
  - iii. Section and donation land claim lines within and adjacent to the plat,
  - iv. Whenever the county or a city has established the centerline of a street adjacent to or within the proposed subdivision, the location of this line and monuments found or reset,
  - v. All other monuments found or established in making the survey of this subdivision or required to be installed by provisions of this title,
  - vi. The basis of bearing shall be shown and shall be the Olympia coordinate system;
- d. The exact location and width of streets and easements intersecting the boundary of the tract;
- e. Tract, block and lot boundary lines and street rights-of-way and centerlines, with dimensions, bearings or deflection angles, radii, arcs, points of curvature and tangent bearings. Tract boundaries, lot boundaries and street bearings shall be shown to the nearest second with basis of bearings. All distances shall be shown to the nearest 0.01 foot;
- f. The width of the portion of streets being dedicated, the width of any existing rights-of-way and the width of each side of the centerline. For streets on curvature, curve data shall be based on the street centerline. In addition to the centerline dimensions, the radius and central angle shall be indicated;
- g. Easements denoted by fine dashed lines or described by narrative, clearly identified and, if already of record, their recorded reference. The width of the easement, its length and bearings, and sufficient ties to locate the easement with respect to the subdivision must be shown. If the easement is being dedicated by the map, it shall be properly referenced in the owner's certificate of dedication;

h. Lot numbers beginning with number "1" and numbered consecutively without omission or duplication throughout the plat. The numbers shall be solid, of sufficient size and thickness to stand out and so placed as not to obliterate any figure. Lot numbers in an addition to a subdivision of the same name shall be a continuation of the numbering of the original subdivision;

i. Accurate outlines and designations of any areas to be dedicated or reserved for public use or to be committed for the common use of all property owners with the purpose of dedication, reservation and commitment to be clearly set forth on the plat document together with accurate references to appropriate recorded documents;

j. All required dedications, endorsements, covenants, affidavits and certificates shall show on the face of the final plat;

k. The final plat shall show the subdivision of the section or sections involved and show the township(s) and range(s); provided, that if the land being platted is not described by section subdivision, the final plat map shall show a vicinity map showing monuments and land corners sufficient to properly orient the new subdivision;

l. Specific wording as may be required by the preliminary plat approval;

m. A plat or subdivision contiguous to, or representing a portion of or all of the frontage of a body of water, river or stream shall indicate the location of monuments, which shall be located at such distance above high-water mark as to reasonably insure against damage and destruction by flooding or erosion;

n. Lots containing one acre or more shall show net acreage to nearest hundredth, whenever possible;

o. Designation of lots to be used for other than single-family residential purposes;

p. If the plat constitutes a replat of all or portions of an existing subdivision, this shall be clearly indicated just below the subdivision name. All original plat lines shall be shown in half-tone around the perimeter of the new plat.

q. A summary of the terms and conditions, including building permit restrictions, of any agreement and security to construct improvements in the future on the plat.

2. Acknowledgments and Certificates. Acknowledgments and certificates required by this title shall be in language substantially indicated in the following subsections:

a. Dedications. The intention of the owner shall be evidenced by the owner's presentation for filing of a final plat clearly showing the dedication thereof and bearing the following certificate signed by all real parties of interest:

"Know all persons by these presents that \_\_\_\_\_, the undersigned owner, in fee simple of the land hereby platted, \_\_\_\_\_, and \_\_\_\_\_, the mortgagee thereof, hereby declare this plat and dedicate to the use of the public forever all streets, avenues, places and sewer easements or whatever public property there is shown on the plat and the use for public purposes. Also, the right to make all necessary slopes for cuts and fills upon lots, blocks, tracts, etc. shown on this plat in the reasonable original grading of all the streets, avenues, places, etc. shown hereon. Also the right to drain all streets over and across any lot or lots where water might take a natural course after the street or streets are graded. Also, all claims for damage against any governmental authority are waived which may be occasioned to the adjacent land by the established construction, drainage and maintenance of said roads.

IN WITNESS WHEREOF we set our hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, [year].

In the event that a waiver of right of direct access is included, then the certificate shall contain substantially the following additional language:

"Access to \_\_\_\_\_ street from lots numbered \_\_\_\_\_ is hereby waived, and dedication to the public shall in no way be construed to permit a right of direct access to \_\_\_\_\_ street from lots numbered \_\_\_\_\_, nor shall the City of Olympia or any other local governmental agency within which the property is or may become located ever be required to grant a permit to build or construct an access of approach to said street from said lots."

b. Acknowledgment.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF THURSTON )

This is to certify that on this \_\_\_\_\_ day of \_\_\_\_\_, [year], before me, the undersigned, a notary public, personally appeared to me known to be the person(s) who executed the foregoing dedication and acknowledged to me that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal the day and year first above-written.

(Seal)

\_\_\_\_\_  
NOTARY PUBLIC in and for the  
State of Washington, residing at  
\_\_\_\_\_

- c. Restrictions. The following restrictions shall show on the face of the final plat:
  - i. The following shall be required when the plat contains a private street: "The cost of construction and maintaining all streets not herein dedicated as public streets shall be the obligation of all of the owners and the obligation to maintain shall be concurrently the obligation of any corporation in which title of the streets may be held."
  - ii. "All landscaped areas in public rights-of-way shall be maintained by the owner and the owner's successor(s) and may be reduced or eliminated if deemed necessary for or detrimental to City road purposes."
  - iii. The following shall be required when the plat contains commonly owned tracts: "Community tracts shall be owned and maintained in common for the benefit of all lot owners. All lots have an undivided interest in the ownership and maintenance of community areas. The ownership interest in each community tract shall be stated in the deed to each lot"
  - iv. The following shall be required when the installation of required improvements has not been completed prior to recording: "Pursuant to City Ordinance, the City of Olympia may deny the issuance of building or occupancy permits for any structure within this plat until street, sidewalk, or other required plat improvements have been installed."
  - v. Any additional conditions as approved by the ~~council~~ or hearing examiner.
- d. Certificate From Land Surveyor. The completed plat must show a certificate from the land surveyor who platted the property, in substantially the following form:

"I hereby certify that the Plat of \_\_\_\_\_ is based upon an actual survey and subdivision of a portion of Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_, W.M.; that the distances and courses shown thereon are correct; that the monuments have been set and lot and block corners staked on the ground."

- e. Certificates of City Officers. The plat shall also show the following certificates:

- i. Certificate--City Engineer.

"Examined and approved this \_\_\_\_ day of \_\_\_\_\_ [year].

\_\_\_\_\_  
Olympia City Engineer"

- ii. Certificate--Health Officer.

"Examined and approved this \_\_\_\_ day of \_\_\_\_\_ [year].

\_\_\_\_\_  
Health Officer"

iii. Certificate--Assessor.

"Examined and approved this \_\_\_\_ day of \_\_\_\_\_ [year].

\_\_\_\_\_  
Thurston County Assessor"

iv. Certificate-Treasurer.

"I hereby certify that all taxes on the land described hereon have been fully paid to and including the year \_\_\_\_.

\_\_\_\_\_  
Thurston County Treasurer"

v. Certificate--Planning Director.

"Examined and approved this \_\_\_\_ day of \_\_\_\_\_ [year].

\_\_\_\_\_  
Planning Director"

vi. ~~Certificate--City Council.~~

~~"Examined and approved this \_\_\_\_ day of \_\_\_\_\_ [year].~~

~~\_\_\_\_\_  
Mayor, City of Olympia"~~

ATTEST:

\_\_\_\_\_  
City Clerk"

vii. Certificate--City Clerk-Treasurer.

"I hereby certify that all Local Improvement District Assessments on the land described hereon have been fully paid to and including the year \_\_\_\_

\_\_\_\_\_  
Clerk-Treasurer, City of Olympia"

viii. Certificate--County Auditor.

"Filed for record at the request of \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, [year], at \_\_\_\_\_ minutes past \_\_\_\_\_.m., and recorded in Volume \_\_\_\_\_ of Plats, on page \_\_\_\_\_, records of Thurston County, Washington.

\_\_\_\_\_  
Thurston County Auditor

\_\_\_\_\_  
Deputy Auditor"

3. Supplemental information as required by the Application Content Lists must be submitted with the final plat map. See OMC 18.77.010.

**17.24.030 Distribution of copies**

The Public Works Department shall forward a dark line print to the Planning Department, county assessor, county health department, county treasurer, fire department, and any other agency responsible for the provision of services or insuring compliance with conditions of preliminary plat approval. Said agencies shall examine the plat for compliance with the provisions of this title.

**17.24.040 Time to act**

Final plats shall be approved, disapproved or returned to the applicant within 30 days from the date of filing unless the applicant consents to an extension of such time period.

**17.24.050 Review criteria**

A. The Public Works Department shall examine the map as to sufficiency of affidavits and acknowledgments, correctness of surveying data, mathematical data and computations, and such other matters as require checking to insure compliance with the provisions of state laws pertaining to subdivisions, with this title and with the conditions of approval. Traverse sheets (computation of coordinates) and work sheets showing the closure of the exterior boundaries and of each irregular lot and block and the calculation of each lot size shall be furnished. If the final plat is found to be in correct form and the matters shown thereof are sufficient, the Public Works Department shall certify the mylar of the plat to the Planning Department.

B. In addition to a statement of approval from the Public Works Department, the following approvals must be submitted in writing to the Planning Department prior to its certification of the final plat:

1. Health Approval. The county health department shall indicate compliance with the health requirements of the preliminary plat and shall indicate the adequacy of the method of sewage disposal. Approval by the Health Department of the final plat shall not vary or negate any requirements for obtaining septic tank and drainfield permits for any lots therein;

2. Department of Ecology approval. In those cases where the subdivision is located in a flood control zone as established by RCW Chapter 86.16 the Department of Ecology shall indicate approval of the plat and shall state any special conditions or restrictions deemed by it to be necessary for effective flood protection;
3. Fire department's approval;
4. Water purveyor's approval;
5. Sewer purveyor's approval;
6. County treasurer's approval;
7. County assessor's approval;
8. Other approvals as may be required in the conditions of preliminary plat approval.

D. If each department determines that the final plat conforms fully with all applicable regulations and standards, they shall then affix their signatures to the final plat.

~~E. Upon confirmation of compliance with the conditions of approval, and subsequent to affixing its signature to the final plat, the Planning Department will instruct the Public Works Department to schedule final consideration of the plat map before the council.~~

#### **17.24.060 City ~~council action~~ final approval**

After being approved as required in Section 17.24.050, the final plat shall be presented to the ~~city council~~ Community Planning and Development Director. After finding that the final plat has been completed in accordance with the provisions of this title, and that all required improvements have been completed or that arrangements or contracts have been entered into to guarantee that such required improvements will be completed, and that the interests of the city are fully protected, the ~~city council~~ Director or the Director's designee shall sign the final plat accepting such dedications and easements as may be included thereon, and the final plat shall be returned to the applicant for filing for record with the county auditor.

#### **17.24.070 Filing for record –Copies**

The original of said final plat shall be filed for record with the county auditor. One reproducible copy of a stable base material shall be furnished to the Public Works Department. One paper copy shall be filed by the auditor with the assessor, planning department, health department, building department and the fire chief. All required paper copies shall bear the auditor's recording date.



**17.24.080 Filing for record –Time limit**

Approval of the final plat shall be null and void if the plat is not recorded within 30 days after the date the last required signature has been obtained.

**Section 2. Amendment of OMC 18.72.100.** Section 18.72.100 of the Olympia Municipal Code is hereby amended to read as follows:

**18.72.100 Review and appeal authority**

The following table describes development permits and the final decision and appeal authorities. When separate applications are consolidated at the applicant’s request, the final decision shall be rendered by the highest authority designated for any part of the consolidated application

**KEY:**

- Director = Community Planning and Development Director or designee
- SPRC = Site Plan Review Committee
- DRB = Design Review Board
- PC = Planning Commission
- HC = Heritage Commission
- HE = Hearing Examiner
- Council = City Council
- R = Recommendation to Higher Review Authority
- D = Decision
- O = Open Record Appeal Hearing
- C = Closed Record Appeal Hearing

[NOTE: City Council decisions may be appealed to Superior Court except comprehensive plan decisions which may be appealed to the State Growth Management Hearings Board.]

**Director SPRC DRB PC HC HE Council**

**ZONING**

Conditional Use Permit		R				D
Interpretations	D					O
Land Use Review	D <sup>1</sup>	R				O
Small Lot Review	D					O
Townhouse (2 – 4 Units)	D					O

	Director	SPRC	DRB	PC	HC	HE	Council
Townhouse (10 or more units)		R	R			D	
Townhouse Final (2-9)	D					O	
Townhouse Final (10 or more)		R					D
Zoning Variance	R					D	
Zone Map Change, without Plan Amendment	R					R	D
Zone Change, with Plan Amendment or Ordinance Text Amendment	R			R			D
Home Occupation	D					O	
Temporary Use Permit	D					O	
SEPA exempt Building Permit	D					O	
Parking or Fence Variance	D	R				O	
Accessory Dwelling Unit	D					O	
Accessory Building	D					O	
Occupancy Permit	D					O	
Sign Permit	D					O	
Landscape Plan	D					O	
Tree Plan	D					O	
Historic Properties	D	R			R	O	
<b>COMPREHENSIVE PLAN</b>							
Amendments (map, text)	R			R			D
<b>DESIGN REVIEW</b>							
Detailed Review	D		R				
major			O				
Concept Review	D	R	R			O	
Signs (general)	D					O	
Scenic Vistas	D	R	R			O	
<b>ENVIRONMENTAL</b>							
Threshold Determination	D					O	
Impact Statement Adequacy	D					O	
Reasonable Use Exception	R					D	

	Director	SPRC	DRB	PC	HC	HE	Council
SEPA Mitigating Conditions	D					O	
Major Shoreline Substantial Development Permit		R				D	
Shoreline Conditional Use Permit		R				D	
Shoreline Variance		R				D	
Shoreline Permit Revision or Exemption	D					O	
<b>SUBDIVISION</b>							
Boundary Line Adjustment (including lot consolidation)	D					O	
Preliminary Plat, Long	R					D	
Preliminary Short, (2-9 lots)	D <sup>1</sup>					O	
Final Short Plat	D					O	
Final Long Plat	<u>RD</u>					<u>O</u>	<u>D</u>
Master Plan Approval	R		R			R	D
MPD Project Approval		R	R			D	
Preliminary PRD		R				R	D
Final PRD		R					D
Time Extensions	D					O	

<sup>1</sup> Except when the Director refers the project for a public hearing before the Hearing Examiner pursuant to OMC 18.60.080 or 17.32.130(A)(4).

**Section 4. Corrections.** The City Clerk and codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

**Section 5. Severability.** If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or application of the provisions to other persons or circumstances shall remain unaffected.

**Section 6. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 7. Effective Date.** This Ordinance shall take effect five (5) days after publication, as provided by law.

\_\_\_\_\_  
MAYOR

**ATTEST:**

\_\_\_\_\_  
CITY CLERK

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
CITY ATTORNEY

**PASSED:**

**APPROVED:**

**PUBLISHED:**



## City Council

### Approval of an Ordinance Authorizing Issuance of General Obligation Bonds

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.H  
**File Number:** 19-1045

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**Type:** ordinance **Version:** 1 **Status:** 1st Reading-Consent

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**Title**

Approval of an Ordinance Authorizing Issuance of General Obligation Bonds

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee

**City Manager Recommendation:**

Move to approve the Ordinance authorizing issuance of General Obligation Bonds in the amount of \$53,039,238 on first reading and forward to second reading.

**Report**

**Issue:**

Whether to approve Ordinance authorizing issuance of General Obligation Bonds

**Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

**Presenter(s):**

None - Consent Calendar Item

**Background and Analysis:**

This Ordinance provides fiscal authority to provide the funds necessary for Park acquisition; a ladder truck for the Fire Department; paying the existing Bond Anticipated Note (BAN), which is due in 2020; refinancing the existing City Hall and Fire Station Bond debt at a substantially lower interest rate; and paying the costs of issuance and sale of the bonds.

Interest rates are historically low at this time. Estimates for upcoming debt issue are projected in the 2.63 percent - 2.66 percent range. The overall projected savings by refinancing existing debt is \$5.4 million over 20 years. The low interest rates also make it an excellent time to refinance and issue additional debt for other capital needs.

The City Hall, Parks and Fire Truck debt are Limited Tax General Obligation (LTGO); bonds which

can be issued without voter approval. The Fire Station refinancing is Unlimited Tax General Obligation (UTGO) Bonds which were approved by the voters in 2009.

The total bond issue is \$53,039,238. Following is a summary of the items included in the 2019 debt issue:

City Hall	\$25,168,349	LTGO
Parks Acquisition	\$16,183,865	LTGO
Fire Ladder Truck	\$ 1,921,629	LTGO
Fire Station	\$ 9,765,395	UTGO

**Total Bond Issue**                    **\$53,039,238**

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Approve the ordinance on first reading and forward to second reading. This allows staff to continue with the process to refund existing debt for long-term savings, and provide additional funding for Parks and Fire acquisitions.
2. Direct staff to modify the ordinance and schedule for Council consideration at a future meeting.
3. Do not approve the ordinance. This would stop certain projects and not allow for the reduction in debt service costs from refunding current debt.

**Financial Impact:**

- Refund the LTGO Bonds, 2009B (BABs) - **\$4.3 million projected savings** to the City Hall Debt Fund (225)
- Required refinance of BAN and additional \$2 million for Parks projects - **Low 2.66 percent interest rate** for Capital Improvement Fund (317)
- Additional \$1.9 million for Fire - **Low 2.66 percent interest rate** for Fire Equipment Reserve Fund (331)
- Refund the UTGO Bonds, 2009 - **\$1.1 million projected savings** to the Fire Station Debt Fund (224)

**Attachments:**

Ordinance

CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE of the City of Olympia, Washington providing for the issuance of not to exceed \$52,000,000 aggregate principal amount of limited tax general obligation and refunding bonds to provide funds to finance park property acquisitions and replace a fire ladder truck, to repay a bond anticipation note, and to refund certain outstanding limited tax general obligation bonds of the City; providing for the issuance of not to exceed \$10,500,000 aggregate principal amount of unlimited tax general obligation refunding bonds to provide funds to refund certain outstanding unlimited tax general obligation bonds of the City; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

Passed November 19, 2019

*This document prepared by:*

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*\*The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*



CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE of the City of Olympia, Washington providing for the issuance of not to exceed \$52,000,000 aggregate principal amount of limited tax general obligation and refunding bonds to provide funds to finance park property acquisitions and replace a fire ladder truck, to repay a bond anticipation note, and to refund certain outstanding limited tax general obligation bonds of the City; providing for the issuance of not to exceed \$10,500,000 aggregate principal amount of unlimited tax general obligation refunding bonds to provide funds to refund certain outstanding unlimited tax general obligation bonds of the City; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1.     Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a)     “*2009 UTGO Bonds*” means the City’s Unlimited Tax General Obligation Bonds, 2009, issued pursuant to the 2009 UTGO Bond Ordinance.

(b)     “*2009 UTGO Bond Ordinance*” means Ordinance No. 6667 authorizing the issuance and sale of the 2009 UTGO Bonds.

(c)     “*2009 UTGO Refunding Candidates*” means the outstanding 2009 UTGO Bonds maturing in the years 2020, 2021, 2022, 2024 and 2025 through 2029, inclusive, the refundings of which has been provided for by this ordinance.

(d)     “*2009B LTGO Bonds*” means the City’s Limited Tax General Obligation Bonds, 2009B (Taxable Build America Bonds – Direct Payment), issued pursuant to the 2009B LTGO Bond Ordinance.

(e)     “*2009B LTGO Bond Ordinance*” means Ordinance No. 6653 authorizing the issuance and sale of the 2009B LTGO Bonds.

(f)     “*2009B LTGO Refunding Candidates*” means the outstanding 2009B LTGO Bonds maturing in the years 2021, 2023, 2029 and 2039, the refundings of which has been provided for by this ordinance.

(g)     “*2010 LTGO Bonds*” means the City’s Limited Tax General Obligation Bonds, 2010, issued pursuant to the 2010 LTGO Bond Ordinance.

(h) “*2010 LTGO Bond Ordinance*” means Ordinance No. 6708 authorizing the issuance and sale of the 2010 LTGO Bonds.

(i) “*2010 LTGO Refunding Candidates*” means the outstanding 2010 LTGO Bonds maturing in the years 2020 through 2029, inclusive, the refundings of which has been provided for by this ordinance.

(j) “*2010B LTGO Bonds*” means the City’s Limited Tax General Obligation Bonds, 2010B, issued pursuant to the 2010B LTGO Bond Ordinance.

(k) “*2010B LTGO Bond Ordinance*” means Ordinance No. 6724 authorizing the issuance and sale of the 2010B LTGO Bonds.

(l) “*2010B LTGO Refunding Candidates*” means the outstanding 2010B LTGO Bonds maturing in the years 2021 through 2028, inclusive, the refundings of which has been provided for by this ordinance.

(m) “*Acquired Obligations*” means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

(n) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series.

(o) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(p) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(q) “*Bond Counsel*” means the firm of Foster Garvey PC, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(r) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(s) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(t) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(u) “*City*” means the City of Olympia, Washington, a municipal corporation duly organized and existing under the laws of the State.

(v) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(w) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(x) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(y) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(z) “*Final Terms*” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).

(aa) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(bb) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(cc) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(dd) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated April 12, 1995, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(ee) “*LTGO Bond Fund*” means the Limited Tax General Obligation and Refunding Bond Fund, of the City created for the payment of the principal of and interest on a Series of the LTGO Bonds.

(ff) “*LTGO Refunded Bonds*” means all or a portion of the LTGO Refunding Candidates selected by the Designated Representative to be refunded with proceeds of a Series of the LTGO Bonds and included in a Refunding Plan.

(gg) “*LTGO Refunding Candidates*” means the 2009B LTGO Refunding Candidates, the 2010 LTGO Refunding Candidates and the 2010B LTGO Refunding Candidates.

(hh) “*MSRB*” means the Municipal Securities Rulemaking Board.

(ii) “*Note*” means the City’s Limited Tax General Obligation Bond Anticipation Note, 2019, issued pursuant to Ordinance No. 7193.

(jj) “*Official Statement*” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(kk) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(ll) “*Project*” means financing or refinancing park property acquisitions, replacing a fire ladder truck, and other capital purposes, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

(mm) “*Project Fund*” means the fund or account designated or created by the Fiscal Services Director for the purpose of carrying out the Project.

(nn) “*Purchaser*” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(oo) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(pp) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(qq) “*Refunded Bond Ordinances*” means Ordinances Nos. 6653, 6667, 6708 and 6724, authorizing the issuance of the Refunded Bonds.

(rr) “*Refunded Bonds*” means the LTGO Refunded Bonds and the UTGO Refunded Bonds.

(ss) “*Refunding Candidates*” means the LTGO Refunding Candidates and the UTGO Refunding Candidates.

(tt) “*Refunding Plan*” means:

(1) the placement of sufficient proceeds of a Series of the Bonds which, with other money of the City, if necessary, will be deposited with the Refunding Trustee or may be used to acquire the Acquired Obligations to be deposited along with cash, if necessary, with the Refunding Trustee;

(2) the payment of the principal of and interest on the Refunded Bonds when due up to and including such date or dates determined by the Designated Representative, and the call, payment, and redemption on such date or dates, of all of the then-outstanding Refunded Bonds at a price of par; and

(3) may include the payment of the costs of issuing a Series of the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

(uu) “*Refunding Trust Agreement*” means a Refunding Trust Agreement between the City and the Refunding Trustee.

(vv) “*Refunding Trustee*” means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

(ww) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(xx) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(yy) “*SEC*” means the United States Securities and Exchange Commission.

(zz) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(aaa) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

(bbb) “*State*” means the State of Washington.

(ccc) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

(ddd) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 19 of this ordinance.

(eee) “*UTGO Bond Fund*” means the Unlimited Tax General Obligation Refunding Bond Fund, 2019, of the City created for the payment of the principal of and interest on the UTGO Bonds.

(fff) “*UTGO Refunded Bonds*” means all or a portion of the UTGO Refunding Candidates selected by the Designated Representative to be refunded with proceeds of a Series of the UTGO Bonds and included in a Refunding Plan.

(ggg) “*UTGO Refunding Candidates*” means the 2009 UTGO Refunding Candidates.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of Project.* The City is in need of park property acquisitions and fire ladder truck replacement and other capital projects. The total expected cost of the Project is approximately \$4,000,000, which is expected to be made up of proceeds of the LTGO Bonds and other available money of the City. The City Council therefore finds that it is in the best interests of the City to carry out the Project.

(b) *Authority and Description of the Refunding Plan.*

(1) Pursuant to the 2009B LTGO Bond Ordinance, the City heretofore issued its \$32,810,000 par value Limited Tax General Obligation Bonds, 2009B (Taxable Build America Bonds – Direct Payment) (the “2009B LTGO Bonds”), for the purpose of financing capital expenditures of the acquisition of a new city hall, and by that ordinance reserved the right to redeem the 2009B LTGO Bonds maturing on December 15 in the years 2021, 2023, 2029 and 2039 (with an interest rate of 6.743%), prior to their maturity on or after December 15, 2019, at a price of par plus accrued interest to the date fixed for redemption, and to redeem the 2009B LTGO Bonds maturing on December 15, 2039 (with an interest rate of 6.143%) on any date at a redemption price equal to the greater of (i) 100% of the principal amount of such 2009B LTGO Bonds plus accrued and unpaid interest on such 2009B LTGO Bonds being redeemed to the date fixed for redemption; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such 2009B Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the 2009B LTGO Bond Ordinance) plus 30 basis points (the “2009B LTGO Refunding Candidates”).

(2) There are presently \$32,810,000 par value of 2009B LTGO Refunding Candidates outstanding.

(3) Pursuant to the 2009 UTGO Bond Ordinance, the City heretofore issued its \$16,180,000 par value Unlimited Tax General Obligation Bonds, 2009 (the “2009 UTGO Bonds”), for the purpose of financing costs of constructing a fourth fire station, a fire training center and the acquiring of two fully-equipped fire engines and a ladder truck, and by that ordinance reserved the right to redeem the 2009 UTGO Bonds maturing on and after December 1, 2020, prior to their maturity on or after December 1, 2019, at a price of par plus accrued interest to the date fixed for redemption (the “2009 UTGO Refunding Candidates,” or the “UTGO Refunding Candidates”).

(4) There are presently \$10,400,000 par value of 2009 UTGO Refunding Candidates outstanding.

(5) Pursuant to the 2010 LTGO Bond Ordinance, the City heretofore issued its \$5,865,000 par value Limited Tax General Obligation Bonds, 2010 (the “2010 LTGO Bonds”), for the purpose of financing costs of transportation projects, and by that ordinance reserved the right to redeem the 2010 LTGO Bonds maturing on and after December 15, 2020, prior to their

maturity on or after June 15, 2020, at a price of par plus accrued interest to the date fixed for redemption (the “2010 LTGO Refunding Candidates”).

(6) There are presently \$3,795,000 par value of 2010 LTGO Refunding Candidates outstanding.

(7) Pursuant to the 2010B LTGO Bond Ordinance, the City heretofore issued its \$5,670,000 par value Limited Tax General Obligation Bonds, 2010B (the “2010B LTGO Bonds”), for the purpose of financing costs of constructing a portion of the Hands on Children’s Museum, and by that ordinance reserved the right to redeem the 2010B LTGO Bonds maturing on and after June 15, 2021, prior to their maturity on or after June 15, 2020, at a price of par plus accrued interest to the date fixed for redemption (the “2010B LTGO Refunding Candidates,” and collectively with the 2009B LTGO Refunding Candidates and the 2010 LTGO Refunding Candidates, the “LTGO Refunding Candidates,” and together with the UTGO Refunding Candidates, the “Refunding Candidates”).

(8) There are presently \$3,675,000 par value of 2010B LTGO Refunding Candidates outstanding.

(9) After due consideration, it appears to the City Council that all or a portion of the LTGO Refunding Candidates may be refunded by a portion of the issuance and sale of the limited tax general obligation refunding bonds authorized herein and that that all or a portion of the UTGO Refunding Candidates may be refunded by a portion of the issuance and sale of the unlimited tax general obligation refunding bonds authorized herein, so that a savings will be effected by the difference between the principal and interest cost over the life of the portion of the applicable Bonds used for the Refunding Plan and the principal and interest cost over the life of the applicable Refunded Bonds but for such refunding, which refunding will be effected by carrying out the Refunding Plan.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$62,500,000. Based on the following facts, up to \$52,000,000 of this amount is to be issued for the LTGO Bonds within the amount permitted to be issued by the City for general municipal purposes without a vote, and up to \$10,500,000 of this amount is to be issued for the UTGO Bonds within the amount permitted to be issued by the City with voter approval for general municipal purposes:

- (1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2019 is \$7,134,825,096.
- (2) As of July 31, 2019, the City had limited tax general obligation indebtedness, consisting of bonds, notes, loans and leases outstanding in the principal amount of \$62,807,528, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.
- (3) As of July 31, 2019, the City had unlimited tax general obligation indebtedness for capital purposes only outstanding in the principal amount

of \$10,400,000 for general municipal purposes. The indebtedness described in this paragraph has been incurred with the approval of the requisite proportion of the City's qualified voters at an election meeting the minimum turnout requirements, within the limit of up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness), 2½% for utility purposes and 2½% for open space, parks and economic development purposes.

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Project, to repay the Note, to refund the Refunded Bonds and to pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Purchaser(s), pursuant to the terms as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation and refunding bonds evidencing indebtedness in one or more Series in aggregate principal amount not to exceed \$52,000,000 to provide funds necessary to carry out the Project, to repay the Note, to refund the LTGO Refunded Bonds and to pay the costs of issuance and sale of the LTGO Bonds. The proceeds of the Series of LTGO Bonds allocated to paying the cost of the Project shall be deposited as set forth in Section 8 of this ordinance and shall be used to carry out the Project, or a portion of the Project, in such order of time as the City determines is advisable and practicable.

The City is authorized to borrow money on the credit of the City and issue negotiable unlimited tax general obligation refunding bonds evidencing indebtedness in one or more Series in aggregate principal amount not to exceed \$10,500,000 to provide funds necessary to refund the UTGO Refunded Bonds and to pay the costs of issuance and sale of the UTGO Bonds.

Section 4. Description of the Bonds; Appointment of Designated Representative. The Administrative Services Director, or the Fiscal Services Director in the absence of the Administrative Services Director, is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the following parameters:

(a) The LTGO Bonds may be issued in one or more Series, and the aggregate principal amount of the LTGO Bonds shall not exceed \$52,000,000, and the UTGO Bonds may be issued in one or more Series, and the aggregate principal amount of the UTGO Bonds shall not exceed \$10,500,000;

(b) One or more rates of interest may be fixed for the Bonds as long as no rate of interest for any maturity of the Bonds exceeds 6.00%;

(c) The true interest cost to the City for each Series of Bonds does not exceed 5.00%;



(d) The aggregate purchase price for each Series of Bonds shall not be less than 95% and not more than 135% of the aggregate stated principal amount of the Bonds, excluding any original issue discount;

(e) The Bonds may be issued subject to optional and mandatory redemption provisions;

(f) The Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the Bonds is not later than December 31, 2020;

(g) There is a minimum net present value savings of 3.00% of the Refunded Bonds; and

(h) Each Series of LTGO Bonds shall mature no later than December 31, 2040 and each Series of UTGO Bonds shall mature no later than December 1, 2029.

In order to issue the Series of Bonds used to refund the 2010B LTGO Refunding Candidates as qualified 501(c)(3) bonds, the City Council authorizes the Designated Representative to hold a Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing, if necessary.

In addition, a Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City’s legal debt capacity on the Issue Date. The Designated Representative may determine whether it is in the City’s best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

In determining the number of series, the series designations, final principal amounts, date of the Bonds, denominations, interest rates, payment dates, redemption provisions, tax status, and maturity dates for the Bonds, the Designated Representative, in consultation with other City officials and staff and advisors, shall take into account those factors that, in her or his judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the Bonds.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties

under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Only Form.* If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

#### Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor or acting City Manager and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or

her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: “Certificate Of Authentication. This Bond is one of the fully registered City of Olympia, Washington, [Unlimited/Limited] Tax General Obligation [and] Refunding Bonds, 2019 (or such other year of issuance), described in the Bond Ordinance.” The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Funds and Accounts; Deposit of Proceeds.

(a) *LTGO Bond Fund.* The LTGO Bond Fund is created as a special fund of the City for the sole purpose of paying principal of and interest and any redemption premium on the LTGO Bonds. LTGO Bond proceeds in excess of the amounts needed to pay the costs of the Project, repay the Note, pay the costs of the Refunding Plan allocated to the LTGO Refunded Bonds, and the costs of issuance, if any, shall be deposited into the LTGO Bond Fund. All amounts allocated to the payment of the principal of and interest on the LTGO Bonds shall be deposited in the LTGO Bond Fund as necessary for the timely payment of amounts due with respect to the LTGO Bonds. The principal of and interest on the LTGO Bonds shall be paid out of the LTGO Bond Fund. Until needed for that purpose, the City may invest money in the LTGO Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the LTGO Bond Fund and used for the purposes of that fund.

(b) *UTGO Bond Fund.* The UTGO Bond Fund is created as a special fund of the City for the sole purpose of paying principal of and interest and any redemption premium on the UTGO Bonds. UTGO Bond proceeds in excess of the amounts needed to pay the costs of the

Refunding Plan allocated to the UTGO Refunded Bonds and the costs of issuance, if any, shall be deposited into the UTGO Bond Fund. All amounts allocated to the payment of the principal of and interest on the UTGO Bonds shall be deposited in the UTGO Bond Fund as necessary for the timely payment of amounts due with respect to the UTGO Bonds. The principal of and interest on the UTGO Bonds shall be paid out of the UTGO Bond Fund. Until needed for that purpose, the City may invest money in the UTGO Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the UTGO Bond Fund and used for the purposes of that fund.

(c) *Note Fund.* Proceeds of the LTGO Bonds used to repay the Note will be deposited into the Note Fund, or sent directly to Cashmere Valley Bank, as registered owner of the Note.

(d) *Project Fund.* The Project Fund has been previously created as a fund of the City for the purpose of paying the costs of the Project. Proceeds received from the sale and delivery of the LTGO Bonds and allocated to the Project, shall be deposited into the Project Fund and used to pay the costs of the Project and may be used to pay costs of issuance of the LTGO Bonds. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

#### Section 9. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4 and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the

Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Officer shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 10. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the LTGO Bond Fund for any Series of the LTGO Bonds, and in the UTGO Bond Fund for any Series of the UTGO Bonds, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available, including sales tax received from the Capital Area Regional Public Facilities District for the

refunding of the 2010B Bonds and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the LTGO Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the LTGO Bonds as the same become due.

For as long as any of the UTGO Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without limitation as to rate or amount, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the UTGO Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

#### Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bonds.* The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds that will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance.* The Administrative Services Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

(c) *TEFRA Hearing.* In order to issue the Series of Bonds used to refund the 2010B LTGO Refunding Candidates as qualified 501(c)(3) bonds, the City Council authorizes the Designated Representative to advertise and hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing, if necessary.

(d) *Designation of a Series of Bonds as "Qualified Tax-Exempt Obligations."* A Series of the Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

- (1) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to

issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000; and

- (3) the amount of tax-exempt obligations, including the Series, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000.

Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 14. Refunding of the Refunded Bonds.

(a) *Appointment of Refunding Trustee.* The Designated Representative is authorized to appoint a Refunding Trustee in connection with the Bonds.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* The proceeds of the sale of a Series of the Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City relating to the applicable Refunded Bonds under the respective Refunding Bond Ordinance by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully with Bond proceeds by the Refunding Trustee’s simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations, if acquired, will be listed and more particularly described in an exhibit to be attached to the Refunding Trust Agreement between the City and the Refunding Trustee, but are subject to substitution as set forth below. Any Bond proceeds or

other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bonds shall be returned to the City at the time of delivery of the Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date.

If payment of the costs of issuance of the respective Series of Bonds is not included in the Refunding Plan, the Bond proceeds from that Series that are not deposited with the Refunding Trustee will be deposited with the City to be used to pay the costs of issuance of the respective Series of Bonds. Any additional proceeds of the respective Series of Bonds may be deposited into the respective Bond Fund and used to pay interest on the respective Series of Bonds on the first interest payment date.

(c) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute other direct, noncallable obligations of the United States of America (“Substitute Obligations”) for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, (a) in the opinion of the City’s bond counsel, the interest on the Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations, if any, by the Refunding Trustee, the City reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bonds or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Bonds and the Refunded Bonds, as applicable, and that the City obtain, at its expense: (1) a verification by a nationally recognized independent firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from a nationally recognized bond counsel to the City, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Bonds, will not cause the interest on the Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bonds. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

(d) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations), if so directed by the Designated Representative, and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the



Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the respective Refunding Bond Ordinances, this ordinance, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the respective Series of Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the respective Series of Bonds, including bond printing, verification fees, Bond Counsel's fees, and other related expenses, shall be paid out of the proceeds of the respective Series of Bonds.

(e) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan provided for by this ordinance, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Designated Representative of the City is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 15. Call for Redemption of the Refunded Bonds. The City will call for redemption on such date or dates as determined by the Designated Representative, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date(s) on which the Refunded Bonds are herein called for redemption will be the first date on which those bonds may be called.

The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required by the respective Refunding Bond Ordinances, in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 16. Findings with Respect to Refunding. The City Council authorizes the Designated Representative to issue the Bonds if it will achieve debt service savings to the City and is in the best interest of the City and its taxpayers and in the public interest. In making such finding and determination, the Designated Representative will give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds and other money of the City used in the Refunding Plan, if any, pending payment and redemption of the Refunded Bonds.

The Designated Representative may also purchase Acquired Obligations to be deposited with the Refunding Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the City under the respective Refunding Bond Ordinances with respect to the respective Refunded Bonds, and the pledges, charges, trusts,

covenants, and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 17. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement.* If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Final Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of each Series of the Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase that Series of the Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance, and such award shall constitute the Bond Purchase Agreement. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, that Series of the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 18. Official Statement.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to her or him, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so delivered to purchasers and potential purchasers of a Series of the Bonds.

Section 19. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser(s) acting as a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) *Undertaking to Provide Annual Financial Information and Notice of Listed Events.* The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(1) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) ("annual financial information");

(2) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;

(I) defeasances; (J) release, substitution, or sale of property securing repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(3) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(1) Shall consist of (A) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (B) principal amount of general obligation bonds outstanding at the end of the applicable fiscal year; (C) assessed valuation for that fiscal year; and (D) regular property tax levy amount and rate for the fiscal year;

(2) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2019; and

(3) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice

to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute an event of default. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director or his or her designee is the person designated to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(1) Preparing and filing the annual financial information undertaken to be provided;

(2) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(3) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(4) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(5) Effecting any necessary amendment of this undertaking.

Section 20. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the City.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 21. General Authorization and Ratification. The Mayor, City Manager, City Clerk, Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 22. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 23. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Olympia, Washington, at an open public meeting thereof, this 19<sup>th</sup> day of November, 2019, and signed in authentication of its passage this 19<sup>th</sup> day of November, 2019.

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Mayor

ATTEST:

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City Clerk

APPROVED AS TO FORM:

  
Bond Counsel

## CERTIFICATION

I, the undersigned, City Clerk of the City of Olympia, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. \_\_\_\_ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on November 19, 2019, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City’s official newspaper, which publication date is expected to be November \_\_, 2019.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: November 19, 2019.

CITY OF OLYMPIA, WASHINGTON

\_\_\_\_\_  
City Clerk





## City Council

### Approval of an Ordinance to Provide Authority to Issue Revenue Refunding Bonds

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 4.I  
**File Number:** 19-1047

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**Type:** ordinance **Version:** 1 **Status:** 1st Reading-Consent

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**Title**

Approval of an Ordinance to Provide Authority to Issue Revenue Refunding Bonds

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee

**City Manager Recommendation:**

Move to approve the Ordinance authorizing issuance of Revenue Refunding Bonds on first reading and forward to second reading.

**Report**

**Issue:**

Whether to approve Ordinance authorizing issuance of Revenue Refunding Bonds

**Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

**Presenter(s):**

None - Consent Calendar Item.

**Background and Analysis:**

This Ordinance provides fiscal authority to provide funds necessary to refund existing City Revenue Bond Debt at a substantially lower interest rate and to pay the costs of issuance and sale of these bonds.

Interest rates are historically low (2.05% - 2.138%) making it an excellent time to repay existing bonds. The overall savings to the Drinking Water and Wastewater Utilities is projected to be \$816,704 over 10 years.

This debt issue would take place after February 2020 when the 2010 bonds become eligible for refunding. The following is the breakdown of the items incorporated into this 2020 proposed debt issue:

2007 Water and Sewer Revenue Bonds	\$4,267,509
2010 Water and Sewer Revenue Bonds	<u>\$4,272,257</u>
Total Revenue Bond	\$8,539,766

**Neighborhood/Community Interests (if known):**

Lowering the debt service expense to the utilities may help stabilize customer rates.

**Options:**

1. Approve the ordinance on first reading and forward to second reading. This allows staff to continue with the process to refund the debt for long-term savings.
2. Direct staff to modify the ordinance and schedule for Council consideration at a future meeting.
3. Do not approve the ordinance. This would not allow for the reduction in debt service costs from refunding current debt.

**Financial Impact:**

Refunding the Water/Sewer Revenue Bonds, 2007 results in a projected savings to the Water Bond Redemption Fund (417) in the amount of \$346,257. Refunding the 2010 Water/Sewer Revenue Bonds results in a projected savings of \$470,447 to the Water Bond Redemption Fund (417).

**Attachments:**

Ordinance

CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE of the City of Olympia, Washington, providing for the issuance of not to exceed \$9,000,000 principal amount of water and sewer revenue refunding bonds in one or more series to refund certain outstanding water and sewer bonds of the City; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

Passed: November 19, 2019

*This document prepared by:*

*Foster Garvey P.C.  
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CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE of the City of Olympia, Washington, providing for the issuance of not to exceed \$9,000,000 principal amount of water and sewer revenue refunding bonds in one or more series to refund certain outstanding water and sewer bonds of the City; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

WHEREAS, the City of Olympia, Washington (the "City") owns, operates and maintains a water supply and distribution system and a sanitary sewage disposal system, which systems were combined pursuant to RCW 35.67.320 by Ordinance No. 3298, passed on March 17, 1964 (the combined systems as heretofore and hereafter added to, improved and extended are referred to as the "Waterworks Utility"); and

WHEREAS, pursuant to Ordinance No. 6481 (the "2007 Ordinance"), the City issued \$8,000,000 principal amount of its "Water and Sewer Revenue Bonds, 2007" (the "2007 Bonds"), secured by a pledge of revenues of the Waterworks Utility, to finance certain capital improvements to the Waterworks Utility; and

WHEREAS, pursuant to the 2007 Ordinance, the City reserved the right to redeem the 2007 Bonds maturing on and after November 1, 2017, prior to their maturity on or after May 1, 2017, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, pursuant to Ordinance No. 6714 (the "2010 Ordinance"), the City issued \$6,485,000 principal amount of its "Water and Sewer Revenue Bonds, 2010" (the "2010 Bonds"), secured by a pledge of revenues of the Waterworks Utility, to finance certain capital improvements to the Waterworks Utility; and

WHEREAS, pursuant to the 2010 Ordinance, the City reserved the right to redeem the 2010 Bonds maturing on and after November 1, 2020, prior to their maturity on or after May 1, 2020, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently \$4,150,000 principal amount of 2007 Bonds outstanding (the "2007 Refunding Candidates"), and \$4,145,000 principal amount of 2010 Bonds outstanding, all of which may be refunded (the "2010 Refunding Candidates," and together with the 2007 Refunding Candidates, the "Refunding Candidates"); and

WHEREAS, after due consideration, it appears to the City Council that all or a portion of the Refunding Candidates (the "Refunded Bonds") may be refunded by the issuance and sale of the bonds authorized herein so that a savings will be effected by the difference between the principal and interest cost over the life of the Bonds and the principal and interest cost over the

life of the Refunded Bonds but for such refunding, which refunding will be effected by carrying out the Refunding Plan (as defined herein); and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the City it may be found necessary and advisable that certain Acquired Obligations bearing interest and maturing at such time or times as necessary to accomplish the refunding as aforesaid be purchased out of a portion of the proceeds of the Bonds; and

WHEREAS, pursuant to Ordinance No. 6860 of the City, along with the Certificate of Determination as authorized by such ordinance (the “2013 Ordinance”), the City issued \$7,780,000 principal amount of its “Water and Sewer Revenue and Refunding Bonds, 2013” (the “2013 Bonds”), secured by a pledge of revenues of the Waterworks Utility, to finance certain capital improvements to the Waterworks Utility and refund certain water and sewer revenue bonds; and

WHEREAS, in order to refund the Refunded Bonds and pay the costs of issuance and sale of the Bonds, it is hereby found necessary and advisable that the City issue its water and sewer revenue refunding bonds in one or more series (the “Bonds”) with a lien on the revenues of the Waterworks Utility equal to the 2007 Bonds, the 2010 Bonds and the 2013 Bonds;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

“2007 Bonds” means the outstanding “Water and Sewer Revenue Bonds, 2007” issued pursuant to the 2007 Ordinance.

“2007 Ordinance” means Ordinance No. 6481 authorizing the issuance of the 2007 Bonds.

“2007 Refunding Candidates” means the outstanding 2007 Bonds of the City maturing in the years 2020 through 2027, inclusive, issued pursuant to Ordinance No. 6481, the refunding of which has been provided for by this ordinance.

“2010 Bonds” means the outstanding “Water and Sewer Revenue Bonds, 2010” issued pursuant to the 2010 Ordinance.

“2010 Ordinance” means Ordinance No. 6714 authorizing the issuance of the 2010 Bonds.

“2010 Refunding Candidates” means the outstanding 2010 Bonds of the City maturing in the years 2020, 2022, 2024, 2026, 2028 and 2030, issued pursuant to Ordinance No. 6714, the refunding of which has been provided for by this ordinance.

“2013 Bonds” means the outstanding “Water and Sewer Revenue and Refunding Bonds, 2013” issued pursuant to the 2013 Ordinance.

“*2013 Ordinance*” means Ordinance No. 6860 authorizing the issuance of the 2013 Bonds.

“*Acquired Obligations*” means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

“*Annual Debt Service*” for any fiscal year or calendar year means the sum of:

- (A) the interest due in such year on all outstanding Parity Bonds excluding, however, interest to be paid from the proceeds of Parity Bonds, and any Payment Agreement Payments due in such year and less the federal credit for a portion of interest on Future Parity Bonds if permitted to be deducted as provided in Section 12(B),
- (B) the principal of all outstanding Serial Bonds due in such year, and
- (C) the Sinking Fund Requirement, if any, for such year.

If the interest rate on any such bonds is other than a fixed rate, the rate applicable at the time of the computation shall be used.

Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be calculated by the City to reflect the net economic effect on the City intended to be produced by the terms of such Parity Bonds and the terms of such Payment Agreement, in accordance with the requirements applicable to such Payment Agreement.

“*Assessments*” means assessments (including interest and penalties) levied in any utility local improvement district of the City for the acquisition or construction of additions and improvements to and extension of the System, if such assessments are pledged to be paid into the Bond Fund.

“*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series for those Series of Bonds sold through a negotiated or competitive sale, and in any denomination designated by the Designated Representative for those Series of Bonds sold by private placement.

“*Average Annual Debt Service*” means the amount determined by dividing (A) the sum of all interest and principal to be paid on all Parity Bonds from the date of determination to the last maturity date of such Parity Bonds, by (B) the number of fiscal years or calendar years from and including the fiscal year or calendar year in which the determination is made to the last fiscal year or calendar year in which any of such Parity Bonds will be outstanding.

“*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

“*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

“*Bond Counsel*” means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

“*Bond Fund*” means that special fund of the City known as the “Water and Sewer Revenue Bond Redemption Fund,” created pursuant to Section 9 of Ordinance No. 6102 for the payment of principal of and interest on the Parity Bonds.

“*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City shall constitute the Bond Purchase Agreement for purposes of this ordinance.

“*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

“*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City for any Series of Bonds sold by negotiated or competitive sale, and means the City’s Fiscal Services Director or any successor bond registrar selected for any Series of Bonds sold by private placement.

“*City*” means the City of Olympia, Washington, a municipal corporation duly organized and existing under the laws of the State.

“*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

“*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“*Debt Service Account*” means the account of that name in the Bond Fund created pursuant to Section 9 of Ordinance No. 6102.

“*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

“*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

“*Final Terms*” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).



“*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“*Future Parity Bonds*” means all revenue bonds or other revenue obligations of the City issued after the date of the issuance of the Bonds and having a lien upon Gross Revenue for the payment of the principal thereof and interest thereon equal to the lien upon Gross Revenue for the payment of the principal of and interest on the Parity Bonds.

“*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

“*Gross Revenue*” means all earnings, revenue and money, except Assessments, received by the City from or on account of the operation of the System, including proceeds from the sale, lease or other disposition of any of the properties or facilities of the System, and the income from investments of money in the Revenue Fund and any bond fund or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. The words “Gross Revenue” shall not include grants or bond proceeds, but shall include federal or state reimbursements of operating expenses to the extent such expenses are included as “Operation and Maintenance Expenses.”

“*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

“*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated April 12, 1995, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Net Revenue*” means Gross Revenue less the Operation and Maintenance Expenses.

“*Operation and Maintenance Expenses*” means all of those expenses incurred in the operation and maintenance of the System, including but not limited to general administrative expenses and payments to the LOTT Wastewater Alliance or any other governmental or private entity for the purchase of water supply and sewage treatment and disposal services, but not including depreciation and City imposed taxes and payments to be made in lieu of City taxes.

“*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

“*Parity Bonds*” means the 2007 Bonds, the 2010 Bonds, the 2013 Bonds, the Bonds and any Future Parity Bonds.

“*Payment Agreement*” means, to the extent permitted from time to time by applicable law, a written agreement entered into by the City (A) in connection with or incidental to the issuance, incurring or carrying of any Parity Bonds; (B) for the purpose of managing or reducing the City’s exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes; (C) with a Qualified

Counterparty; and (D) which provides, on either a current or forward basis, for an exchange of payments determined in accordance with a formula specified therein.

*“Payment Agreement Payments”* means the amounts periodically required to be paid by the City to the Qualified Counterparty pursuant to a Payment Agreement. The term *“Payment Agreement Payments”* does not include any termination payment required to be paid with respect to a Payment Agreement.

*“Payment Agreement Receipts”* means the amounts periodically required to be paid by the Qualified Counterparty to the City pursuant to a Payment Agreement.

*“Permitted Investments”* means any investments or investment agreements permitted for cities under the laws of the State of Washington as amended from time to time.

*“Professional Utility Consultant”* means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with water and wastewater systems of comparable size and character to the System in such areas as are relevant to the purposes for which they are retained.

*“Purchaser”* means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

*“Qualified Counterparty”* means with respect to a Payment Agreement an entity (A) whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Payment Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the Payment Agreement is entered into) at least as high as A3 by Moody’s and A- by S&P, or the equivalent thereof by any successor thereto, and (B) who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

*“Qualified Insurance”* means any unconditional municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by Moody’s Investors Service and S&P Global Ratings, or their comparably recognized business successors, or rated in one of the three highest rating categories by either Moody’s Investors Service or S&P Global Ratings, once the 2007 Bonds, the 2010 Bonds and the 2013 Bonds are no longer outstanding.

*“Qualified Letter of Credit”* means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest rating categories by Moody’s Investors Service or S&P Global Ratings, or their comparably recognized business successors, or

rated in one of the three highest rating categories by either Moody's Investors Service or S&P Global Ratings, once the 2007 Bonds, the 2010 Bonds and the 2013 Bonds are no longer outstanding.

*"Rate Stabilization Account"* means the account of that name authorized to be created within the Revenue Fund pursuant to Section 11 of this ordinance.

*"Rating Agency"* means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

*"Rebate Amount"* means the amount, if any, determined to be payable with respect to the Bonds to the United States of America in accordance with Section 148(f) of the Code.

*"Record Date"* means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 8.

*"Refunded Bond Ordinances"* means Ordinances No. 6481 and 6714, authorizing the issuance of the Refunded Bonds.

*"Refunded Bonds"* means all or a portion of the Refunding Candidates selected by the Designated Representative to be refunded with proceeds of a Series of Bonds and included in a Refunding Plan.

*"Refunding Candidates"* means the 2007 Refunding Candidates and the 2010 Refunding Candidates.

*"Refunding Plan"* means:

(A) the placement of sufficient proceeds of a Series of the Bonds which, with other money of the City, if necessary, will be deposited with the Refunding Trustee or may be used to acquire the Acquired Obligations to be deposited along with cash, if necessary, with the Refunding Trustee;

(B) the payment of the principal of and interest on the Refunded Bonds when due up to and including such date or dates determined by the Designated Representative, and the call, payment, and redemption on such date or dates, of all of the then-outstanding Refunded Bonds at a price of par; and

(C) may include the payment of the costs of issuing a Series of the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

*"Refunding Trust Agreement"* means a Refunding Trust Agreement between the City and the Refunding Trustee.

*"Refunding Trustee"* means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

“*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book–entry system for a Series of the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

“*Reserve Account*” means the account of that name created in the Bond Fund pursuant to Section 9 of Ordinance No. 6102 to secure the payment of principal of and interest on the Parity Bonds secured by such account. If allowed pursuant to Section 12(B), the Designated Representative shall determine whether a Series of the Bonds will be secured by the Reserve Account, or whether to create a separate reserve account to secure such Series of the Bonds.

“*Reserve Account Requirement*” means with respect to all outstanding Parity Bonds secured by the Reserve Account, the lesser of (A) 125% of Average Annual Debt Service for such bonds, or (B) maximum Annual Debt Service for such bonds; provided, however, that at the time of issuance of any series of Parity Bonds secured by such Reserve Account, the Reserve Account Requirement allocable to such series of Parity Bonds shall not exceed 10% of the initial principal amount of that series of Parity Bonds. The reserve account requirement for a separate reserve account means the amount, if any, established by (1) the Designated Representative or (2) an ordinance authorizing any Future Parity Bonds.

“*Revenue Fund*” means that special fund within the Waterworks Utility of the City created by Ordinance No. 3841 known as the “Water and Sewer Revenue Fund,” into which the City has pledged to pay all of the Gross Revenue of the System as collected.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“*SEC*” means the United States Securities and Exchange Commission.

“*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it.

“*Serial Bonds*” means Parity Bonds other than Term Bonds.

“*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

“*Sinking Fund Requirement*” means, for any fiscal year or calendar year, the principal amount of Term Bonds required to be purchased, redeemed or paid at maturity in such year as established by the ordinance of the City authorizing the issuance of such Term Bonds.

“*State*” means the State of Washington.

“*System*” or “*Waterworks Utility*” means the combined water and sewerage system of the City, excluding the LOTT joint-use facilities previously transferred by the City to the LOTT Wastewater Alliance, as the same may be added to, improved and extended for as long as any of the Parity Bonds are outstanding.

“*Term Bonds*” means the Bonds identified as such, if any, and any Future Parity Bonds identified as Term Bonds in the ordinance authorizing the issuance thereof, the payment of the principal of which is provided for by a mandatory schedule of deposits of money equal (in the aggregate) to the full principal amount of such Term Bonds, into the Bond Fund, and by a mandatory redemption schedule corresponding (as to time and amounts) to such mandatory schedule of deposits.

“*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 27 of this ordinance.

Section 2. Compliance with Parity Bonds. In accordance with the provisions of the 2007 Ordinance, the 2010 Ordinance and the 2013 Ordinance, which permits the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

- (A) The Bonds are being issued to refund certain outstanding Parity Bonds.
- (B) There is not now and at the time of the delivery of a Series of the Bonds there shall not be any deficiency in the Bond Fund or in any of the accounts therein.
- (C) This ordinance provides for payments out of the Bond Fund to repay the Bonds and provides for payments into the Reserve Account (or other reserve account) of amounts and at the times required by the 2007 Ordinance, the 2010 Ordinance and the 2013 Ordinance.
- (D) At the time of issuance of a Series of Bonds, there will be on file with the City a certificate as provided by Section 14 of the 2007 Ordinance, Section 15 of the 2010 Ordinance and Section 18 of the 2013 Ordinance.

The applicable conditions of Section 14 of the 2007 Ordinance, Section 15 of the 2010 Ordinance and Section 18 of the 2013 Ordinance having been complied with in connection with the issuance of a Series of the Bonds, the pledge contained herein of Net Revenue of the System to pay and secure the payment of a Series of the Bonds shall constitute a lien and charge upon such Net Revenue equal in rank with the lien and charge upon the Net Revenue to pay and secure the payment of the 2007 Bonds, the 2010 Bonds and the 2013 Bonds.

Section 3. Authorization of the Bonds. The City shall now issue and sell one or more Series of the Bonds in the aggregate principal amount of not to exceed \$9,000,000 for the purpose of refunding the Refunded Bonds, funding the Reserve Account, if necessary or determined by the Designated Representative, and paying costs of issuance of the Bonds.

Section 4. Description of the Bonds; Appointment of Designated Representative. The Administrative Services Director, or the Fiscal Services Director in the absence of the Administrative Services Director, is appointed as the Designated Representative of the City and is authorized and directed to conduct the sale of a Series of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the following parameters:

(A) *Principal Amount.* The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$9,000,000.

(B) *Date or Dates.* The Bonds shall be dated as of its date of delivery to the Underwriter, which date may not be later than December 31, 2020.

(C) *Denominations, Series Designation, etc.* The Bonds must be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(D) *Interest Rate(s).* The Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 6.00%, and the “all-in” true interest cost to the City for the Bonds may not exceed 5.00%.

(E) *Payment Dates.* Interest must be payable at fixed rates semiannually on such dates as are acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a payment date acceptable to the Designated Representative and must be payable at maturity or in mandatory redemption installments on such dates as are acceptable to the Designated Representative.

(F) *Final Maturity.* The Bonds shall mature no later than November 1, 2030.

(G) *Redemption Rights.* In his or her discretion, the Designated Representative may approve provisions for the optional and mandatory redemption of Bonds, as follows:

(i) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices established by the Designated Representative; or (B) not subject to redemption prior to its maturity date.

(ii) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts established by the Designated Representative.

(H) *Price.* The purchase price for a Series of the Bonds may not be less than 95% or more than 135% of the stated principal amount of such Series of the Bonds.

(I) *Savings.* There is a minimum net present value savings of 3.00% of the Refunded Bonds.

(J) *Reserve Account.* The Designated Representative shall determine whether (i) the Reserve Account Requirement of a Series of Bonds is funded with Bond proceeds or System Revenues to be deposited in five approximately equal payments and (ii) once sufficient

Owners of Parity Bond has consented, whether such Series of Bonds will be secured by the Reserve Account.

(K) *Other Terms and Conditions.*

(i) The Bonds may be sold in accordance with Section 24 of this ordinance.

(ii) The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(A) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(B) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar for any Series of Bonds sold by negotiated or competitive sale. The City's Fiscal Services Director will be appointed as the initial Bond Registrar for any Series of Bonds sold by private placement. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner of a Bond with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

(C) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(D) *Securities Depository; Book-Entry Only Form.* If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry

only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(A) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor or acting City Manager and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(B) *Authentication.* Only Bonds bearing a Certificate of Authentication in substantially the form as shown in Section 19 signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For as long as a Bond is registered in the name of the Securities Depository, payment of principal of and interest on that Bond shall be made in the manner set forth in the Letter of Representations. If a Bond ceases to be in book-entry form, interest on that Bond shall be paid by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner



at the address appearing on the Bond Register as of the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least 10 days before an interest payment date and at the sole expense of the requesting Registered Owner. Principal of a Bond shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Redemption Provisions and Purchase of Bonds.

(A) *Optional Redemption.* The Bonds shall be subject to redemption or prepayment at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4.

(B) *Mandatory Redemption.* Each Bond that is designated as a Term Bond consistent with the parameters set forth in Section 4 and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(C) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(D) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each

Rating Agency, and to such other persons and with such additional information as the Finance Officer shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(E) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(F) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(G) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 9. Failure to Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Revenue Fund. There has heretofore been created a special fund of the City known as the “Water and Sewer Revenue Fund” (the “Revenue Fund”) into which the City has pledged to pay all of the Gross Revenues of the Waterworks Utility as collected and into which the City pledges to continue to pay all of the Gross Revenue of the System.

The Gross Revenue deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

FIRST, to pay the Operation and Maintenance Expenses and to maintain a balance in the Revenue Fund sufficient in amount to enable the City to continuously meet Operation and Maintenance Expenses on a current basis;

SECOND, to make all payments required to be made into the Bond Fund to pay interest on any Parity Bonds;

THIRD, to make all payments required to be made into the Bond Fund to pay the maturing principal of any Serial Bonds, to make all payments required to be made into the Bond Fund to satisfy the Sinking Fund Requirement and to make any Payment Agreement Payments with respect to any Payment Agreements;

FOURTH, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with Qualified Insurance or a Qualified Letter of Credit; provided that if there is not sufficient money to make all payments under any reimbursement agreements the payments will be made on a pro rata basis;

FIFTH, to make all payments required to be made into the Reserve Account or separate reserve account to secure the payment of the principal of and interest on outstanding Parity Bonds, as applicable;

SIXTH, to make all payments required to be made into any revenue bond redemption fund, revenue warrant redemption fund, debt service account, reserve account or bond retirement account created to pay and secure the payment of the principal of and interest on any revenue bonds, or revenue warrants or other revenue obligations of the City having a lien upon Gross Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

SEVENTH, to retire by redemption or purchase in the open market any outstanding water and sewer revenue bonds, water and sewer revenue warrants or other water and sewer revenue obligations of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, to make deposits into the Rate Stabilization Account, or for any other lawful City purposes.

Section 11. Rate Stabilization Account. A special account of the City to be designated the “Water and Sewer Rate Stabilization Account” (the “Rate Stabilization Account”) is hereby authorized to be continued within the Revenue Fund, at the discretion of the Administrative Services Director or Financial Services Director, to cope with future increases in revenue requirements of the System. In accordance with the provisions of Section 10 of this ordinance, the City may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom to prevent or mitigate water and sewer rate increases or for other lawful purposes of the City related to the System. Amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenue for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period for which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Revenue Fund.

Section 12. Bond Fund. There has been created in the office of the Administrative Services Director a fund of the City known as the “Water and Sewer Revenue Bond Redemption Fund” (the “Bond Fund”), which fund shall be drawn upon for the sole purpose of paying the principal of, premium if any, and interest on the Bonds, the 2007 Bonds, the 2010 Bonds, the 2013 Bonds and any Future Parity Bonds. The money in the Bond Fund shall be kept separate and apart from all other funds and accounts of the City.

(A) Debt Service Account. A special account known as the Debt Service Account has been created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds.

As long as any of the Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account, on or before the date due, those amounts necessary, together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in the Debt Service Account, to pay the interest or principal and interest next coming due on the outstanding Bonds.

The City covenants and agrees that in the event it issues any Future Parity Bonds that are Term Bonds, it will provide in each ordinance authorizing the issuance of the same for annual payments to be made from the Revenue Fund into the Debt Service Account sufficient, together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in such account, to satisfy the Sinking Fund Requirement with respect to such Term Bonds.

(B) *Reserve Account.* A Reserve Account has been created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the 2007 Bonds, the 2010 Bonds, the 2013 Bonds, a Series of the Bonds and any Future Parity Bonds secured by such account. The City hereby covenants and agrees that it will satisfy the Reserve Account Requirement for a Series of the Bonds with Bond proceeds, if required and determined by the Designated Representative.

The City further covenants and agrees that in the event it issues any Future Parity Bonds it will provide in each ordinance authorizing the issuance of such Future Parity Bonds for the payment into the Reserve Account (or such other reserve account) out of Gross Revenue or Assessments (or, at the option of the City, out of any other funds on hand and legally available therefor) approximately equal additional annual installments so that by five years from the date of issuance of such Future Parity Bonds there will have been paid into the Reserve Account (or such other reserve account) an amount that, together with money already on deposit therein, will be at least equal to the Reserve Account Requirement (or such other reserve account requirement). The City may substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be deposited into the Reserve Account (or such other reserve account). Such Qualified Letter of Credit or Qualified Insurance shall not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payment in the event of a deficiency therein, as if the Parity Bonds secured by the Reserve Account that remain outstanding had been issued on the date of such notice of cancellation.

The City further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Account Requirement, as redetermined in each calendar year with respect to the Parity Bonds secured by such Reserve Account. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Parity Bonds secured thereby. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Parity Bonds secured by such Reserve Account, as long as the money remaining on deposit in such Reserve Account is at least equal to the Reserve Account Requirement determined with respect to the Parity Bonds then outstanding.

In the event a Series of the Bonds secured by the Reserve Account are ever refunded, the money set aside in the Reserve Account to secure the payment thereof may be used to retire such Series of Bonds or may be transferred to any other reserve account that may be created to secure the payment of any bonds issued to refund such Series of the Bonds.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such account, such deficiency shall be made up from the Reserve Account for those Parity Bonds secured by the Reserve Account, or from a separate reserve account for those Parity Bonds not secured by the Reserve Account, by the withdrawal of money therefrom and by the sale or redemption of obligations held in the Reserve Account or separate reserve account, as applicable, if necessary, in such amounts as will provide cash in the account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. If more than one Qualified Letter of Credit or Qualified Insurance is available, draws shall be made ratably thereon to make up the deficiency. Any deficiency created in the Reserve Account or separate reserve account by reason of any such withdrawal shall then be made up from money in the Revenue Fund first available after making the payments required to be made under paragraphs "FIRST" through "FOURTH" of Section 10 of this ordinance.

This ordinance supplements the prior Parity Bond Ordinances to provide that the City may deduct the direct payment the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of Annual Debt Service.

With the consent of the appropriate percentage of Parity Bond owners, the City may create a separate reserve account and set the reserve requirement for a series of future Parity Bonds, in which case the Reserve Account previously created by the City will not secure such future Parity Bonds. The owners of the Bonds by taking and holding the same shall be deemed to have consented to the adoption by the City of such amendment.

(C) *Lien of Bond Fund.* The Bonds, together with the interest thereon, shall be payable from Assessments, if any, and Gross Revenue, and such Gross Revenue is hereby pledged and set aside out of the Revenue Fund into the Bond Fund. Said amounts so pledged are hereby declared to be a lien and charge upon Assessments, if any, and Gross Revenue equal to the lien and charge thereon to secure and pay the principal of and interest on any Future Parity Bonds and superior to all other charges of any kind or nature, except the Operation and Maintenance Expenses.

(D) *Investment of Money in Bond Fund.* All money in the Debt Service Account, Reserve Account or separate reserve account, may be kept in cash or invested in Permitted Investments maturing not later than the last maturity of the Bonds outstanding at the time of such purchase. Interest earned on or profits made from the sale of such investments shall be deposited in and become a part of the Bond Fund or the Revenue Fund.

Section 13. Adequacy of Revenue. The Council hereby declares that in fixing the amounts to be paid into the Bond Fund it has considered and has due regard for the Operation and Maintenance Expenses and has not obligated the City to set aside and pay into the Bond Fund more money from the Revenue Fund than in its judgment will be available over and above such Operation and Maintenance Expenses.

Section 14. General Covenants. The City hereby covenants with the owner of each of the Bonds for as long as any of the same remain outstanding as follows:

(A) *Rates and Charges.* The City covenants that it will establish, maintain and collect lawful rates and charges for the use of the services and facilities of the System, and shall adjust such rates and charges from time to time so that:

(i) Gross Revenue will at all times be sufficient (a) to pay all Operation and Maintenance Expenses and to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or payments in lieu thereof and any and all other amounts that the City may now be and hereafter become obligated to pay from Gross Revenue by law or contract, and, together with Assessments actually collected, (b) to pay the principal of and interest on all outstanding Parity Bonds as and when the same become due and payable, to make all payments required to be made into the Bond Fund to satisfy the Sinking Fund Requirement, and to make when due all payments required to be made into the Reserve Account; and

(ii) the Net Revenue in each calendar year will equal at least 1.25 times Annual Debt Service for such year (after deducting Assessments actually collected for such year). For the purpose of meeting the requirement of this paragraph there may be added to Net Revenue for any calendar year any amount withdrawn from the Rate Stabilization Account and credited to Gross Revenue as provided in Section 11 of this ordinance. There shall be subtracted from Net Revenue for any calendar year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Account in such calendar year.

This ordinance supplements the prior Parity Bond Ordinances for the purpose of providing that Annual Debt Service shall be deemed to exclude from interest the amount the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of annual debt service.

(B) *Maintenance of System.* The City covenants that it will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

(C) *Sale or Disposition of the System.* The City will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the System, except as follows:

(i) The City may sell, mortgage, lease or otherwise dispose of all or substantially all of the System if, simultaneously with such sale, mortgage, lease or other disposition or encumbrance, provision is made for the payment into the Bond Fund of cash or

Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on all then outstanding Parity Bonds.

(ii) Except as provided in subsection (iii) below, the City will not sell, mortgage, lease or otherwise dispose of or encumber any part of the useful operating properties of the System in excess of 5% of the value of the net utility plant of the System unless prior to such sale, mortgage, lease or other disposition or encumbrance:

(a) there shall have been filed with the Administrative Services Director a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease or other disposition or encumbrance will not impair the ability of the City to comply with the rate covenants set forth in Section 14(A) of this ordinance; or

(b) provision is made for the payment, redemption or other retirement of a principal amount of outstanding Parity Bonds equal to the greater of the following amounts: (X) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the System sold or disposed of for the twelve preceding months bears to the total Net Revenue for such period; or (Y) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the System sold or disposed of bears to the book value of the entire System immediately prior to such sale or disposition.

(iii) The City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same with a value less than 5% of the net utility plant of the System or which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into the Bond Fund.

(D) *Collection of Assessments.* The City shall promptly collect all Assessments levied in any utility local improvement district now or hereafter created to secure the payment of the principal of and interest on any Parity Bonds and shall pay the same into the Bond Fund without allocation of such Assessments to any particular series of Parity Bonds. It is hereby provided further, however, that nothing in this ordinance or in this subsection shall be construed to prohibit the City from issuing revenue bonds having a lien on Gross Revenue junior to the lien on such revenue for the payment of the principal of and interest on Parity Bonds and pledging as security for the payments of such junior lien bonds assessments levied in any utility local improvement district that may have been created to pay part or all the cost of improvements to the System for which such junior lien revenue bonds were specifically issued.

(E) *Books and Accounts.* The City covenants that it will maintain complete books and records relating to the operation of the System and its financial affairs, and will cause such books and records to be audited annually, and cause to be prepared an annual financial and operating statement, said statement to be mailed to any owner of Parity Bonds upon request.

(F) *Insurance.* The City covenants that it will carry fire and extended coverage insurance on the System as is ordinarily carried on the property of similar public utilities by other municipal corporations engaged in the operation of the same if such insurance can be obtained at a reasonable cost, to the full insurable value thereof, and will also carry adequate public liability insurance and other kinds of insurance as under good practices are ordinarily carried on the properties of similar public utilities by private companies engaged in the operation of the same; provided, however, that the City may if deemed necessary and advisable by the Council, institute or continue a self-insurance program with respect to any or all of the aforementioned risks. The premiums paid for all such insurance shall be regarded and paid as an Operation and Maintenance Expense.

(G) *Delinquencies.* The City covenants that it will promptly collect all service charges and Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

(H) *No Free Service.* Except as permitted by law, the City will not furnish any service of the System to any customer free of charge.

Section 15. Tax Covenants.

(A) *Preservation of Tax Exemption for Interest on Bonds.* The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds that will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(B) *Post-Issuance Compliance.* The Administrative Services Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

(C) *Designation of a Series of Bonds as "Qualified Tax-Exempt Obligations."* A Series of the Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000; and



(iii) the amount of tax-exempt obligations, including the Series, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000.

Section 16. Payment Agreements.

(A) *General.* To the extent, and for the purposes permitted from time to time by Chapter 39.96 RCW and other applicable provisions of State law, the City may enter into Payment Agreements with respect to any Parity Bonds, subject to the conditions set forth in this section and in other provisions of this ordinance.

(B) *Manner and Schedule of Payments.* Each Payment Agreement shall set forth the manner in which the Payment Agreement Payments and the Payment Agreement Receipts shall be calculated and a schedule of payment dates.

(C) *Authorizing Ordinance.* Prior to entering into a Payment Agreement, the Council shall pass an ordinance authorizing such agreement and setting forth such provisions as the Council deems necessary or desirable and are not inconsistent with the provisions of this ordinance.

(D) *Calculation of Payment Agreement Payments and Debt Service on Junior Lien Obligations with Respect to which a Payment Agreement is in Force.* It is the intent of the City, for purposes of the rate coverage requirement set forth in Section 14(A)(ii) of this ordinance and the Future Parity Bonds test set forth in Section 17(A)(v) of this ordinance, that debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be calculated to reflect the net economic effect on the City intended to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement. In calculating such amounts, the City shall be guided by the following requirements:

(i) The amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts.

(ii) For any period during which Payment Agreement Payments are not taken into account in calculating interest on any outstanding Parity Bonds because the Payment Agreement is not then related to any outstanding Parity Bonds, Payment Agreement Payments on that Parity Payment Agreement shall be calculated based upon the following assumptions:

(a) *City Obligated to Make Payments Based on Fixed Rate.* If the City is obligated to make Payment Agreement Payments based on a fixed rate and the Qualified Counterparty is obligated to make payments based on a variable rate index, payments by the City will be based on the assumed fixed payor rate, and payments by the Qualified Counterparty will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made; and

(b) *City Obligated to Make Payments Based on Variable Rate Index.* If the City is obligated to make Payment Agreement Payments based on a variable rate index and the Qualified Counterparty is obligated to make payments based on a fixed rate, payments by the City will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made, and the Qualified Counterparty will make payments based on the fixed rate specified by the Payment Agreement.

(E) *Prior Notice to Moody's and Standard & Poor's.* The City shall give notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, 30 days prior to the date it intends to enter into a Payment Agreement with respect to any Parity Bonds.

Section 17. Future Parity Bonds. The City hereby further covenants and agrees with the owners of the Bonds for as long as any of the same remain outstanding as follows:

(A) That it will not issue any bonds with a lien on Gross Revenue superior to the lien on such revenues of the Bonds. The City may issue Future Parity Bonds for:

FIRST, the purpose of acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements or repairs and capital improvements to the System, or for any other lawful purpose; or

SECOND, the purpose of refunding or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or other obligations payable out of Gross Revenue; and to pledge that payments be made into the Bond Fund for the payment of the principal thereof and interest thereon out of the Revenue Fund sufficient to pay the principal of and interest on such Future Parity Bonds and to maintain the reserves required therefor, which such payments may rank equally with the payments out of such Revenue Fund into the Bond Fund and the Reserve Account to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(i) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund.

(ii) If there are assessments levied in any utility local improvement district in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require that such assessments be paid into the Bond Fund.

(iii) If there are assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require such assessments to be used for the refunding or paid into the Bond Fund.

(iv) The principal of and interest on the Future Parity Bonds shall be payable out of the Bond Fund, and the ordinance authorizing their issuance shall further provide for payments into the Bond Fund to satisfy the Sinking Fund Requirement and payments into the

Reserve Account to satisfy the Reserve Account Requirement, all as required by Section 12 of this ordinance.

(v) Prior to the delivery of any Future Parity Bonds, the City shall have on file in the office of the Administrative Services Director either

(a) a certificate of the Administrative Services Director showing that the Net Revenue determined as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds will equal at least 1.25 times the Annual Debt Service (after deducting Assessments, allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 11 of this ordinance) proposed to be issued. For purposes this certificate, "Net Revenue" shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 11 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds.

(b) a certificate of a Professional Utility Consultant showing that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds (the "Adjusted Net Revenue") will equal at least 1.25 times the Annual Debt Service (after deducting Assessments, allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued.

The Adjusted Net Revenue shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 11 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such Professional Utility Consultant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(X) the additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 12-month period, had been in force during the full 12-month period;

(Y) the additional Net Revenue that would have been received if any facility of the System that became fully operational after the beginning of such 12-month period had been so operating for the entire period; and

(Z) the additional Net Revenue estimated by such Professional Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System that are (1) under construction at the time of such certificate or (2) will be constructed from the proceeds of the Future Parity Bonds to be issued.

Such Professional Utility Consultant may rely upon, and his or her certificate shall have attached thereto, financial statements of the System certified by the Administrative Services Director showing income and expenses for the period upon which the same is based.

(B) Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the bonds being refunded thereby, the condition stated in subsection (A)(v) of this section need not be met.

(C) Nothing herein contained shall prevent the City from issuing any revenue bonds, warrants or other obligations that are a charge upon the money in the Revenue Fund junior or inferior to the payments required by this ordinance to be made into the Bond Fund and the Reserve Account.

Section 18. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 19. Form of the Bonds. The Bonds shall be in substantially the following form:

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF WASHINGTON  
CITY OF OLYMPIA

WATER AND SEWER REVENUE REFUNDING BOND, SERIES 20\_\_

INTEREST RATE: \_\_\_\_\_% MATURITY DATE: \_\_\_\_\_ CUSIP NO.: \_\_\_\_\_

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Olympia, Washington (the "City"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from the \_\_\_\_\_, 20\_\_, or the most recent date to which interest has been paid or duly provided for until payment of this Bond at the Interest Rate set forth above, payable on \_\_\_\_\_, 20\_\_, and semiannually thereafter on the [first] days of each \_\_\_\_\_ and \_\_\_\_\_. The principal of and interest on this Bond are payable solely out of the special fund of the City known as the "Water and Sewer Revenue Bond Redemption Fund" (the "Bond Fund").

Both principal of and interest on this Bond are payable in lawful money of the United States of America. [For so long as the Bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the City to DTC. In the event that the Bonds of this issue are no longer held in fully immobilized form, interest on this Bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the principal office at the principal office of the fiscal agent of the State of Washington (the "Bond Registrar"); provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.]

Principal and interest are payable solely out of the Bond Fund, into which fund the City hereby irrevocably binds itself to pay certain fixed amounts out of the Gross Revenue of the System, as the same is defined in Ordinance No. \_\_\_\_\_ of the City (the "Bond Ordinance"), without regard to any fixed proportion, namely, amounts sufficient to pay the principal of and interest on the outstanding Bonds and any additional and/or refunding water and sewer revenue bonds issued on a parity of lien with the Bonds and to accumulate a reserve, all at the times and

in the manner set forth in the Bond Ordinance. Reference is made to the Bond Ordinance for definitions of capitalized terms not otherwise defined herein.

This Bond is one of a total issue of \$\_\_\_\_\_ par value of the Bonds, all of like date and tenor, except as to maturity, redemption provisions and interest rates, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and the Bond Ordinance for the purpose of providing funds to pay the cost of certain capital improvements to the water and sewer system of the City and to refund certain outstanding water and sewer bonds as specified in the Bond Ordinance.

The Bonds are subject to redemption prior to their stated maturity as provided in the Bond Ordinance.

The Gross Revenue is hereby pledged to the payment of principal of and interest on the Bonds, and the Bonds constitute a charge or lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for Operation and Maintenance Expenses of the System, and equal to the lien and charge thereon of the 2007 Bonds, the 2010 Bonds, the 2013 Bonds, and any Future Parity Bonds. The Bonds are not a general obligation of the City.

The City hereby covenants and agrees with the owners of the Bonds to carry out fully all covenants and meet all obligations of the City as set forth herein and in the Bond Ordinance, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication set forth hereon has been signed by the Bond Registrar.

This Bond is interchangeable for Bonds of any authorized denomination of an equal aggregate principal amount, and of the same interest rate and maturity. This Bond is transferable only upon the registry books of the Bond Registrar by surrender of this certificate to the Bond Registrar, duly assigned and executed as indicated below. Such exchange or transfer shall be without cost to the owner or transferee. The City may deem the person in whose name this Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever. The Bond Registrar shall not be obligated to transfer or exchange this Bond during the fifteen days preceding any interest payment date or the date on which notice of redemption of such Bond is to be given nor after such notice has been given.

It is hereby certified and declared that the Bonds are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and the ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, have been done and have been performed as required by law.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its corporate seal to be impressed or a facsimile thereof imprinted hereon this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF OLYMPIA, WASHINGTON

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This is one of the City of Olympia, Washington, Water and Sewer Revenue Refunding Bonds, Series 20\_\_, dated \_\_\_\_\_, 20\_\_, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY  
Bond Registrar

By: \_\_\_\_\_  
Authorized Officer

Section 20. Lost or Stolen Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may deliver a new bond or bonds of like amount, date, maturity, interest rate, tenor, and effect to the registered owner or nominee thereof upon the owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and or ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 21. Refunding of the Refunded Bonds.

(A) *Appointment of Refunding Trustee.* The Designated Representative is authorized to appoint a Refunding Trustee in connection with the Bonds.

(B) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* The proceeds of the sale of a Series of the Bonds, after any deposit to the Reserve Account or other reserve account, shall be deposited immediately upon the receipt thereof with the Refunding

Trustee and used to discharge the obligations of the City relating to the applicable Refunded Bonds under the respective Refunding Bond Ordinance by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully with Bond proceeds by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations, if acquired, will be listed and more particularly described in an exhibit to be attached to the Refunding Trust Agreement between the City and the Refunding Trustee, but are subject to substitution as set forth below. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bonds shall be returned to the City at the time of delivery of the Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date.

If payment of the costs of issuance of the respective Series of Bonds is not included in the Refunding Plan, the Bond proceeds from that Series that are not deposited with the Refunding Trustee will be deposited with the City to be used to pay the costs of issuance of the respective Series of Bonds. Any additional proceeds of the respective Series of Bonds may be deposited into the respective Bond Fund and used to pay interest on the respective Series of Bonds on the first interest payment date.

(C) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, (a) in the opinion of the City's bond counsel, the interest on the Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations, if any, by the Refunding Trustee, the City reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bonds or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Bonds and the Refunded Bonds, as applicable, and that the City obtain, at its expense: (1) a verification by a nationally recognized independent firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from a nationally recognized bond counsel to the City, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Bonds, will not cause the interest on the Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in



compliance with the statutes and regulations applicable to the Bonds. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

(D) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations), if so directed by the Designated Representative, and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the respective Refunding Bond Ordinances, this ordinance, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the respective Series of Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the respective Series of Bonds, including bond printing, verification fees, Bond Counsel's fees, and other related expenses, shall be paid out of the proceeds of the respective Series of Bonds.

(E) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan provided for by this ordinance, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Designated Representative of the City is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 22. Call for Redemption of the Refunded Bonds. The City will call for redemption on such date or dates as determined by the Designated Representative, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date(s) on which the Refunded Bonds are herein called for redemption will be the first date on which those bonds may be called.

The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required by the respective Refunding Bond Ordinances, in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 23. Findings with Respect to Refunding. The City Council authorizes the Designated Representative to issue the Bonds if it will achieve debt service savings to the City and is in the best interest of the City and its taxpayers and in the public interest. In making such finding and determination, the Designated Representative will give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the

known earned income from the investment of the proceeds of the issuance and sale of the Bonds and other money of the City used in the Refunding Plan, if any, pending payment and redemption of the Refunded Bonds.

The Designated Representative may also purchase Acquired Obligations to be deposited with the Refunding Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the City under the respective Refunding Bond Ordinances with respect to the respective Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 24. Sale and Delivery of the Bonds.

(A) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(B) *Procedure for Negotiated Sale or Private Placement.* If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(C) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Final Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of each Series of the Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase that Series of the Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance, and such award shall constitute the Bond Purchase Agreement. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's

best interest to do so. If all bids are rejected, that Series of the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(D) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 25. Official Statement; Continuing Disclosure.

(A) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to her or him, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(B) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so delivered to purchasers and potential purchasers of a Series of the Bonds.

Section 26. Application of Bond Proceeds. The proceeds of a Series of the Bonds shall be applied as follows:

(A) The amount necessary to satisfy the Reserve Account Requirement, if necessary, shall be deposited into the Reserve Account; and

(B) The balance of a Series of the Bond proceeds shall be deposited with the Refunding Trustee to carry out the Refunding Plan.

Section 27. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser(s) acting as a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(A) *Undertaking to Provide Annual Financial Information and Notice of Listed Events.* The City undertakes to provide or cause to be provided, either directly or through a

designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”);

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (I) defeasances; (J) release, substitution, or sale of property securing repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

(B) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(i) Shall consist of (A) annual financial statements showing ending fund equity for the System prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements

may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (B) principal amount of Parity Bonds outstanding at the end of the applicable fiscal year; and (C) rates for the System.

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2019; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(C) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(D) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(E) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(F) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute an event of default. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(G) Designation of Official Responsible to Administer Undertaking. The Fiscal Services Director or her or his designee is the person designated to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the City is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(v) Effecting any necessary amendment of this undertaking.

Section 28. Authorization to Officials and Agents. The proper City officials are hereby authorized and directed to approve an official statement or other disclosure document, and to do everything necessary and proper for the prompt issuance, execution and delivery of the Bonds in conformance with the provisions of this ordinance and for the proper use and application of the proceeds of the sale thereof as provided in this ordinance.

Section 29. Supplements and Amendments.

(A) The Council from time to time and at any time may adopt an ordinance or ordinances supplementing or amending this ordinance, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the City in this ordinance other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of any Parity Bonds in any material respect, or to surrender any right or power herein reserved to or conferred upon the City.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to such matters or questions as the Council may deem necessary or desirable and not inconsistent with this ordinance and which shall not adversely affect the interests of the owners of any Parity Bonds in any material respect.

(iii) To amend or supplement any provision contained in this ordinance for the purpose of obtaining or maintaining a rating on the Bonds so long as such amendment or supplement is not inconsistent with this ordinance and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

Any such supplemental ordinance of the Council may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection B of this section; provided, however, that the City shall obtain an opinion of nationally recognized bond counsel to the effect that such supplemental ordinance complies with

this subsection A and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

(B) With the consent of the owners of not less than a majority in aggregate principal amount of the Parity Bonds at the time outstanding, the Council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(i) Extend the fixed maturity of any Parity Bond, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Parity Bond so affected; or

(ii) Reduce the aforesaid percentage of owners of Parity Bonds required to approve any such supplemental ordinance, without the consent of the owners of all Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(C) Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and all owners of Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Section 30. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 31. Ratification. Any action consistent with the authority but prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 32. Effective Date. This ordinance shall take effect five days after its passage, approval and publication as required by law.

PASSED by the City Council of the City of Olympia, Washington, at an open public meeting thereof, this 19<sup>th</sup> day of November, 2019, and signed in authentication of its passage this 19<sup>th</sup> day of November, 2019.

---

Mayor

ATTEST:

---

City Clerk

APPROVED AS TO FORM:

*Nancy Jacobs*  
\_\_\_\_\_  
Bond Counsel



## CERTIFICATION

I, the undersigned, City Clerk of the City of Olympia, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. \_\_\_\_ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on November 19, 2019, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City’s official newspaper, which publication date is expected to be November \_\_\_\_, 2019.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: November 19, 2019.

CITY OF OLYMPIA, WASHINGTON

\_\_\_\_\_  
City Clerk



## City Council

### Public Hearing on a Petition for the Bethel Street Right-of-Way Vacation

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 5.A  
**File Number:** 19-1000

---

**Type:** public hearing **Version:** 1 **Status:** Public Hearing

---

#### **Title**

Public Hearing on a Petition for the Bethel Street Right-of-Way Vacation

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Hold a public hearing on the petition to vacate a portion of Bethel Street NE between State Avenue and Olympic Drive. After close of testimony, if there are no concerns, move to approve the petition to vacate, direct staff to prepare a Vacation Ordinance, and require payment to the City of one-half the appraised value.

#### **Report**

##### **Issue:**

Whether the City Council should approve the petition to vacate a portion of Bethel Street NE between State Avenue and Olympic Drive.

##### **Staff Contact:**

Fran Eide, P.E., City Engineer, Public Works Engineering, 360.753.8422

##### **Presenter(s):**

Fran Eide, P.E., City Engineer, Public Works Engineering

#### **Background and Analysis:**

A property owner next to Bethel Street NE has asked the City to start the process to abandon a portion of Bethel Street NE between State Avenue and Olympic Drive. If the request is granted, the additional property will be used for construction of a retaining wall for the new commercial development.

On October 15, 2019, Council adopted a resolution setting the date of November 12, 2019, for a Public Hearing to hear public comment regarding the request.

City staff reviewed the request using the criteria outlined in Olympia Municipal Code Section

12.16.100.

Staff recommends approval of the vacation with the requirement to make payment of one-half appraised value to the City.

**Neighborhood/Community Interests (if known):**

The public hearing will provide an opportunity for Council to hear comments from the community regarding the requested vacation.

**Options:**

- Option 1: Hold a public hearing on the petition to vacate a portion of Bethel Street NE between State Avenue and Olympic Drive. After close of testimony, if there are no concerns, approve the petition to vacate, direct staff to prepare a Vacation Ordinance, and require payment to the City of one-half the appraised value.
- The applicant can proceed with development of their site.
  - Staff will prepare a Vacation Ordinance to be adopted at an upcoming Council meeting.
- Option 2: Hold a public hearing, approve the petition to vacate a portion of Bethel Street NE between State Avenue and Olympic Drive with additional conditions, and direct staff to prepare a Vacation Ordinance.
- Option 3: Hold a public hearing and do not approve the petition to vacate a portion of Bethel Street NE between State Avenue and Olympic Drive.
- This option leaves the street right-of-way as is.
  - Redevelopment of the site will require revision.

**Financial Impact:**

None

**Attachments:**

Petition to Vacate  
Proposed Development Site Plan  
Vicinity Map



# Petition to Vacate Public Right-of-Way

19-1765

OFFICIAL USE ONLY			
Applicant:		Address:	
Phone:	File#:	Receipt #:	Date:

### HONORABLE MAYOR AND CITY COUNCIL:

We, the undersigned, do hereby petition the Olympia City Council to vacate the following described public right-of-way:

LEGAL DESCRIPTION OF AFFECTED RIGHT-OF-WAY:
Please see attached

PURPOSE OF REQUEST AND STATEMENT OF PUBLIC BENEFIT: *
Please see attached
<i>*See submittal requirements and criteria for approval on the reverse side of this form</i>

PETITIONERS*		
Owner's signature	Owner's Names	Parcel Number
x	Tim Zola	68200300100
x	Danielle Zola	68200300100
<i>*Attach additional sheets as necessary</i>		

I verify that each of the above signatures represents a legal and registered owner of the property abutting the above-described right-of-way.

5-2-19

Applicant's Signature

Date

May 2, 2019

RE: Bethel Street Outpatient Clinic, Petition to Vacate as per OMC 12.16.020  
205 Bethel St. NE, Olympia, WA 98506  
PN: 68200300100

To Whom It May Concern:

Pursuant to Olympia Municipal Code which governs Petitions to Vacate, please accept the following notes regarding criteria which must be met per OMC 12.16.100.

*No petition to vacate a street or alley shall be approved unless all of the following criteria can be met:*

- A. *The proposed vacation will not be materially detrimental to other properties in the vicinity, nor will it endanger public health, safety or welfare. Typical detriments or endangerments include, but are not limited to: depriving property of reasonable and convenient access; increasing traffic safety hazards; or decreasing transportation service levels.*

The approval of the petition under consideration will not be detrimental to the public welfare or injurious to the vicinity. Indeed, the improvements that are proposed which require the requested Vacation will provide enormous public benefit and valuable enhancement to all properties in the vicinity.

- B. *The subject rights-of-way is not needed for general access, emergency services, utility facilities or other similar public purposes, nor is it necessary as part of a long range circulation plan, pedestrian/bicycle pathway plan or street improvement plan. Providing easements, relocating facilities or implementing other similar alternatives equal or superior to the existing or planned facilities may cause the petition to comply with this criteria;*

The land within the subject rights-of-way is not needed for general access or emergency services. The area of the land under consideration for vacation is not currently available for use by the public due to an existing change in grade. The property owner requesting this petition is proposing improvements to Bethel Street and the adjoining area which will improve public access and overall usability of the street. The area covered by this petition contains no publicly owned utilities and does not negatively affect public access to utilities located nearby.

- C. *The subject vacation is consistent with the adopted Olympia Comprehensive Plan and all other related land use and circulation regulations and policies, including but not limited to the Engineering Design and Development Standards and Titles 17 (Subdivisions) and 18 (Zoning) of the Olympia Municipal Code;*

City staff has indicated that this petition is in keeping with long range plans for the street which will be affected. A related Land Use Review is being applied for, and that review will establish that all required regulations and policies are being adhered to, as will review and approval of engineering and building permits which are required prior to any construction.

*D. The subject vacation would not directly or indirectly result in an adverse impact on historical or cultural resources, the natural environment or otherwise negatively affect an environmentally sensitive area as defined by Chapter 18.76 of the Olympia Municipal Code.*

The land affected by this petition is not the site of any historical or culturally relevant resource, nor is it within any known environmentally sensitive areas as defined by OMC 18.76.

Thank you for your consideration of this matter.

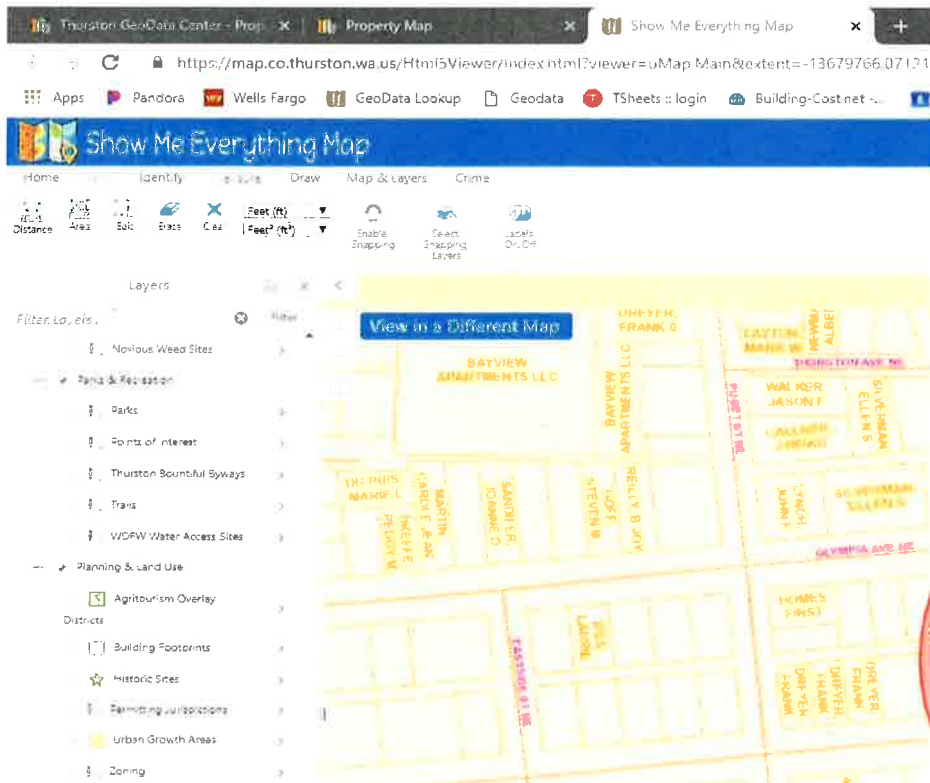
Sincerely,

A handwritten signature in black ink, appearing to read "Randy Foster", with a stylized flourish at the end.

Randy Foster

**Subject Property ID Shown in  
Provided Map View**

	<b>Owner Name</b>
1	KAPPERT, JACOB
2	BLEDSON, PATRICK G
3	ILLAHEE, LISA MARIE
4	WOOD, KJ
5	ZABEL, KENNETH E JR
6	SILVER, GRACE D
7	WARNER, ANGELA L
8	ALIMAR LLC
9	ALIMAR LLC
10	SCOTT, HELEN M
11	OLYMPIA SCHOOL DISTRICT NO 111
12	OLYMPIA SCHOOL DISTRICT NO 111
13	OLYMPIA SCHOOL DISTRICT NO 111
14	NORTH & NORTH LLC
15	SINCLAIR STATE STREET PROPERTIES LLC
16	CRABTREE, WILLIAM M
17	KWIECINSKI, PATRICK J
18	LIVINGSTON, TIM
19	GENDELMAN, IRINA
20	RADER, KIM V
21	PRICKETT, ERIK J
22	MORAN, NICKIE L
23	GEB LLC



**Mailing Address**

3139 DONNELLY DR. SE  
2313 BAKER RD SW  
222 BETHEL ST NE  
POB 3735  
1234 SUMMIT LAKE SHORE RD NW  
C/O ANGELINA MORGAN 1215 BOWMAN AVE NW  
1353 THURSTON AVE NE  
POB 12479  
POB 12479  
1321 OLYMPIC DR NE  
1113 LEGION WAY SE  
1113 LEGION WAY SE  
1113 LEGION WAY SE  
1222 STATE AVE NE  
301 HAZELWOOD AVE  
2320 BENSON RD SW  
215 TULLIS ST NE  
1227 OLYMPIA AVE NE  
1135 GARRISON ST NE  
1259 OLYMPIA AVE NE  
217 BETHEL ST NE  
2210 NE 92ND ST # 201  
1910 4TH AVE PMB 196

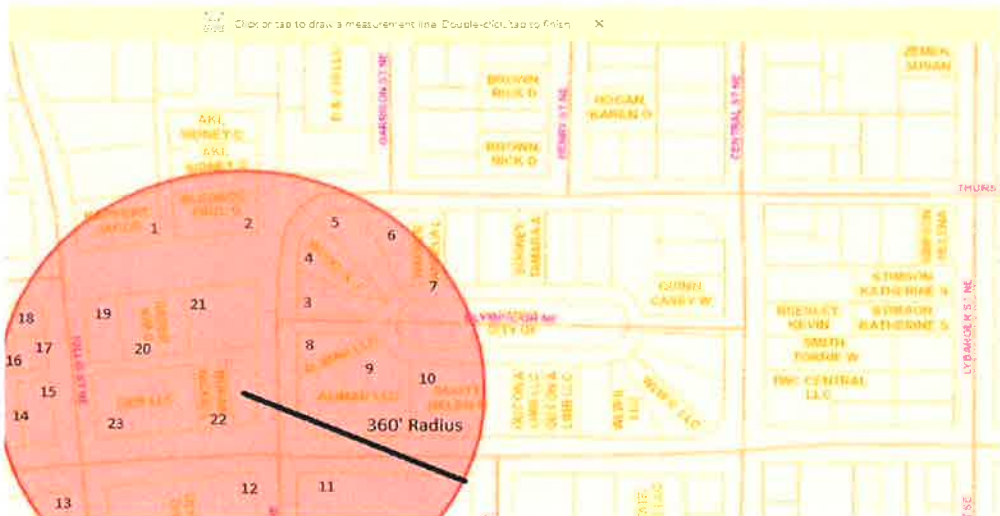
**Zip Code City State**

98501 Olympia WA  
98512 Olympia WA  
98506 Olympia WA  
98509 Lacey WA  
98502 Olympia WA  
98502 Olympia WA  
98506 Olympia WA  
98508-2479 Olympia WA  
98508-2479 Olympia WA  
98506 Olympia WA  
98501 Olympia WA  
98501 Olympia WA  
98501 Olympia WA  
98506 Olympia WA  
94127 San Franci CA  
98512 Olympia WA  
98506 Olympia WA  
98506 Olympia WA  
98506 Olympia WA  
98506 Olympia WA  
98506 Olympia WA  
98115 SEATTLE WA  
98501 Olympia WA



84,5949048,97165472,-13679105,9061032,5950168,15894414

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**Site address**

- 304 TULLIS St NE
- 303 BETHEL
- 222 BETHEL ST NE
- 230 BETHEL ST NE
- 1307 THURSTON AVE
- 1317 NE THURSTION ST
- 1353 THURSTON AVE NE
- 210 BETHEL ST NE
- 210 BETHEL ST NE
- 1321 OLYMPIC DR NE
- 1314 4TH AVENUE EAST
- 1314 4TH AVENUE EAST
- 1314 4TH AVENUE EAST
- 1222 STATE AVE NE
- 1226 NE STATE ST
- 1223 NE OLYMPIA AVE
- 215 TULLIS ST NE
- 1227 OLYMPIA AVE NE
- 220 NE TULLIS ST
- 1259 OLYMPIA AVE NE
- 215 BETHEL ST NE # 17
- 1264 NE STATE AVE
- 1250 NE STATE AVE



Subject Property ID Shown in Provided Map View	Owner Name	Mailing Address	Zip Code	City	State	Site address
1	KAPPERT, JACOB	3139 DONNELLY DR. SE	98501	Olympia	WA	304 TULLIS ST NE
2	BLEDSE, PATRICK G	2313 BAKER RD SW	98512	Olympia	WA	303 BETHEL
3	ILLAHEE, LISA MARIE	222 BETHEL ST NE	98506	Olympia	WA	222 BETHEL ST NE
4	WOOD, KJ	POB 3735	98509	Lacey	WA	230 BETHEL ST NE
5	ZABEL, KENNETH E JR	1234 SUMMIT LAKE SHORE RD NW	98502	Olympia	WA	1307 THURSTON AVE
6	SILVER, GRACE D	C/O ANGELINA MORGAN 1215 BOWMAN AVE NW	98502	Olympia	WA	1317 NE THURSTON ST
7	WARNER, ANGELA L	1353 THURSTON AVE NE	98506	Olympia	WA	1353 THURSTON AVE NE
8	ALIMAR LLC	POB 12479	98508-2479	Olympia	WA	210 BETHEL ST NE
9	ALIMAR LLC	POB 12479	98508-2479	Olympia	WA	210 BETHEL ST NE
10	SCOTT, HELEN M	1321 OLYMPIC DR NE	98506	Olympia	WA	1321 OLYMPIC DR NE
11	OLYMPIA SCHOOL DISTRICT NO 111	1113 LEGION WAY SE	98501	Olympia	WA	1314 4TH AVENUE EAST
12	OLYMPIA SCHOOL DISTRICT NO 111	1113 LEGION WAY SE	98501	Olympia	WA	1314 4TH AVENUE EAST
13	OLYMPIA SCHOOL DISTRICT NO 111	1113 LEGION WAY SE	98501	Olympia	WA	1314 4TH AVENUE EAST
14	NORTH & NORTH LLC	1222 STATE AVE NE	98506	Olympia	WA	1222 STATE AVE NE
15	SINCLAIR STATE STREET PROPERTIES LLC	301 HAZELWOOD AVE	94127	San Franc	CA	1226 NE STATE ST
16	CRABTREE, WILLIAM M	2320 BENSON RD SW	98512	Olympia	WA	1223 NE OLYMPIA AVE
17	KWIECINSKI, PATRICK J	215 TULLIS ST NE	98506	Olympia	WA	215 TULLIS ST NE
18	LIVINGSTON, TIM	1227 OLYMPIA AVE NE	98506	Olympia	WA	1227 OLYMPIA AVE NE
19	GENDELMAN, IRINA	1135 GARRISON ST NE	98506	Olympia	WA	220 NE TULLIS ST
20	RADER, KIM V	1259 OLYMPIA AVE NE	98506	Olympia	WA	1259 OLYMPIA AVE NE
21	PRICKETT, ERIK J	217 BETHEL ST NE	98506	Olympia	WA	215 BETHEL ST NE # 17
22	MORAN, NICKIE L	2210 NE 92ND ST # 201	98115	SEATTLE	WA	1264 NE STATE AVE
23	GEB LLC	1910 4TH AVE PMB 196	98501	Olympia	WA	1250 NE STATE AVE

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23	GEB LLC	1910 4TH AVE PMB 196	98501	Olympia	WA	1250 NE STATE AVE

# EXHIBIT A

## Right of Way Vacation Legal Description

The West 5 feet of the Right of Way of Bethel Street adjacent to Lot 1 of Block 3 of J.R. Pattison's Addition to the City of Olympia, According to the Plat Thereof recorded in Volume 3 of Plats, Page 120, records of Thurston County, Washington; described as follows:

Beginning at the Southeast corner of said Lot 1 of Block 3 of J.R. Pattison's Addition, thence North  $85^{\circ}55'18''$  East parallel with the South line of said Lot, 5.03 feet; thence North  $1^{\circ}49'46''$  East parallel with the East line of said Lot, 105.57 feet; thence South  $85^{\circ}55'12''$  West parallel with the North line of said Lot, 5.03 feet to the Northeast corner of said Lot 1 and the terminus of said Right of Way vacation.



## Kristina Horton

---

**From:** Tiffani King  
**Sent:** Wednesday, August 7, 2019 3:07 PM  
**To:** Kristina Horton; Fran Eide; Steve Sperr  
**Cc:** David Smith; Tim Smith; Chuck Dower  
**Subject:** RE: Zola Mixed Use - LU 19-2862

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Update on the vacation application –

Looks like it did not show up on Kristina's to do list. I will be working with chuck to figure out why it happened and get it fixed so that it can be processed.

Tiffani King  
Engineering Plans Examiner  
City of Olympia  
Community Planning & Development  
(360) 753-8257  
tking@ci.olympia.wa.us

---

**From:** Tiffani King  
**Sent:** Wednesday, August 07, 2019 12:06 PM  
**To:** Kristina Horton <khorton@ci.olympia.wa.us>; Fran Eide <feide@ci.olympia.wa.us>; Steve Sperr <ssperr@ci.olympia.wa.us>  
**Cc:** David Smith <dsmith3@ci.olympia.wa.us>; Tim Smith <tsmith@ci.olympia.wa.us>  
**Subject:** Zola Mixed Use - LU 19-2862

Hi Everyone –

The Zola mixed use project is here for review and we are looking like we may be able to go straight to approval with some conditions.

I was not originally assigned to this project – but have been assigned to it from this point forward. I was looking at this one and realized that there has been a vacation request here since May 2019 (**19-1765**). There hasn't been any action taken on that application and I wanted to check in on it to make sure it hasn't dropped off the radar.

I guess there were some meetings earlier in the year – the customer needs to install a retaining wall that would encroach into the right of way (unless we approve the vacation request) and would result in a 6 foot sidewalk instead of the typical 10 ft sidewalk. In concept it appears that the City was in agreement with this proposal. Do we also need a deviation request – or does/can this be included with the reasons for the vacation and the approval language of the vacation request?

I am just reaching out – thinking we need to include this in the conditions of approval – and again just to check the status of the vacation request.

Tiffani King

## Kristina Horton

---

**From:** Steve Sperr  
**Sent:** Wednesday, August 7, 2019 1:19 PM  
**To:** Tiffani King  
**Cc:** Kristina Horton; Fran Eide; David Smith; Tim Smith  
**Subject:** Re: Zola Mixed Use - LU 19-2862

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Tiff,  
I don't think we need Deviation Request per se, since we plan to include the explanation of what we agreed to allow there in the staff report for the street vacation to City Council

-Steve  
(Sent from my iPhone)

On Aug 7, 2019, at 12:06 PM, Tiffani King <[tking@ci.olympia.wa.us](mailto:tking@ci.olympia.wa.us)> wrote:

Hi Everyone –

The Zola mixed use project is here for review and we are looking like we may be able to go straight to approval with some conditions.

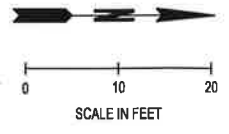
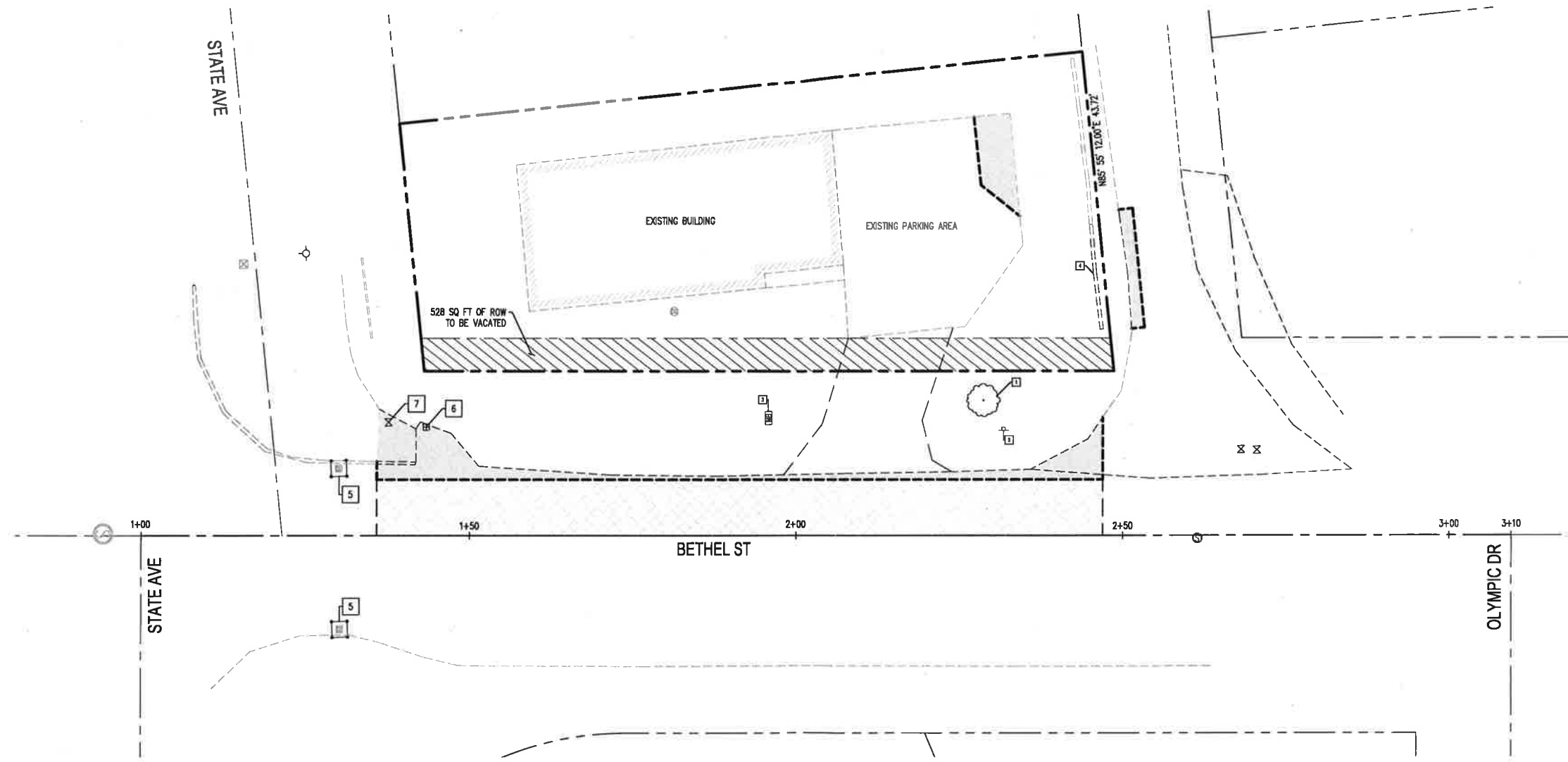
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I guess there were some meetings earlier in the year – the customer needs to install a retaining wall that would encroach into the right of way (unless we approve the vacation request) and would result in a 6 foot sidewalk instead of the typical 10 ft sidewalk. In concept it appears that the City was in agreement with this proposal. Do we also need a deviation request – or does/can this be included with the reasons for the vacation and the approval language of the vacation request?

I am just reaching out – thinking we need to include this in the conditions of approval – and again just to check the status of the vacation request.

Tiffani King  
Engineering Plans Examiner  
City of Olympia  
Community Planning & Development  
(360) 753-8257  
[tking@ci.olympia.wa.us](mailto:tking@ci.olympia.wa.us)

May 03, 2019 10:00:12am - User: csever  
 N:\PROJECTS\3247 SR\_7\MOBILE\_ZOLA\3247 01 ZOLA CLINIC FRONTAGE IMPROVEMENTS\3247 01 SP-01.DWG



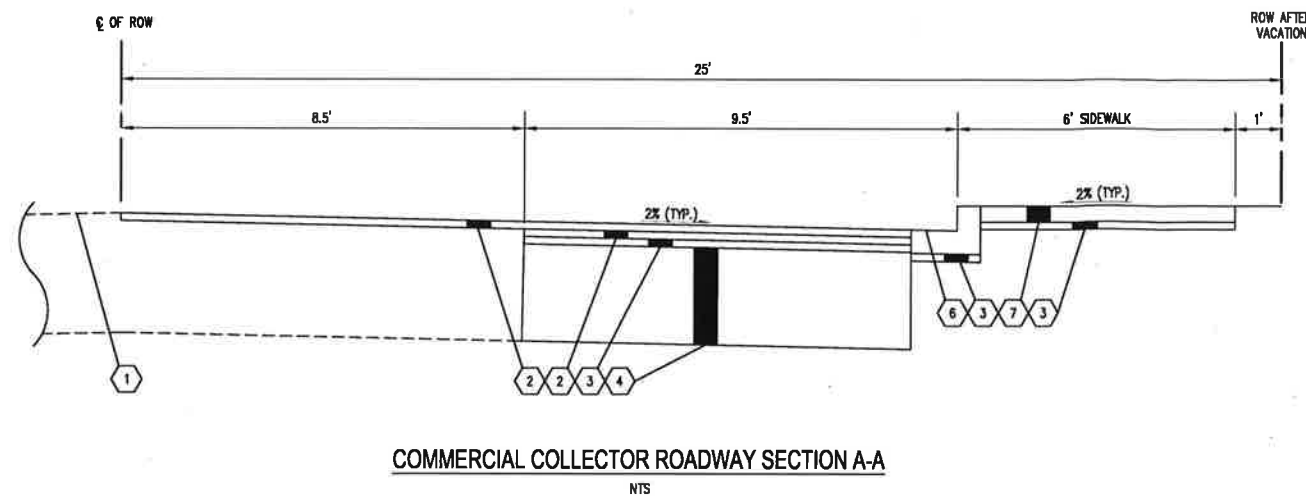
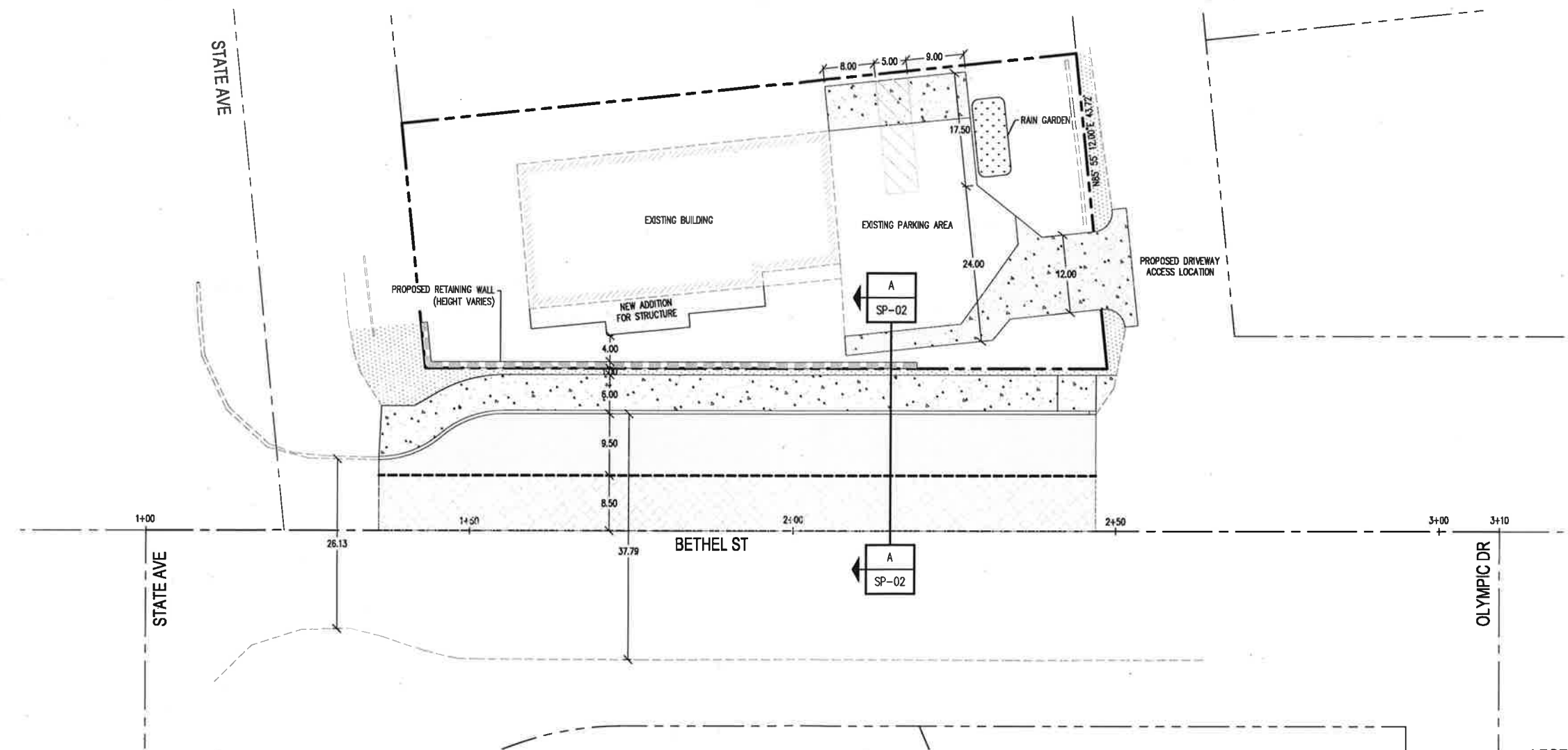
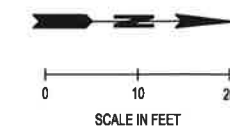
**[X] DEMOLITION NOTES:**

1. REMOVE & DISPOSE OF EXISTING TREE
2. REMOVE & DISPOSE OF EXISTING SIGN
3. RELOCATE EXISTING MAILBOX
4. REMOVE & DISPOSE OF EXISTING BLOCK WALL
5. INLET PROTECTION DEVICE
6. ADJUST EXISTING WATER METER TO FINISHED GRADE
7. ADJUST EXISTING GATE VALVE TO FINISHED GRADE

**LEGEND**

- PROPERTY LINE
- ROW CENTERLINE
- EDGE OF EXISTING PAVEMENT
- EDGE OF EXISTING GRAVEL
- EXISTING BLOCK WALL
- EXISTING BUILDING
- SAWCUT
- INLET PROTECTION
- ASPHALT TO BE REMOVED
- MILL & OVERLAY 0.17' OF EXISTING ASPHALT
- ROW TO BE VACATED

REVISIONS	DATE	BY	
△			
 <b>SCJ ALLIANCE</b> CONSULTING SERVICES 212 N TOWER AVE, CENTRALIA, WA 98531 P: 360.669.0700 F: 360.352.1509 SCJALLIANCE.COM			
SHEET TITLE: <b>EROSION CONTROL &amp; DEMOLITION PLAN</b>		PROJECT NAME: <b>ZOLA CLINIC</b> 205 BETHEL STREET OLYMPIA, WA 98502	
 <b>PRELIMINARY</b> 04-29-2019			
DESIGNER: C. SEVERS			
DRAWN BY: C. DAHM			
APPROVED BY: C. SEVERS			
DATE: APRIL, 2019			
JOB NO: 3247 01			
DRAWING FILE NO: 3247.01 SP-01			
DRAWING NO: SP-01			
SHEET NO: 1 OF 2			



COMMERCIAL COLLECTOR ROADWAY SECTION A-A  
NTS

- CONSTRUCTION KEY NOTES**
- 1 EXISTING ROADWAY PAVEMENT TO REMAIN
  - 2 0.17" DEPTH HMA CL. 1/2" PG 64-22
  - 3 0.17" CRUSHED SURFACING TOP COURSE (5/8" MINUS)
  - 4 2.08" CRUSHED SURFACING BASE COURSE
  - 5 0.67" CRUSHED SURFACING BASE COURSE
  - 6 CEMENT CONCRETE CURB & GUTTER PER CITY OF OLYMPIA STD. DTL. 4-14A
  - 7 CEMENT CONCRETE SIDEWALK PER CITY OF OLYMPIA STD. DTL. 4-9C

- GENERAL NOTES**
1. ALL FRONTAGE IMPROVEMENTS SHALL BE COMPLETED IN ACCORDANCE WITH THE CITY OF OLYMPIA ENGINEERING DESIGN & DEVELOPMENT STANDARDS.
  2. ALL SURFACING AND PAVING DEPTHS ARE COMPACTED DEPTHS.
  3. ALL SAWCUT LINES SHALL BE CLEANED AND TACK COAT SHALL BE APPLIED BEFORE ASPHALT PLACEMENT.

**LEGEND**

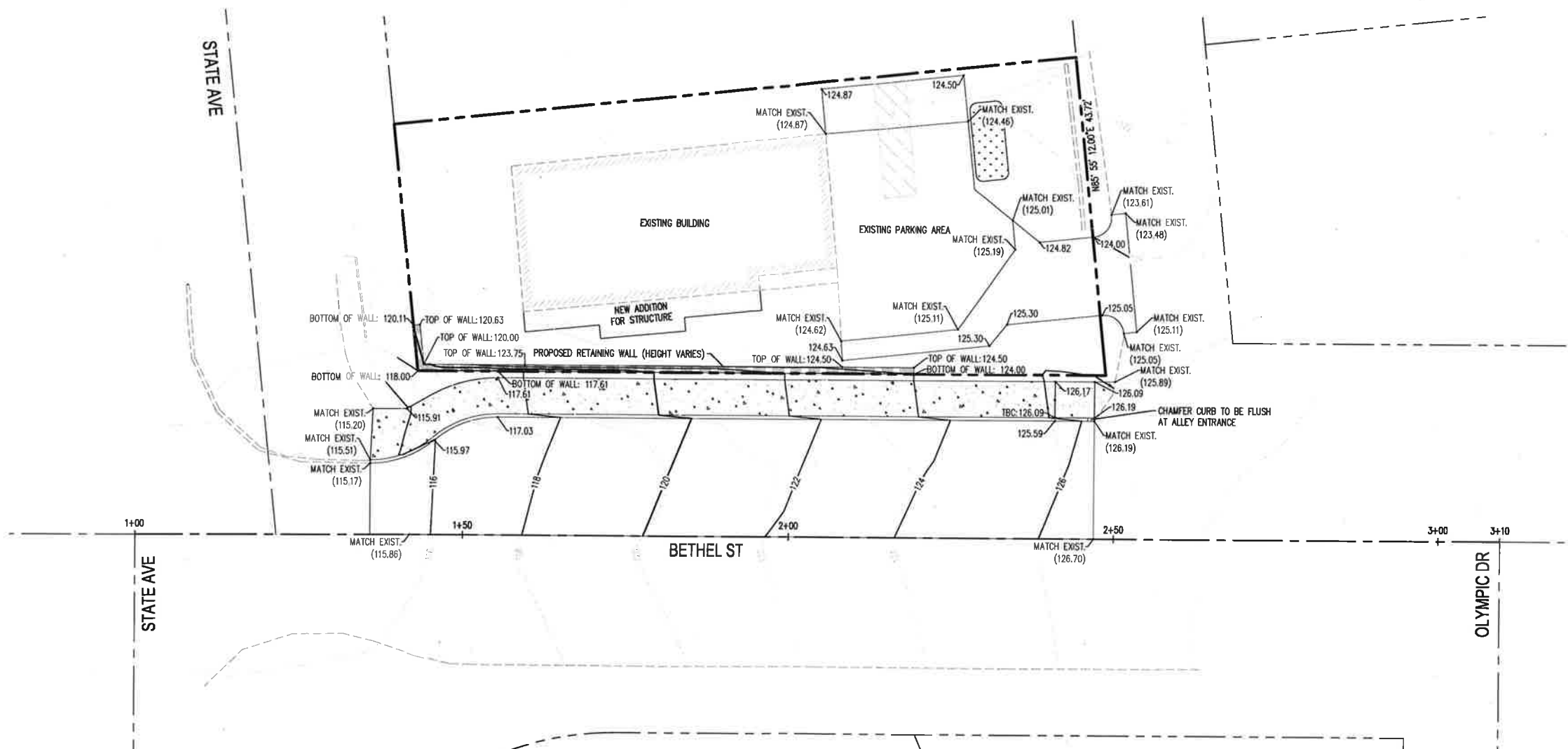
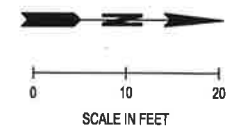
	PROPERTY LINE
	ROW CENTERLINE
	EDGE OF EXISTING PAVEMENT
	EDGE OF EXISTING GRAVEL
	EXISTING WALL
	EXISTING BUILDING
	CEMENT CONCRETE CURB & GUTTER
	CEMENT CONCRETE SIDEWALK
	CEMENT CONCRETE PAVEMENT
	ASPHALT PAVEMENT
	MILL & OVERLAY 0.17" OF EXISTING ASPHALT
	LANDSCAPING PER CITY OF OLYMPIA REQUIREMENTS

REVISIONS	DATE	BY	
△			
<p><b>SCJ ALLIANCE</b> CONSULTING SERVICES 212 N TOWER AVE. CENTRALIA, WA 98531 P: 360.669.0700 F: 360.352.1509 SCJALLIANCE.COM</p>			
SHEET TITLE		PROJECT NAME	
SITE PLAN		ZOLA CLINIC 205 BETHEL STREET OLYMPIA, WA 98502	
DESIGNER: C. SEEVERS			
DRAWN BY: C. DAHM			
APPROVED BY: C. SEEVERS			
DATE: APRIL, 2019			
JOB NO: 3247.01			
DRAWING FILE NO: 3247.01 SP-02			
DRAWING NO: SP-02			
SHEET NO: 2 of 2			

May 03, 2019 10:00:15am - User: csever@scj.com  
 H:\PROJECTS\3247 DR. TIMOTHY ZOLA\3247.01 ZOLA CLINIC FRONTAGE IMPROVEMENTS\CADD\3247.01 SP-02.DWG



May 03, 2019 10:00:26am - User: srsrsadmin  
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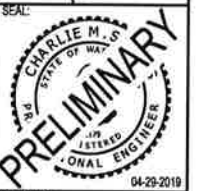
**LEGEND**

- PROPERTY LINE
- ROW CENTERLINE
- EDGE OF EXISTING PAVEMENT
- EDGE OF EXISTING GRAVEL
- EXISTING WALL
- EXISTING BUILDING
- CEMENT CONCRETE CURB & GUTTER
- CEMENT CONCRETE SIDEWALK
- CEMENT CONCRETE PAVEMENT
- ASPHALT PAVEMENT
- MILL & OVERLAY 0.17' OF EXISTING ASPHALT
- LANDSCAPING PER CITY OF OLYMPIA REQUIREMENTS

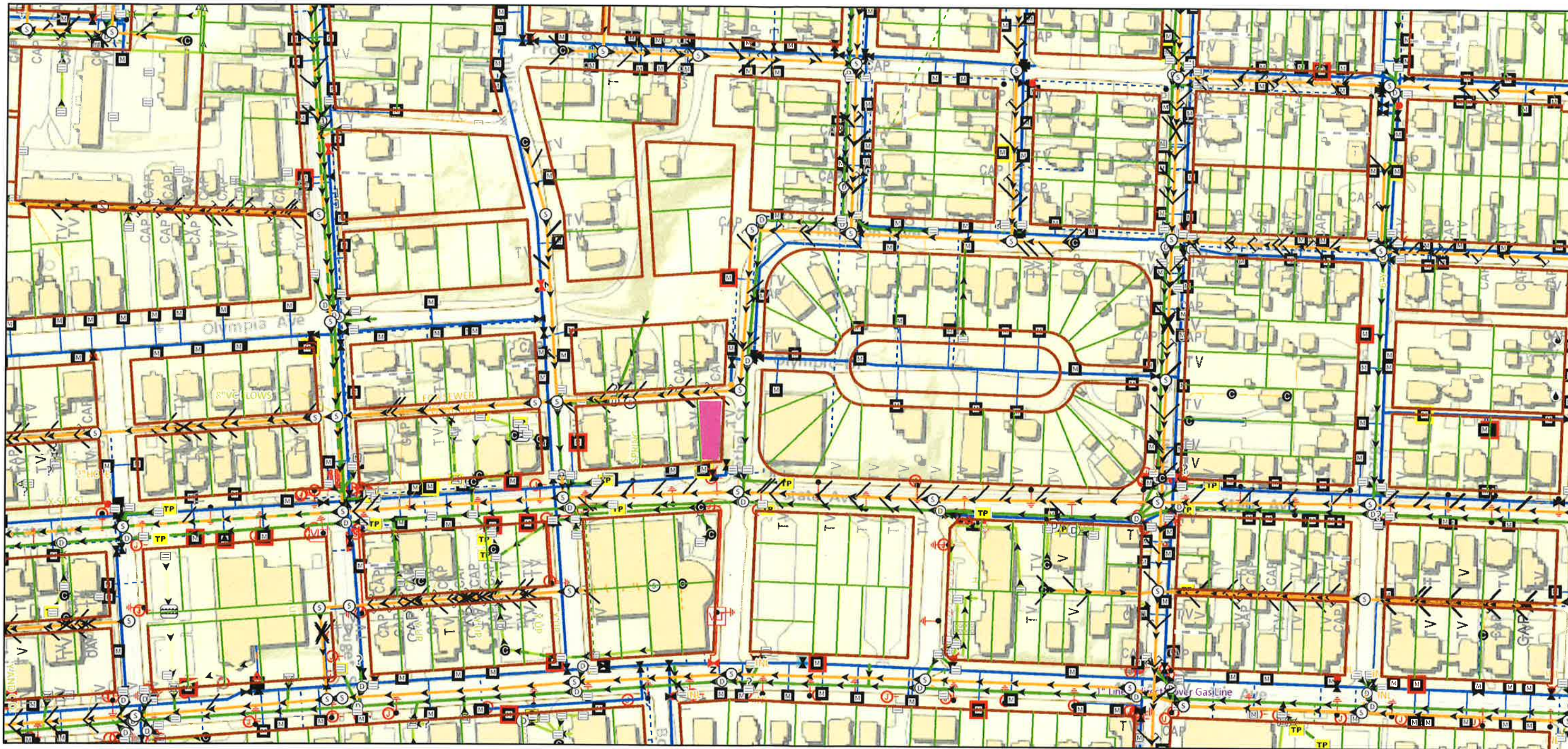
REVISIONS	DATE	BY


**SCJ ALLIANCE**  
 CONSULTING SERVICES  
 212 N TOWER AVE, CENTRALIA, WA 98531  
 P: 360.669.0700 F: 360.352.1509  
 SCJALLIANCE.COM

**GRADING PLAN**  
 ZOLA CLINIC  
 205 BETHEL STREET  
 OLYMPIA, WA 98502

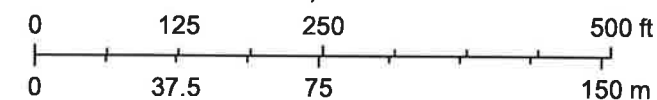


DESIGNER:	C. SEEVERS
DRAWN BY:	C. DAHM
APPROVED BY:	C. SEEVERS
DATE:	APRIL, 2019
JOB NO:	3247.01
DRAWING FILE NO:	3247.01 SP-03
DRAWING NO:	SP-03
SHEET NO:	3 OF 2



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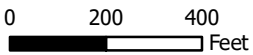
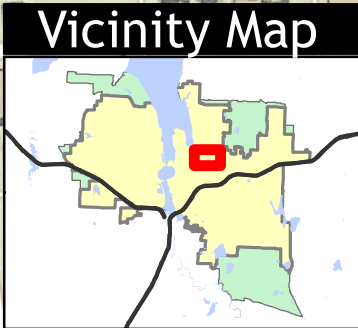
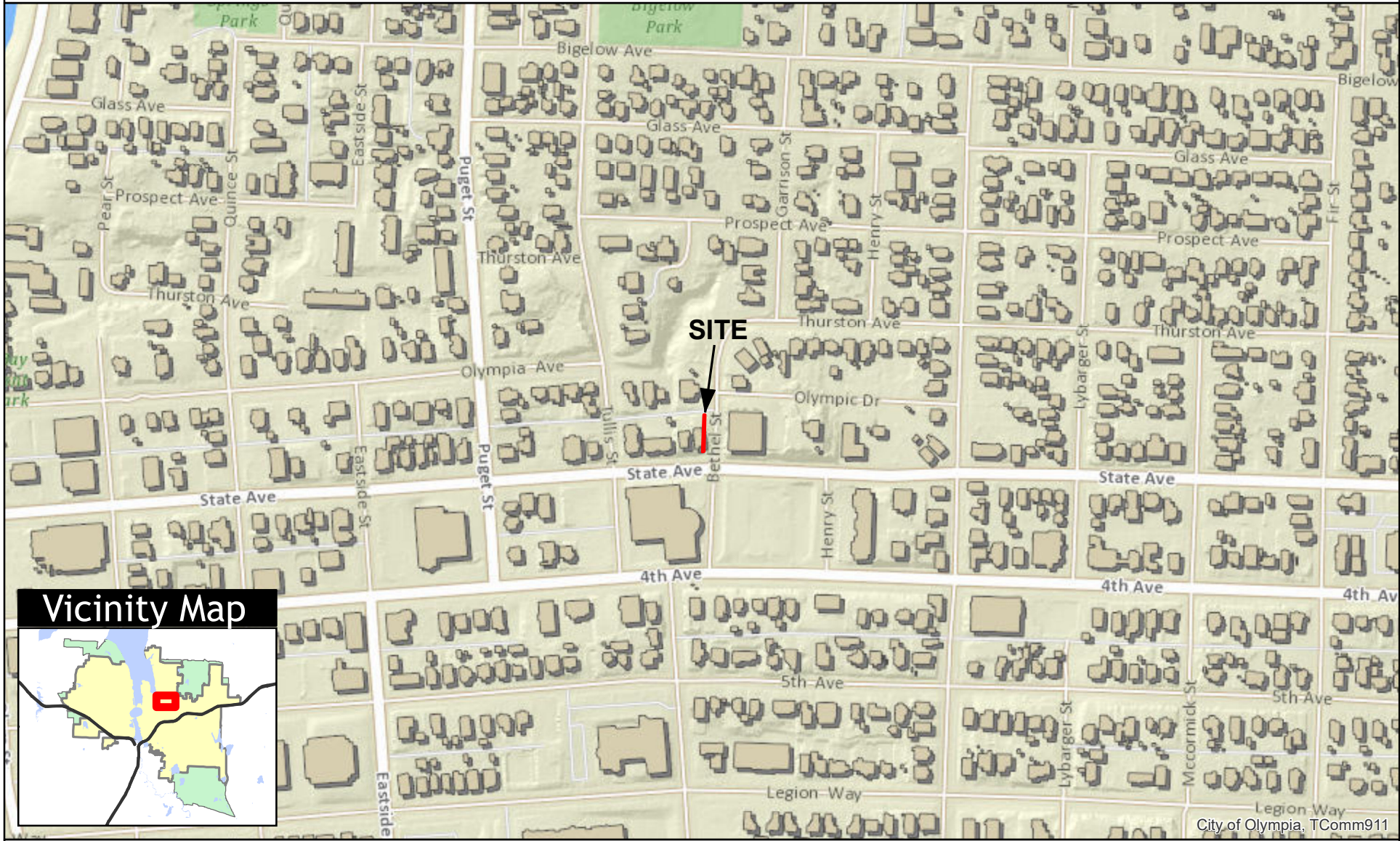
1:1,932



 Subject Property



# Bethel Street Vacation Petition



1 inch = 400 feet

Map printed 9/20/2019

The City of Olympia and its personnel cannot assure the accuracy, completeness, reliability, or suitability of this information for any particular purpose. The parcels, right-of-ways, utilities and structures depicted hereon are based on record information and aerial photos only. It is recommended the recipient and/or user field verify all information prior to use. The use of this data for purposes other than those for which they were created may yield inaccurate or misleading results. The recipient may not assert any proprietary rights to this information. The City of Olympia and its personnel neither accept or assume liability or responsibility, whatsoever, for any activity involving this information with respect to lost profits, lost savings or any other consequential damages.





## City Council

### Public Hearing to Consider an Ordinance Declaring a Continuing State of a Public Health Emergency Related to Homelessness - First and Final Reading

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 5.B  
**File Number:** 19-1034

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**Type:** ordinance **Version:** 1 **Status:** Public Hearing

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#### **Title**

Public Hearing to Consider an Ordinance Declaring a Continuing State of a Public Health Emergency Related to Homelessness - First and Final Reading

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Conduct a public hearing and move to approve the ordinance declaring a continuing state of public health emergency relating to human health and environmental conditions caused by increasing homelessness in our community on first and final reading.

#### **Report**

##### **Issue:**

Whether to conduct a public hearing and approve an ordinance declaring a continuing state of public health emergency relating to increasing homelessness in our community.

##### **Staff Contact:**

Keith Stahley, Director Community Planning and Development Department 360.753.8227

##### **Presenter(s):**

Keith Stahley, Director Community Planning and Development Director

#### **Background and Analysis:**

Homelessness is an issue of urgent public concern facing Olympia and the region. On June 14, 2018, the Thurston County Board of Health declared homelessness a public health crisis in Thurston County.

The Point-in-Time homeless census conducted in 2018 found at least 320 people sleeping unsheltered in unmanaged conditions countywide. In addition to this annual count, City staff

periodically conducts an early morning count of people sleeping on the street in downtown; routinely finding approximately 130 people living unsheltered within the core of downtown.

On July 17, 2018, the City Council passed and adopted an ordinance declaring a public health emergency. Since that date, the number of tents for homeless persons in downtown Olympia has increased substantially. Since first declaring a public health emergency, the City of Olympia has been in the process of identifying and implementing solutions-based actions to address this increasingly challenging issue.

Declaring a state of continuing public health emergency provides a factual basis for the City's present and existing public health emergency, and references statutory authority that allows the City more flexibility to act quickly in response to homelessness. Under the ordinance, the City may, for example, obligate funds, enter into contracts, or site facilities outside of normal time-consuming procedures.

After considering public testimony and reviewing the conditions that gave rise to this public health emergency, on December 18, 2018, the City Council passed and adopted Ordinance No. 7179, declaring a continuing state of public health emergency relating to homelessness. Subsequently, on May 7, 2019, the City Council held a public hearing and after considering public testimony and reviewing the conditions that gave rise to the public health emergency, the City Council passed and adopted Ordinance No. 7192 to continue the public health emergency.

Conditions necessitating a public health emergency continue to exist in the City, including widespread unsanctioned camping, threats of communicable diseases from unsanitary conditions, environmental degradation from human waste and garbage, illegal drug use, and improper use of public and private property throughout our community.

The above circumstances are and continue to present significant public health and safety issues for the entire community and necessitate urgent further actions to mitigate the conditions giving rise to this threat to public health and safety.

The continuing public health emergency ordinance shall take effect immediately upon adoption by a vote of a majority plus one, and the emergency will be in effect through December 19, 2021. In six months after adoption of this continuing public health emergency ordinance, the City Council will review the conditions that gave rise to this public health emergency to determine if this ordinance should be extended for another six-month period, with possible successive renewals until the sunset date.

**Neighborhood/Community Interests:**

Homelessness and its impacts affect the entire City.

**Options:**

1. Conduct a public hearing and move to approve the continuing ordinance declaring a state of public health emergency relating to human health and environmental conditions caused by increasing homelessness in our community.
2. Conduct a public hearing and move to take no action.

**Financial Impact:**

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**Type:** ordinance **Version:** 1 **Status:** Public Hearing

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No immediate impacts.

**Attachments:**

Ordinance

Ordinance No. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF OLYMPIA, WASHINGTON, RELATING TO PUBLIC HEALTH AND SAFETY AND DECLARING A CONTINUING STATE OF PUBLIC HEALTH EMERGENCY RELATING TO HOMELESSNESS; AUTHORIZING SUCH ACTIONS AS ARE REASONABLE AND NECESSARY TO MITIGATE THE CONDITIONS GIVING RISE TO SUCH PUBLIC HEALTH EMERGENCY; AND DECLARING AN EMERGENCY SO THIS ORDINANCE SHALL BE EFFECTIVE UPON ADOPTION.**

**WHEREAS**, persistent and increasing homelessness is a public health and safety issue that greatly impacts people experiencing homelessness, as well as the entire community, all citizens, neighborhoods, and businesses; and

**WHEREAS**, the Olympia City Council passed Ordinance No. 7146 on July 17, 2018, finding and declaring a public health emergency relating to human health and environmental conditions caused by increasing homelessness in the City of Olympia; and

**WHEREAS**, since the adoption of Ordinance No. 7146, the number of homeless persons and tents within the downtown zone of the City of Olympia dramatically increased, particularly since August 2018, causing serious and detrimental conditions relating to human health, sanitation, and welfare; and

**WHEREAS**, the Olympia City Council passed Ordinance No. 7179 on December 18, 2018, finding that the public health emergency relating to human health and environmental conditions caused by increasing homelessness in the City of Olympia was continuing; and

**WHEREAS**, the Olympia City Council passed Ordinance No. 7192 on May 7, 2019, finding that the public health emergency relating to human health and environmental conditions caused by increasing homelessness in the City of Olympia was continuing; and

**WHEREAS**, the number of homeless persons occupying portions of the downtown zone within the City of Olympia has caused significant and real problems for public health and safety relating to human excrement, urine, trash, refuse, needles associated with drug use; all of which pose a serious and immediate danger to public health; and

**WHEREAS**, the Olympia City Council finds that in Olympia and Thurston County and throughout the nation, large numbers of individuals, families and unaccompanied youth are experiencing homelessness due to such factors as job loss, rising housing costs, stagnant and declining wages, family crisis, domestic violence, trauma, substance abuse or addiction, and mental health issues, and discrimination based on race, disability, sexual orientation, gender expression, and transgender status; and that such conditions have not abated or decreased since the adoption by Council of Ordinance No. 7146 on July 17, 2018, but have shown increasing signs within the City of Olympia; and

**WHEREAS**, communities such as Seattle, Washington; Tacoma, Washington; Portland, Oregon; and Los Angeles, California, have declared states of emergency in order to provide expedited emergency services and shelters for unsheltered individuals, families and unaccompanied youth and are continuing to struggle with the effects of homelessness within their respective jurisdictions; and

**WHEREAS**, the supply of available temporary shelter beds in Thurston County and City of Olympia is inadequate to meet demand of homeless persons; and

**WHEREAS**, the Eighth Amendment to the U.S. Constitution, as interpreted by the Ninth Circuit Court of Appeals in *Martin v. City of Boise*, 902 F.3d 1031 (Sept. 4, 2018) precludes the City from enforcing criminal ordinances against homeless persons for sleeping outside on public property when there is no access to alternative shelter or lawful camping sites; and

**WHEREAS**, the Olympia City Council finds there is an emergency need for designated public property so homeless persons may lawfully camp within the City of Olympia with public sanitation facilities, potable water, and collection of trash and refuse for proper solid waste disposal; and

**WHEREAS**, the experience of being unsheltered is traumatic and endangers public health as these conditions expose occupants to harmful weather conditions, communicable diseases such as hepatitis, tuberculosis, respiratory illnesses, malnutrition, and violence; and exacerbate medical conditions such as high blood pressure, diabetes and asthma because there is no safe place to properly store medications or syringes; and

**WHEREAS**, mental health issues such as depression or schizophrenia often develop or intensify for unsheltered individuals, and those conditions frequently co-occur with a complex mix of severe physical, alcohol and/or substance use, and other social problems; and

**WHEREAS**, when a patient's health is continually compromised by unstable conditions health care services are rarely effective, and inpatient hospitalization or residential drug treatment and mental health care rarely have lasting impacts when a patient is returned to a homeless environment; and

**WHEREAS**, other environmental degradation can occur, such as damage to critical wetlands and wetland and river buffers when occupied by encampments, or surface water contamination due to runoff from garbage that can find its way into groundwater, rivers, and to other waterbodies causing harm to people, fish and wildlife; and

**WHEREAS**, conditions necessitating a public health emergency continue to exist in the City of Olympia, including widespread unsanctioned camping, threats of communicable diseases from unsanitary conditions, environmental degradation from human waste and garbage, illegal drug use, and improper use of public and private property throughout our community; and

**WHEREAS**, the above circumstances are and continue to present significant public health and safety issues for the entire community and necessitate urgent further actions to mitigate the conditions giving rise to this threat to public health and safety; and

**WHEREAS**, the City of Olympia is confronted with exigent financial circumstances related to this public health and safety emergency to protect its citizens and residents, and to protect the community; and

**WHEREAS**, the growing homeless population in the City of Olympia has surpassed Olympia's available means and resources, such that assistance is urgently needed from Thurston County and the State of Washington to make available county and state lands, buildings and other resources to help provide temporary camping and shelter for Olympia's homeless population; and

**WHEREAS**, the above man-made circumstances warrant the exercise of the City of Olympia's power to declare a public health emergency under authority of Article XI, Section 11, of the Washington State Constitution; 35A.11.020 RCW; 35A.11.030 RCW; 35A.13.190 RCW; 35A.38.010 RCW; 35.33.081 RCW; Chapter 38.52 RCW; Chapter 39.04 RCW; WAC 197-11-880; and other applicable laws and regulations, and pursuant to Chapter 2.24 of the Olympia Municipal Code, and pursuant thereto, and the authorization of such extraordinary measures as are reasonable and necessary in light of such continuing public health emergency to mitigate the conditions giving rise to the public health emergency;



**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL ORDAINS AS FOLLOWS:**

**Section 1.** The above-stated recitals are adopted as findings of the Olympia City Council and are incorporated by this reference as though fully set forth herein.

**Section 2.** It is hereby declared that a continuing state of public health emergency exists due to an exigent threat to human health and environmental conditions related to homelessness affecting the City of Olympia. Therefore:

- A.** The City Manager is hereby authorized and empowered to carry out those powers and duties as are reasonable and necessary to mitigate the effects of the emergency.
- B.** All of the personnel, services and facilities of the City of Olympia will be utilized as needed, in response to the emergency needs of the community.
- C.** Those departments, officers, and employees of the City of Olympia are authorized and empowered, among other things, to do the following:
  - (1) Obligate funds for emergency expenditures as directed by the City Council;
  - (2) Enter into contracts and incur obligations necessary to combat such emergency situations to protect the public health and safety of persons and property;
  - (3) Provide appropriate emergency shelter or lawful camping sites to houseless individuals; and
  - (4) Take other actions, as appropriate, in response to such public health emergency.
- D.** Each designated City department is authorized to exercise the powers vested under Section 2 of this Ordinance in the light of these exigencies of an extreme emergency situation without regard to time consuming procedures and formalities prescribed by law (with the exception of mandatory constitutional requirements).
- E.** The Mayor is authorized to submit a written request to the Board of Commissioners for Thurston County, and to Governor Jay Inslee, to make available county and state lands, buildings, and other resources to address the public health emergency caused by the rapidly growing homeless population in the City of Olympia.

**Section 3. Sunset Provision.** This ordinance shall sunset and no longer be in force or effect at 11:59 p.m. on December 19, 2021. The City Council shall, no later than six (6) months after the effective date of this ordinance, review the conditions that have given rise to this public health emergency to determine if such conditions warrant keeping in place the extraordinary measures authorized herein to respond to this continuing public health emergency. If the City Council finds such conditions still exist, the City Council may extend this ordinance for an additional six (6) month period, and can do so successively until the sunset date on December 19, 2021.

**Section 4. Corrections.** The City Clerk and codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance, including the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

**Section 5. Severability.** If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the Ordinance or application of the provisions to other persons or circumstances shall remain unaffected.

**Section 6. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 7. Effective Date.** This Ordinance is for the immediate preservation of public peace, health, safety, and welfare, and shall take effect upon adoption, as provided by law.

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MAYOR

**ATTEST:**

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CITY CLERK

**APPROVED AS TO FORM:**



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CITY ATTORNEY

**PASSED:**

**APPROVED:**

**PUBLISHED:**



## City Council

### Public Hearing on an Ordinance Setting the 2020 Ad Valorem Tax

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 5.C  
**File Number:** 19-1048

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**Type:** public hearing **Version:** 1 **Status:** Public Hearing

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#### **Title**

Public Hearing on an Ordinance Setting the 2020 Ad Valorem Tax

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee

##### **City Manager Recommendation:**

Hold a public hearing on the ordinance setting the 2020 Ad Valorem tax in the amount \$19,060,457.61 for the City's Regular Levy (including refunds) and \$1,196,967.77 for the Excess Levy on the Fire bonds (including refunds). Close the hearing, and approve the ordinance on first reading and forward to second reading.

#### **Report**

##### **Issue:**

Whether to hold a public hearing on the ordinance setting the 2020 Ad Valorem Tax in the amount \$19,060,457.61 for the City's Regular Levy (including refunds) and \$1,196,967.77 for the Excess Levy on the Fire bonds (including refunds).

##### **Staff Contact:**

Nanci Lien, Fiscal Services Director, Administrative Services, 360.753.8465

##### **Presenter(s):**

Nanci Lien, Fiscal Services Director, Administrative Services

##### **Background and Analysis:**

The City is required to adopt a property tax levy ordinance and file a levy certification with Thurston County by November 27, 2019. If no certification is filed, the County will levy the same amount as 2019.

A public hearing on General Fund revenue sources, including property tax, is required prior to adopting the property tax levy (RCW 84.55.120). The schedule of proposed 2020 General Fund revenues is attached. Notice of the hearing was published on November 5.

The 2020 general levy is based on a 1 percent increase over the previous year's levy, plus allowable add-on items and a refund levy to be collected in 2020. This year the levy includes an additional \$499,474.15 of banked capacity.

Should the County adjust the assessed valuation or refund levies between first and second reading of the ordinance, an amended ordinance will be presented at second reading.

Once a levy is set there may be adjustments which lower the amount of taxes to be collected (lower assessed valuations). The amount not collected due to adjustments can be added to the next year's levy as a refund levy.

### **Estimated Regular Levy for 2020 Collections**

The maximum regular levy rate is \$3.325 assuming the Timberland Regional District levies its full levy capacity of \$0.50 per \$1,000 of assessed value. The current levy rate of the District is \$0.362124.

The estimated regular levy for the City's 2020 collections is \$18,986,343.25 plus a refund levy of \$74,114.36. The estimated rate per \$1,000 of assessed valuation is \$2.447975. The current rate is \$2.457531. Assessed value for 2020 tax collections is estimated at \$7,755,935,904 -- an increase of \$607,973,831. The preliminary estimated increase in assessed valuation from new construction (included in above) is \$107,055,428. This will generate about \$272,840.34 in property tax revenue from new construction.

Additionally, the City will collect property tax to pay debt service on bonds issued with voter approval to fund fire facilities and equipment. In 2008, voters approved an excess levy to pay for a fire station, fire training facility, and equipment. Bonds were issued in 2009. This levy for 2020 will be \$1,196,967.77, which includes a refund levy of \$6,213.51. The estimated levy rate is \$0.157766. The tax levy to pay the debt service on the fire bonds is not part of the public hearing.

The most current assessment was received on September 18, 2019. The County has communicated there may be another slight adjustment and would notify the City by mid-November. Any changes to the General Levy and rate will be modest and reflected in the final ordinance prior to second reading.

### **Neighborhood/Community Interests (if known):**

None

### **Options:**

1. Hold a public hearing. Close the public hearing and move to approve the ordinance on first reading and forward to second reading.
2. Hold a public hearing. Close the public hearing and move the ordinance to second reading with changes as identified by the Council.
3. Hold a public hearing. Close the public hearing and direct staff to present the ordinance at a future Council meeting. If the ordinance is not delivered to the County by November 27, 2019, then the amount of taxes to be levied for 2020 may be limited.
4. Do not pass the ordinance. The County will levy property taxes at the same level as 2019.

### **Financial Impact:**

**General Expense Levy**

\$18,713,502.91	1% increase over highest legal levy*
\$ 272,840.34	New construction
<u>\$ 74,114.36</u>	Refund Levy - General Expense
\$19,060,457.61	Total General Expense Levy

\*Includes the Public Safety Levy LID Lift and \$499,474.15 of banked capacity

**Fire Bond Levy**

\$1,190,756.26	Base Levy
<u>\$ 6,213.51</u>	Refund Levy
\$1,196,967.77	Total Fire Bond Levy

**Attachments:**

Ordinance  
Estimated 2020 General Fund Revenue by Type

**AN ORDINANCE SETTING THE AD VALOREM TAX AMOUNT AND THE AMOUNT OF INCREASE FOR THE BUDGET YEAR 2020**

**WHEREAS**, the Olympia City Council held a public hearing on November 12, 2019, to consider the City of Olympia ad valorem tax levy for 2020 collections; and

**WHEREAS**, the City Council, after the hearing and after duly considering all relevant evidence and testimony presented, has determined that the City of Olympia requires an increase in property tax revenue from the previous year, in addition to the increase resulting from additions of new construction and improvements to property, areas added by annexation, and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City in its best interest; and

**WHEREAS**, the City issued bonds to pay for a Fire Station, Fire Training Facility, and Equipment, such bonds approved by voters in 2008; and

**WHEREAS**, the City has a need for an additional \$499,270.02 for public safety, law enforcement, policy training and recruitment, code enforcements, mental health, Community Court service and other general governmental purposes; and

**WHEREAS**, the City of Olympia has been advised by the Thurston County Treasurer that the City of Olympia is eligible for a refund levy of \$74,114.36 related to the general levy; and

**WHEREAS**, the City of Olympia has been advised by the Thurston County Treasurer that the City of Olympia is eligible for a refund levy of \$6,213.51 related to the Fire Station bond levy; and

**WHEREAS**, although the City may wish to levy taxes for the year in an amount less than the maximum allowed under its legal levy limit, future levy capacity shall be protected as provided for in RCW 84.55.092, calculated in future years as though the maximum lawful levy amount allowed by the levy limit had been levied, as set forth in WAC 458-19-065; and

**WHEREAS**, the City is required to certify the amount to be raised by taxation on assessed valuation with the clerk of the county legislative authority by November 30;

**NOW, THEREFORE, THE OLYMPIA CITY COUNCIL, ORDAINS AS FOLLOWS:**

**Section 1.** A \$529,558.11 increase in the regular property tax levy is hereby authorized for levy amounts to be collected in 2019, which is an increase of 2.9122289% from the previous year.

This is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, and any annexations that have occurred and refunds made.

**Section 2.** There is hereby fixed as the amount of property tax collections necessary to raise an amount equal to the estimated expenditures less the total estimated revenue from all sources other than ad valorem taxation, the following sum:

<b>OLYMPIA</b>	<b>AMOUNT</b>
General Expense Levy (Regular Property Tax Levy)	\$18,986,343.25
Administrative Refund Levy, General Expense Levy	74,114.36
Subtotal General Expenses Levy	<u>\$19,060,457.61</u>
Excess Levy (Fire Station Bonds)	\$ 1,190,756.26
Administrative Refund Levy, Excess Levy	6,213.51
Subtotal Excess Levy	<u>\$ 1,196,969.77</u>
Grand Total	\$20,257,427.38

**Section 3.** On or before November 27, 2019, the City Clerk shall file with the Clerk of the Thurston County Board of Commissioners a certified estimate of the total amount to be raised by the ad valorem tax levied herein on property within the City of Olympia.

**Section 4. Severability.** If any provision of this Ordinance or its application to any person or circumstance is held invalid, the remainder of the Ordinance or application of the provisions to other persons or circumstances shall remain unaffected.

**Section 5. Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 6. Effective Date.** This Ordinance shall take effect five (5) days after publication, as provided by law.

\_\_\_\_\_  
MAYOR

**ATTEST:**

\_\_\_\_\_  
CITY CLERK

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
CITY ATTORNEY

**PASSED:**

**APPROVED:**

**PUBLISHED:**

ATTACHMENT:  
ESTIMATED 2020 GENERAL FUND REVENUE BY TYPE

REVENUE TYPE	2020 BUDGET PROJECTIONS
GENERAL FUND - REGULAR OPERATIONS	REGULAR OPERATIONS
Property Tax	\$15,489,557
Sales Tax	23,492,629
Business Tax	7,105,756
Utility Tax, Private	4,450,713
Utility Tax, Municipal	6,092,592
Gambling Tax	134,056
Leasehold Tax	177,735
Licenses and Permits	902,401
Intergovernmental	2,276,365
Charges for Services	16,785,151
Fines and Penalties	376,683
Rents and Leases	1,630,167
Other Revenue	6,759,692
TOTAL	\$85,673,497





## City Council

### Discussion of Budget Special Topics - Utility Rates, Impact Fees, Development Fees, PBIA, and Lodging Tax

**Agenda Date:** 11/12/2019  
**Agenda Item Number:** 6.A  
**File Number:** 19-1042

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**Type:** discussion **Version:** 1 **Status:** Other Business

---

#### **Title**

Discussion of Budget Special Topics - Utility Rates, Impact Fees, Development Fees, PBIA, and Lodging Tax

#### **Recommended Action**

##### **Committee Recommendation:**

The Lodging Tax Advisory Committee (LTAC) is recommending tourism service contracts in the amount of \$405,923 and the Utility Advisory Committee (UAC) is making recommendations on utility rates and general facility charges (GFC).

##### **City Manager Recommendation:**

Review and discuss the following operating budget topics: Lodging Tax tourism service contracts in the amount of \$405,923, the proposed Parking & Business Improvement Area Board (PBIA) Budget, the UAC 2020 recommended utility rate and general facility charges, Parks and Transportation impact fees, Olympia School District Impact Fees, and Development Fees.

#### **Report**

##### **Issue:**

Whether to discuss the following operating budget special topics: Utility Rates and General Facility Charges; Parks, Transportation and Olympia School District impact fees; LTAC tourism service contracts; and the Parking & Business Improvement Area Board Budget.

##### **Staff Contact:**

Debbie Sullivan, Administrative Services Director, Administrative Services, 360.753.8499

##### **Presenter(s):**

Debbie Sullivan, Administrative Services Director  
Eric Christensen, Director of Water Resources, Public Works  
Laura Keehan, Parks Planning & Design Manager, Parks, Arts & Recreation  
Mark Russell, Deputy Director, Public Works  
Jennifer Priddy, Assistant Superintendent, Olympia School District  
Max DeJarnatt, Parking Program Analyst, Community Planning & Development  
Jessica Bateman, Olympia City Council, Lodging Tax Advisory Committee Chair

### **Background and Analysis:**

The 2020 Preliminary Operating and Capital Budget assumes revenue and expenses from utility rates; General Facility Charges (GFCs); Lodging Tax; Parks and Transportation impact fees; Development Fees; and Parking & Business Improvement Area revenue. Staff will present information on these topics and take questions from Council for future budget discussion meetings. Action will be taken in mid-December as part of the budget approval process.

#### Utility Rates and GFC Increases

On October 3, the UAC discussed proposed changes to the 2020 utility rates and GFCs for the four utilities - Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources. This recommendation was presented to Finance Committee on October 28. Staff will share the recommendation with the full Council.

#### Park Impact Fees

For 2020, staff proposes freezing park impact fees at the 2018 and 2019 level, as shown on the attached rate sheet. The “frozen” rate provides a 6-11 percent discount from what the rate would have been had the annual inflationary adjustments been implemented. Staff will be contacting a consultant to explore other potential methodologies for park impact fee calculation, including using residential square footage as the basis for the calculation.

#### Transportation Impact Fees

The last update to the Transportation Impact Fee Rate Study was in 2016. With the anticipated adoption of the Transportation Master Plan in 2020, staff will modify and update the Transportation Impact Fee Program at that time. For this reason, staff is only adjusting the Transportation Impact Fee this year for increases in the cost of labor, construction materials, and real property. The Transportation Impact Fee will increase by \$5 from \$2,782 to \$2,787 per new trip.

#### Olympia School District Impact Fees

Based on its updated Capital Facilities Plan, the Olympia School District is requesting a slight increase for 2020 in impact fees for single-family homes from \$4,972 to \$5,177; a decrease in multi-family residential impact fee outside of downtown from \$2,575 to \$2,033; and an increase in the downtown multi-family residential impact fee from \$0 to \$1,627 beginning July 1, 2020.

#### Development Review & Inspection Fees

City Council’s adopted policy for the Development Services Fund includes a target of 85 percent of the City’s cost for review and inspection of development permit applications is to be recovered through application fees. Staff recommends several adjustments to land use, engineering and building review/inspection fees to achieve closer alignment with this adopted cost recovery target and other City policy goals, as well as comparison with neighboring jurisdictions’ fees.

#### PBIA Draft Budget

PBIA is projecting \$100,000 revenue in 2020 to be split among three core focus areas: Clean and

Safe, Streetscape Beautification, and Marketing. Staff will share the recommended 2020 budget.

### Lodging Tax

The Lodging Tax Advisory Committee (LTAC) met and developed funding recommendations. Councilmember Jessica Bateman chairs the LTAC and will present the funding proposal. RCW 67.28.1816 defines City Council's role regarding LTAC recommendations as follows:

(ii) The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by local lodging tax advisory committee.

### **Neighborhood/Community Interests (if known):**

A public hearing is scheduled for November 19 on the operating and capital budget. Council can hear testimony on the proposed changes at that time.

### **Options:**

1. After hearing the presentation, request additional information from City staff.

### **Financial Impact:**

Briefing only.

### **Attachments:**

UAC 2020 Utility Rates, GFCs and 2020-2025 CFP Recommendations  
2020 Park Impact Fees  
2020 PBIA Draft Budget Recommendations  
2020 Lodging Tax Recommendations  
2020 Development Review and Inspection Fees



October 21, 2019

Olympia City Council  
PO Box 1967  
Olympia, WA 98507-1967

Dear Mayor Selby and Council Members:

**SUBJECT: UAC 2020 Utility Rates, GFCs, and 2020-2025 CFP Recommendations**

Thank you for the opportunity to provide citizen committee recommendations on 2020 City of Olympia utility rates, general facility charges (GFCs) and the 2020-2025 Capital Facilities Plan (CFP). The members of the Utility Advisory Committee (UAC) understand that this work is a fundamental responsibility of our committee. The UAC also understands and supports the important public and environmental health work of the City's four utilities. The UAC believes that City staff work hard to use resources wisely thereby minimizing customer costs. And we realize that rate increases must occur in order to maintain the level of service demanded by the community, to meet regulatory requirements and to account for changes in costs beyond the utilities' control.

When considering usage rates and GFCs, the UAC seriously considers the impact these increases may have on community members. When considering GFCs, the UAC also considers analyses provided by staff regarding the financial value of the existing utility infrastructure and the benefits of the infrastructure to new development since GFC charges are imposed at the time of initial development. GFC revenues are dedicated to capital budgets.

**Summary of Proposed Rates and GFCs**

For budgetary purposes the City's three water-related utilities and Waste ReSources assume a growth for 2020 of one-percent revenue. These revenue growth assumptions are consistent with growth rates experienced in recent years. Ongoing growth-related revenue increases help offset rate changes. The proposed rates are expected to cover 2020 expenditures, including a City staff cost-of-living adjustment.

The UAC recommends the following utility rate increases in 2020:

- Storm and Surface Water 2.51%
- Wastewater -2.00%
- Drinking Water 5.25%
- Waste ReSources 2.30%

We understand that City staff also support these specific increases. In addition, the LOTT Board of Directors has also approved rates and capacity development charges (CDCs) for 2020, which will both increase 3.0 percent.

Including the LOTT rate increase, the combined, weighted rate increase would be approximately 2.5 percent (\$6.42/bi-monthly bill) for a typical single-family residence.

### **Storm and Surface Water**

*Utility Rate: 2.51% increase*

The Storm and Surface Water utility is responsible for flood mitigation, water quality improvement and aquatic habitat enhancement. The utility anticipates total expenses to increase by about \$289,000 above estimated revenue.

*GFC rate: 10% increase*

The UAC supports an incremental increase the Storm and Surface Water GFC. Further increases are financially justified and could be considered in future years.

### **Wastewater**

*Utility Rate: 2.00% reduction*

The Wastewater utility is responsible for safe conveyance of sewage from homes and business to the LOTT (Lacey, Olympia, Tumwater, and Thurston) Clean Water Alliance treatment facility in downtown Olympia. Although the utility has increased expenses, cash on hand combined with consistent surplus revenues (\$300,000 annually) will allow the utility to reduce the current rate 2 percent and meet 2020 expenses.

*GFC rate: No increase*

The wastewater GFC will be kept at the current rate \$3,442. The financial analysis performed for the Wastewater Management Plan (Plan) to be adopted in 2020, justifies increasing the wastewater GFC to \$4,999. The UAC supports waiting for the adoption of the Plan in 2020 and considering increases to the wastewater GFC in future years.

### **Drinking Water**

*Utility Rate: 5.25% increase*

The Drinking Water utility provides and protects healthy drinking water for the community as part of a long-term vision that sustains present and future water supplies for our community while protecting the environment.

In 2019, rather than increasing the Drinking Water rates, approximately \$565,000 of available funds were used to cover a justified increase. As a result, the 2020 Drinking Water budget starts with a revenue shortfall. The utility is also requesting an increase in depreciation funding of \$100,000 and anticipates additional expenses to increase by about \$228,000.

*GFC rate: No increase*

Substantial capital investments have been made during recent years. Drinking water GFCs were consistently increased between 2015 and 2018. An increase is not warranted in 2020 and no further increases are anticipated until the new Water System Plan is developed in 2020/2021.

### **Waste ReSources**

*Utility Rate: Varying rate increases*

Waste ReSources provides waste reduction, recycling and disposal services for residential, commercial, drop-box, and organics customers.

While projected revenues are relatively flat in 2020, revenue is strong in the commercial sector. Overall expenses are up 3.4%, which is supported by the Seattle Consumer Price Index (CPI) of 3.2% (August 2019). And, while expenses are up slightly, revenue is down in the residential sector due to volatile recycling commodity markets. Recycle markets have reached historic lows, ultimately impacting the utility financially. The UAC recognizes that reducing contamination in the recycle stream, and adjusting the acceptable items list to remove glass and poly coated products, may improve marketability of materials and reduced processing/trans-hauling expenses. These steps will help the utility offer fair, equitable rates.

The UAC supports staff proposals to manage the resultant financial challenge as a short-term dynamic. However, a rate increase for all sectors to balance the fund is necessary. The UAC recommends the following increased rates for 2020:

- Residential 2.30%
- Commercial 2.30%
- Drop Box 6.60%
- Organics 2.30%

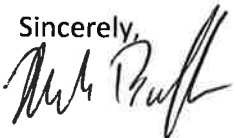
#### **Capital Facilities Plan 2020-2025**

The UAC supports the proposed 2020 – 2025 Capital Facilities Plan (CFP). The CFP is guided by and consistent with the various utility management plans. In general, the CFP (pertinent to the utilities) anticipates that current projects can be funded with the estimated revenues. However, the UAC is aware of the capital project challenges faced by all of the utilities. Financial analyses for the Water Resources utilities justify increasing capital depreciation funding for Drinking Water by an additional 40 percent, for Wastewater an additional 320 percent, and for Storm and Surface Water an additional 67 percent. Recent discoveries of insufficient wastewater pipe capacities and deteriorating water tank coatings may also result in a future discrepancy between needs and resourcing.

Thank you again for the opportunity to provide our recommendations. These proposals will support the important public health mandates of the four City utilities. The proposed utility rates reflect our responsibility to maintain and improve our essential public infrastructure while remaining cognizant on the impact rate increases may have upon community members.

On behalf of the members of the UAC, please let me know if you have any questions. I can be reached via email at [mbuffo@ci.olympia.wa.us](mailto:mbuffo@ci.olympia.wa.us)

Sincerely,



**MIKE BUFFO**

Chair, Utility Advisory Committee

ec: UAC Members  
Debbie Sullivan, Administrative Services Director  
Gary Franks, Waste ReSources Director  
Eric Christensen, Water Resources Director



## Park Impact Fees

<b>Dwelling Type</b>	<b>2019 Impact Fees</b>	<b>2020 Fees Based on 2019 &amp; 2020 Inflationary Adjustment</b>	<b>Cumulative Discount (since 2019)</b>	<b>Proposed 2020 Impact Fees</b>
<b>Single-Family (including manufactured homes on individual lots), Townhomes</b>	\$5,581	\$6,257	10.8%	\$5,581
<b>Duplex, Triplex, Fourplex, Cottage Housing</b>	\$3,796	\$4,048	6.2%	\$3,796
<b>5 or more unit Multi-family, Courtyard Apartments</b>	\$3,796	\$4,048	6.2%	\$3,796
<b>Units in Senior Housing Developments (including single family units)</b>	\$3,796	\$4,048	6.2%	\$3,796
<b>Mobile Home in Mobile Home Parks</b>	\$3,796	\$4,048	6.2%	\$3,796
<b>Accessory Dwelling Units</b>	\$2,233	\$2,381	6.2%	\$2,233
<b>Single Room Occupancy Units, Studios</b>	\$2,233	\$2,381	6.2%	\$2,233
<b>Downtown Multi-family (including Townhouses)</b>	\$2,902	\$3,094	6.2%	\$2,902



## PBIA - 2020 Draft Budget

Category	Bin	2020
Ambassadors & Clean Team	Clean & Safe	\$43,500
Mural protection	Clean & Safe	\$1,500
Extra alley flushings	Clean & Safe	\$1,200
Flower baskets	Streetscape Beautification	\$5,400
Flower basket watering	Streetscape Beautification	\$18,000
Art/photos in windows	Streetscape Beautification	\$2,500
Holiday lighting & Twinklefest	Marketing	\$14,000
Event sponsorships	Marketing	\$7,000
Administration	Administration	\$2,000
Contingency	Contingency	\$1,500
<b>TOTAL BUDGET</b>		<b>\$96,600</b>

DRAFT



**TO:** Olympia City Council

**FROM:** Jessica Bateman, Mayor Pro Tem and Chair, Lodging Tax Advisory Committee

**DATE:** Nov. 12, 2019

**SUBJECT:** **2020 Lodging Tax Committee Recommendations**

The Olympia Lodging Tax Advisory Committee (LTAC) recommends 2020 tourism service contracts in the amount of \$405,923. As a reminder, the committee considers one-half of the Lodging Tax Fund; the other half is committed to The Washington Center for the Performing Arts per a formal agreement with the Center.

The Olympia LTAC reviewed 16 requests for 2020 funds, and one more applications than in 2019. The total requested amount of \$402,923 was more than \$14,200 over the total amount requested last year.

Further, the total available for funding was \$449,000, after allowing for the traditional 20 percent contingency balance. Remarkably, that is more than \$43,000 over the total funds requested. The Committee, therefore, was able to recommend fully fund all the requests.

As in previous years, the LTAC continues to place high priority on supporting tourism marketing and on tried and true events and activities that resulted in documented and documentable overnight stays in Olympia lodging establishments. Because of Washington state law reporting requirements, the LTAC has emphasized in the application the need to show documented paid overnight lodging numbers. LTAC continues to encourage Lodging Tax recipients to work with the Visitor and Convention Bureau on how to capture overnight stays that result from their activities, in order to provide the best measurable outcomes possible back to the LTAC.

**Attachments:**

1. Chart of Recommendations
2. Chart of History of Olympia Lodging Tax
3. Draft Minutes – LTAC October 23, 2019 meeting

# 2020 Lodging Tax Recommendations

## Tourism-Related Service Contracts:

Arbutus Folk School	\$ 7,000
Capital Lakefair	\$ 8,000
Gateway Rotary Club	\$ 10,000
Greater Olympia Dixieland Jazz Festival	\$ 32,500
Hands on Children's Museum	\$ 68,923
Harbor Days	\$ 50,000
Harlequin Productions	\$ 30,000
Lake Run Organization	\$ 5,000
Olympia Downtown Alliance	\$ 6,000
Olympia Downtown Alliance	\$ 7,500
Olympia Film Society	\$ 25,000
Olympia & Beyond Sports Commission/VCB	\$ 15,000
Olympia-Lacey-Tumwater Visitor and Convention Bureau	\$100,000
Olympic Flight Museum	\$ 10,000
South Sound Reading Foundation	\$ 11,000
Washington State Senior Games	\$ 20,000
<b>TOTAL CONTRACTS</b>	<b>\$405,923</b>

**Total 2020 Recommendation**

**\$405,923**

DRAFT

Lodging Tax Advisory Committee Meeting Minutes

October 23, 2019

Olympia City Hall, Council Chambers

## CALL TO ORDER

Chair Jessica Bateman called the meeting to order at 3:00 p.m.

### 1.A ROLL CALL

Present: 5 - Chair Jessica Bateman, Committee Member Nathan Allan, Committee Member Meghan Payne, Committee Member Jack Kiley, and Committee Member Teri Thorning

### 2. APPROVAL OF AGENDA

The agenda was approved as submitted.

### 3. APPROVAL OF MINUTES

#### 3.A 19-0965 Approval of July 31, 2018 Lodging Tax Advisory Committee Meeting Minutes

The minutes were approved as submitted.

### 4. PUBLIC COMMENT – None

5. ANNOUNCEMENTS – Staff Liaison Kellie Purce Braseth offered thanks for the service of Committee Member Nathan Allan, who would be stepping down from the Lodging Tax Advisory Committee effective once the work of the committee for 2019 is complete because of City Council approved term limits.

### 6. BUSINESS ITEMS

#### 6.A 19-0962 Review of 2020 Lodging Tax Funded Tourism Services Proposals

The Committee discussed how it would move through the review of applications considering there were more funds available than requested in the proposals. Chair Jessica Bateman suggested proceeding one-by-one in alphabetical order, and moving quickly on those proposals that were clearest to decide upon. They would then vote to recommend the proposals as a whole. The Committee agreed to the approach.

Arbutus Folk School

Requested \$7,000

The request was for support for the Olympia Old Time Festival. The Committee was pleased with the date of the event, to held Feb. 13-16, 2020. The organizers were encouraged to update the list of lodgers and to apply for more Lodging Tax funds in the future. Committee Member Teri Thorning asked about the reduction in overnight stays noted on the application. The organizers said they wanted to be conservative. The committee recommended fully funding the request.

Capital Lakefair Requested \$8,000  
Karen Griggs and Bob Barnes were present to represent the Capital Lakefair proposal. The Committee was impressed that funds would be used to promote Olympia in other communities through Lakefair's mobile float work. The committee recommended fully funding the request.

Greater Gateway Rotary Requested \$10,000  
Brat, Brews and Bands Event Planners Shelley and Dan Nicholson were present to represent the Greater Gateway Rotary proposal. The Committee was disappointed with the completeness of the applications, noting that whole section had been submitted incomplete. The Committee had more detailed questions about the event budget and Committee Member Jack Kiley expressed concern about the answer in the application about how they would promote Olympia. The organizers apologized and said they believed they had submitted the wrong version of the application. Rather than make a recommendation, the Committee decided to set the proposal aside and return to it at the end.

Greater Olympia Dixieland Jazz Society Requested \$32,500  
Dixieland Jazz Society representative Charlotte Dickison and Carla West were present to support the proposal. The Committee had no questions on the proposal, and praised the event. The committee recommended fully funding the request.

Hands on Children's Museum Requested \$68,923  
Executive Director Patty Belmonte was present to represent the Hands on Children's Museum proposal. Ms. Belmonte updated the Committee on the Museum's latest activities. The Committee had no questions on the proposal and recommended fully funding the request.

Harbor Days Requested \$50,000  
Executive Director Carol Riley was present to represent the Harbor Days proposal. Ms. Riley spoke about her work to make the festival more sustainable. The Committee praised the quality of the application and recommended fully funding the request.

Harlequin Productions

Requested \$30,000

Finance Director Joe Hyer was present to represent the Harlequin Productions proposal. Mr. Hyer and the Committee conversed about the Lodging Tax application form briefly. Committee member asked and a discussion followed on the use of single-ticket promotions and memberships. The Committee recommended fully funding the request.

Lake Run Organization

Requested \$2,000

Bob Brennand and Nick Schmidt were present to represent the Lake Run Organization proposal. Committee Member Allan asked about a rule the Committee discussed several years ago to not accepted applications of less than \$5,000 because of the use of staff time. He mentioned the discussion happened prior to the current staff's service. Staff Liaison Braseth noted that she had not seen the rule documented anywhere and Committee Member Thorning thought the discussion happened about seven years ago. Committee Member Allan thought the \$5,000 threshold should be noted on the application.

The organizers noted that this is the first year the run is under a unified brand. Committee Member Allan expressed concern that funding the event would open the door to all the 5K runs in the community seeking Lodging Tax funds. Mr. Schmidt noted that the Lakefair races had drawn participants from as far as the east coast. The Committee inquired if the event was funded at a higher rate of \$5,000 could they put heads in beds. The organizers though they could expand the geographical area of the marketing with the extra funds. The Committee recommended funding the request at \$5,000.

Olympia Downtown Alliance

Requested \$6,000

Executive Director Todd Cutts was present to represent the Olympia Downtown Alliance's (ODA) Sip, Savor and Stroll proposal. Committee Member Kiley asked about the events success in bringing in people from outside of Olympia. Mr. Cutts noted that there had been interest on their website from beyond Olympia. Committee Member Thorning urged the ODA to use a measurement tool to better capture the overnight stays at the event. The Committee recommended fully funding the request.

Olympia Downtown Alliance

Requested \$7,500

Executive Director Todd Cutts was present to represent the Olympia Downtown Alliance's (ODA) Downtown Visitor's Guide proposal. Mr. Cutts described the distribution process of the publication through local hospitality venues and all Downtown businesses. Members of the Committee noted visitors seeing and using the Guide. The Committee recommended fully funding the request.

#### Olympia Film Society

Requested \$25,000

Executive Director Audrey Henley was present to represent the Film Society proposal. Committee members offered their compliments to the Film Society for the quality of the application. Ms. Henley noted that the film festival was moving to April and in 2020 would focus on art house theaters. She also mentioned that a new point-of-sales system would provide better data. The Committee recommended fully funding the request.

#### Olympia-Lacey-Tumwater VCB

Requested \$100,000

Executive Director Shauna Stewart represented the Visitor and Convention Bureau (VCB) aka Experience Olympia and Beyond. The Committee had previously allowed the VCB to not submit an application for their funds because it was agreed upon to fund the VCB at that level. Ms. Stewart thanked the Committee. The Committee recommended fully funding the request.

#### Olympia & Beyond Sports Commission/ VCB

Requested \$15,000

Executive Director Shauna Stewart represented the Olympia & Beyond Sports Commission/Visitor and Convention Bureau. Committee Member Allan expressed his support for the proposal, and Committee Member Kiley emphasized the importance of the sports commission, noting that the committee is playing catch up in that area. Committee Member Payne expressed her excitement about the future for the sports commission. The Committee recommended fully funding the request.

#### Olympic Flight Museum

Requested \$10,000

Paul Faul, Secretary of the Board of Directors was present to represent the proposal. Committee Member Thorning recused herself from commenting and voting on the proposal due to her affiliation with the event. Mr. Faul mentioned that moving the event commercials to Q13 provided a bigger bang for the buck and a larger reach. Committee Member Payne said she liked the timing of the event on Father's Day and that they were hitting a needed market. The Committee recommended fully funding the request.

#### South Sound Reading Foundation

Requested \$11,000

Executive Director Jennifer Williamson Forster, Author Jim Lynch, Vice President Mary Ellen Jones and Development Director Emily Ecker were present to represent the proposal for the OlyLit Festival of Books. Mr. Lynch mentioned that just Portland and Spokane offer similar events. The Committee and representatives discussed the timing of the event in September. The organizers thought September was the best time because Olympia "sparkles" then. Also, it is still dry enough for event participants to move around Downtown. Ms. Williamson Forster noted that 2020 is a year to build infrastructure and have a soft launch of the event. Committee Member Allan asked if there were capacity to make the event bigger. Ms. Williamson Forster said they wanted to first focus on making the event successful. The Committee recommended fully funding the request.

Washington State Senior Games Requested: \$20,000.00  
 Washington State Senior Games Board of Director's President Jack Kiley was present in his capacity as a member of LTAC and noted his affiliation with the event. He recused himself from commenting and voting on the proposal. The Committee noted it was a proven event and had no further questions. The Committee recommended fully funding the request.

Greater Gateway Rotary Requested \$10,000  
 The Committee return to the proposal for Brat, Brews and Bands. In the intervening time, Event Planners Shelley and Dan Nicholson were able to provide the missing application information for the committee. The Committee was pleased with the additional information. Committee Member Jack Kiley asked them to work on out of town promotion and the Committee members Payne and Thorning expressed interest in improved measurement tools and what would be generated by a two-day event. The Committee recommended fully funding the request.

The Committee then moved to final funding recommendations for the reviewed proposals. The Lodging Tax Advisory Committee's final recommendations were as follows:

Agency	2020 LTAC Recommendation
Arbutus	\$7,000.00
Capital Lakefair	\$8,000.00
Gateway Rotary Club	\$10,000.00
Greater Olympia Dixieland Jazz Society	\$32,500.00
Hands on Children's Museum	\$68,923.00
Harbor Days	\$50,000.00
Harlequin Productions	\$30,000.00
Lake Run Organizations	\$ 5,000.00
Olympia Downtown Alliance	\$6,000.00
Olympia Downtown Alliance	\$7,500.00
Olympia Film Society	\$25,000.00
Olympia-Lacey-Tumwater VCB	\$100,000.00
Olympia & Beyond Sports Commission	\$15,000.00
Olympic Flight Museum	\$10,000.00
South Sound Reading Foundation	\$11,000.00
Washington State Senior Games	\$20,000.00

## 7. REPORTS

Strategic Communications Director Kellie Purce Braseth shared with the committee that the City was recruiting for a lodger to fill the seat being vacated by Committee Member Nathan Allan. She asked Mr. Allan to pass on any recommendation of small hotelier who might have an interest in applying for the vacancy.

## 8. OTHER TOPICS



Carol Riley asked from the audience if she might share some information with the Committee. She updated the Committee on former Committee member Russ Cartensen and how he could be reached. She noted that discussions were underway on the formation a Thurston County chapter of the Washington Festivals and Events Association. She also noted that a group was being formed to work on the Tugboat Parthia. She said the Port of Olympia would be deciding on a place on land to put the Parthia. Ms. Riley mentioned that she is creating a tugboat walk that the Parthia might be part of. She also spoke about Olympia being part of an upcoming Maritime Heritage District.

Chair Bateman and the Committee discussed ensuring that the application is a fillable PDF for next year's round of applications and adding the \$5,000 minimum proposal on the application.

9. ADJOURNMENT Chair Bateman thanked the committee and adjourned at 4:41 p.m.



## Proposed Development Services Fee Changes for 2020

Permit Type	2019	2020
<u>Planning</u>		
Variance/Reasonable Use Exception	\$480	\$850
Comprehensive Plan Amendment	\$320	\$2,500
 <u>Engineering Plan Check Fees</u>		
Landscape Plan Review	\$450	\$650
 <u>Engineering Inspection Fees</u>		
Sanitary Sewer Main Televising Fee	\$1.00 per lineal foot	\$1.50 per lineal foot*
Storm Sewer Main Televising Fee	\$1.00 per lineal foot	\$1.50 per lineal foot*
 <u>Building Permit</u>		
Temporary Certificate of Occupancy	\$225 (all buildings)	\$100 (single-family) \$150 (multi-family & Commercial interior) \$500 (New Commercial & Commercial exterior)
 <u>Document Recording Fees</u>		
Bills of Sale, Easements, Deeds	\$80	\$103**
Stormwater Maintenance Agreements	\$115	\$153**

\*Cost of contractor who performs the work for the City of Olympia

\*\*Cost charged by Thurston County Assessor's Office