

***City of College Place, Washington***  
**ORDINANCE NO. 21-005**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COLLEGE PLACE, WASHINGTON AMENDING FINANCIAL POLICIES ADOPTED BY ORDINANCE 17-020, UPDATED BY ORDINANCES 18-012, 18-015, 20-006, BY ADDING SECTIONS I-K AND MODIFYING CERTAIN SECTIONS OF SECTION H AS INDICATED.**

**Whereas**, the City of College Place and its City Council recognize the importance of sound financial planning and clear policies and guidelines for financial management, and

**Whereas**, financial policies have been developed to guide financial planning and management and to serve as City Council's approved values and expectations for council members, city staff, citizens, and other interested parties who may do business with the city, and

**Whereas**, Administration has developed proposed policies in the following areas: capital Improvement, debt management, fixed assets, accounting/financial reporting, bank returned checks, delinquent/uncollectible accounts receivable, city utility rates, long term financial planning, long term revenue, and unclaimed property, and

**Whereas**, the Finance Committee conducted a review of the proposed financial policies March 18<sup>th</sup>, 2021, and

**Whereas**, the proposed financial policies were presented to those City Council Members present on April 13<sup>th</sup>, 2021.

**Now therefore, the City Council of the City of College Place does hereby ordain as follows:**

**Section 1:** The compilation of fiscal policies entitled "2021 Financial Policy, City of College Place, Washington" attached hereto, and incorporated herein by this reference as set forth in full, is hereby adopted as the official statement of financial policies for the City of College Place.

**Section 2: Clerical Corrections.** The City Clerk and the codifiers of this ordinance are authorized to make necessary clerical corrections to this ordinance including, but not

limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

**Section 3: Severability.** If any section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance.

**Section 4: Effective Date.** This ordinance shall take effect and be in full force five days after its passage and publication as provided by law.

**PASSED** by the City Council of the City of College Place, Washington, this 13th day of April, 2021.

DocuSigned by:

*Norma L. Hernández*

Norma Hernandez, Mayor

Attest:

DocuSigned by:

*Lisa R. Neissl*

Lisa R. Neissl, City Clerk

Approved as to form:

DocuSigned by:

*Rea Culwell*

City Attorney

Passed: April 13, 2021

Published: April 15, 2021

Effective: April 21, 2021



# 2021

## Financial Policy



City of College Place, Washington  
4/13/2021

# Table of Contents

A. Purpose.....	3
B. Objective.....	3
C. General Budget Policies.....	3
D. Funds .....	5
E. Reserve & Contingency Funds .....	7
F. Revenue Policy.....	8
G. Expenditure & Operating Policy .....	10
H. Purchasing .....	10
I. Federal Code of Conduct .....	23
J. Federal Purchasing .....	24
K. EFT Controls .....	28
L. Cost Allocations - Payroll.....	29
M. Credit Card Policy .....	30
N. Disposal of Surplus Property .....	34
O. Investments .....	36
P. Capital Improvement Program/Policies (CIP).....	40
Q. Debt Management.....	42
R. Fixed Assets .....	46
S. Accounting and Financial Reporting.....	46
T. Bank Returned (NSF) Checks .....	47
U. Delinquent and Uncollectible Accounts Receivable .....	48
V. City Utility Rates .....	48
W. General Long-Term Financial Planning.....	49
X. Long Range Revenue Policies .....	49
Y. Unclaimed Property.....	53
Appendix A: Glossary.....	54

## **A. Purpose**

The 2020 Financial Policy assembles all of the City's financial policies in one document. They are the tools to ensure that the City is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of the City.

The City of College Place is accountable to its citizens for the use of public dollars. Municipal resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. These policies safeguard the fiscal stability required to achieve the City's goals and objectives.

## **B. Objective**

In order to achieve its purpose, the Financial Policies have the following objectives for the City's fiscal performance.

B-1 To guide the City Council and management policy decisions that have significant impact.

B-2 To set forth operating principles that minimize the cost of government and financial risk.

B-3 To employ balanced and fair revenue policies that provide adequate funding for desired programs.

B-4 To maintain appropriate financial capacity for present and future needs.

B-5 To promote sound financial management by providing accurate and timely information on the city's financial condition.

B-6 To protect the City's credit rating and provide for adequate resources to meet the provision of the City's debt obligations on all municipal debt.

B-7 To ensure the legal use of financial resources through an effective system of internal controls.

B-8 To promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.

## **C. General Budget Policies**

C-1 Department directors have primary responsibility for formulating budget proposals in line with City Council and Mayor direction, and for implementing, monitoring, and reporting them once they are approved.

C-2 All City Departments share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and programs will be developed to reflect current policy directives, projected resources, and future service requirements.

C-3 The Mayor and City Administrator with assistance from the Finance Department may develop administrative directives and general procedures for implementing the City Council's financial policies.

C-4 The Finance Department is responsible for coordinating the overall preparation and administration of the City's budget and Capital Investment Program Plan. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.

C-5 The Finance Department assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.

C-6 The City Council shall adopt the budget by ordinance at the fund level.

C-7 The City Council may adopt resolutions or ordinances to set financial policies to assure the financial strength and accountability of the City.

C-8 Interfund charges will be based on recovery of the both direct and indirect costs associated with providing those services.

C-9 Regular employee positions will normally be budgeted only in the City's operating funds.

C-10 Monthly financial reports, including a review of budgeted expenditures and revenues, will be prepared and reported to the Council at regular meetings. Included will be provisions for amending the budget during the year in order to address unanticipated needs, emergencies, or compliance with State of Washington budgetary statutes. Budget adjustments requiring City Council approval will occur through a process coordinated by the Finance Director and will occur prior to fiscal year end.

C-11 The Finance Department will review agenda items with potential fiscal impact submitted for City Council action. The objective of these reviews will be to ensure compliance with the budget and disclosure of all fiscal issues to the Council. This information will be presented in the fiscal impact section of each agenda bill.

C-12 Revenues derived from fees associated with development will be designated for the support of activities within the public works and community development functions of the city.

C-13 The City's budget presentation will be directed at displaying the City's services plan in a Council/constituent-friendly format.

C-14 The City will maintain equipment replacement funds that will receive annually budgeted contributions from the operating expenses of departments owning the capital equipment in an amount necessary to replace the equipment at the end of its useful life. Life cycle assumptions and required contributions will be reviewed annually as part of the budget process. Monies collected from the sale of assets carried on the equipment replacement schedules will be receipted to equipment replacement funds.

C-15 Operating Deficits: Recurring revenues will be sufficient to support recurring expenditures. Revenue estimates will be realistic and debt financing will not be used to support recurring operating expenses.

C-16 Interfund Loans and Transfers: Any interfund transfers and/or loans will be completed only after specific Council approval or inclusion in the approved annual budget.

C-17 Resources Greater than Budgeted Expenditures – Resources (fund balances) greater than budgeted expenditures in any fund shall be considered "one time" resources and shall not be used to fund ongoing service delivery programs unless approved by Council.

C-18 Full Time Equivalent (FTE) Budgeting – As a tool for Council consideration, all adopted budgets of the City will list the actual and proposed FTE allocation by department.

C-19 Current Service Levels – To aid in the prudent management of City affairs, City service levels will be established, monitored, and reviewed so a determination of required resources (both personnel and non-personnel) can be made for the ensuing budget year.

C-20 Expenditures that Delay Future Cost Increases – When practical, resources should be allocated for selective expenditures whose purpose is to avoid even larger costs in the future.

C-21 Expenditures that Forestall Adding Permanent Staff – Recognizing that personnel-related expenditures represent the largest portion of the City's budget, methods to increase efficiency should receive priority funding if it can forestall the addition of permanent staff.

C-22 Future Fiscal Effect of Programs or Personnel – Whenever new or additional programs or personnel are proposed, the current and future fiscal impact (as reflected in the 6-year financial forecast) shall be determined and reported to the City Council to aid in their deliberations.

C-23 Commitments that Can Reasonably Be Maintained Over the Long Term – Funding for new programs and services should be limited to the extent that they can be funded over the near-to-long term given the current revenue stream.

C-24 Overhead and Full Cost Allocation- Department and Fund budgets shall be prepared in a manner that reflects the full cost of providing services.

C-25 Maintenance of Quality Service Programs – If expenditure reductions are necessary, elimination of selective services is preferable to across-the-board cuts.

C-26 Efforts should be coordinated with other governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the state and federal level.

C-27 Initiate, encourage, and participate in economic development efforts to create job opportunities and strengthen the local economy.

C-28 The City will strive to maintain fair and equitable relationships with its contractors and suppliers.

C-29 Distinguished Budget Presentation – As staffing allows, the City will work toward producing a budget document that meets the Distinguished Budget Presentation program as defined by the Government Finance Officers Association (GFOA).

C-30 The City will subscribe to the various budgetary deadlines established in [RCW 35A.33](#) for non-charter code cities.

## **D. Funds**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City uses governmental, proprietary, and fiduciary funds. Each governmental fund, expendable trust, or agency fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Proprietary and similar trust funds use the revenue, expenses, and equity accounts similar to businesses in the private sector. The City of College Place segregates money to funds based on use and function as is specified by the Budgeting Accounting Reporting System (BARS) cash basis manual created by the State of Washington Auditor's Office. The City of College Place has 33 active funds. Funds can be added or omitted to the city ledger of accounts based upon future updates of

the BARS manual, recommendation of city finance staff, and passage of an ordinance by City Council. Types and definitions of funds are located below.

D-1 Current Expense Fund #001 – This is the city's primary operating fund. It accounts for all financial resources except those required to be accounted for in other funds and is generally considered to represent the ordinary operations of the city.

D-2 Technology Reserve Fund #012 – This fund is a sub-fund of Current Expense #001 and is used to account for all transactions related to information technology across the city.

D-3 Current Expense Reserve Fund #005 – This fund is a sub-fund of Current Expense #001 and is used as a reserve used to fund emergency situations as approved by City Council.

D-4 Employee Benefit Reserve Fund #061 – This fund is a sub-fund of Current Expense #001 and primarily funds post-employment benefits.

D-5 Street Fund #100 – This fund covers the operation and maintenance of city-owned transportation thoroughfares.

D-6 Criminal Justice Fund #120 – This fund is restricted to innovative law enforcement strategies, programs for at-risk children, and programs related to domestic violence.

D-7 Forfeited Proceeds Fund #121 – This fund is utilized for drug enforcement and related activities.

D-8 Hotel/Motel Tax Fund #130 – This fund is Utilized for community development.

D-9 ULTGO Bond Fund #201 – Debt service for the College Avenue/Rose Street project.

D-10 LTGO Bond Fund #202 – Debt service for any general obligation bond the City has approved.

D-11 Commercial Drive Fund #235 – Debt service to construct Commercial Drive.

D-12 Street Capital Contribution Fund #301 – Capital Fund used as an escrow account for developer contributions for street related impacts as a result of approved projects. Funds can only be used for street infrastructure impacted by the developer's project.

D-13 Capital Improvement Fund #305 - This fund is used to receipt the first ¼% tax on real estate sales in the city. Can only be used for capital projects listed on the City's Capital Facilities Plan.

D-14 Capital Improvement Fund #306 – This fund is used to receipt the second ¼% tax on real estate sales in the city which was adopted by City Council in December 2016. Can only be used for capital projects listed on the City's Capital Facilities Plan.

D-15 CDBG Project Fund #309 – This fund is used to segregate capital projects from CDBG grant funds.

D-16 Street Improvement Fund #311 – This fund is used to segregate street capital projects.

D-17 Facility Maintenance Reserve Fund #315 – This fund is used to segregate expenditures on city facility maintenance and replacement.

D-18 Equipment Reserve Fund #320 – This fund is a reserve for expensive equipment. It is entirely funded by transfers from the appropriate departments in which the equipment is found.

D-19 Economic Development Fund # 330 – This fund is utilized for capital projects that are tied to economic development and infrastructure development in commercial areas.

D-20 Economic Development Reserve Fund #340 - This fund was created to provide capital funding for projects that would result in additional economic financial return on investment to the City.

D-21 Water Fund #400 – This fund covers the day to day operation and maintenance of the water utility.

D-22 Wastewater Fund #401 – This fund covers the day to day operation and maintenance of the wastewater utility.

D-23 Stormwater Fund #402 – This fund covers the day to day operation and maintenance of the stormwater utility.

D-24 Stormwater Capital Reserve Fund #403 – This fund pays for major equipment and infrastructure programs used to support the Stormwater Utility.

D-25 Water Capital Reserve Fund #410 – This fund pays for major equipment and infrastructure necessary to support the Water Utility.

D-26 Wastewater Capital Reserve Fund #411 – This fund pays for major equipment and infrastructure necessary to support the Wastewater Utility.

D-27 Wastewater Debt Service Fund #412 – Debt service for Wastewater Treatment Plant SRF and PWTF loans are paid out of this fund. Additionally, an annual transfer is made from this fund to Fund #425 for payment toward the 2007 Water/Sewer Bonds.

D-28 Water Capital Improvement Reserve/Debt Service Fund #413 – Debt service for the Eastside Water System Improvements is paid out of this fund. Additionally, an annual transfer is made from this fund to Fund #425 for payment toward the 2007 Water/Sewer Bonds.

D-29 Water & Sewer Revenue Bond Fund #425 – Debt service on the 2007 Water/Sewer Bonds for the East Whitman Drive improvements is paid out of this fund.

D-30 Water & Sewer Bond Reserve Fund #426 – This fund will become the Debt Service Fund for the 2017/2018 Water System Revenue Bonds, if issued.

D-31 Water System Construction Fund #431 – This fund tracks revenues and expenses for capital improvements to the water system.

D-32 Equipment Rental & Replacement Fund #500 – Supports all departments of the city for the operation, maintenance, and availability of city owned vehicles and equipment.

D-33 Flexible Benefits Plan Fund #625 – Fiduciary fund tracking of deposits and payments in and out of the City's Section 125 Flexible Spending Plan.

## **E. Reserve & Contingency Funds**

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Prudent use of reserve funds enables the City to defray future costs, take advantage of matching funds, and other beneficial (but limited) opportunities. Reserve funds provide the city with the ability to exercise

flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies.

E-1     Unreserved Fund Balances – It is the City’s policy to maintain an unreserved fund balance within all operating funds in a reasonable amount for emergency or unforeseen needs. The target ending fund balance shall be at least 17% of the budgeted revenues (excluding transfers in and interfund loan repayments) for the Current Expense Fund and at least 60 days’ operating and maintenance expense for the other City operating funds.

E-2     Debt Service Funds – It is the City’s policy to maintain, as a target, a one (1) year average annual debt service payment reserve for all debt except assessment debt.

E-3     Facilities Capital Reserve – The City has Facility Maintenance Reserve Fund #315 to address unforeseen City facilities capital expenditures. Contributions to the Facilities Capital Reserve Fund will be budgeted from the Real Estate Excise Tax (REET) #305 and #306 and/or Current Expense Fund #001 resources. The fund balance target to maintain in this account is \$300,000.

E-4     Rainy Day Fund #005 – Once unreserved fund balance goals are met the City will establish a rainy day fund with the purpose of meeting any unforeseen municipal expense. Annual contributions to this fund will be budgeted from Current Expense Fund resources. All expenditures from this fund shall have prior approval of the City Council. The City will strive to achieve a target reserve fund balance of 10% of the Current Expense Fund’s annual budgeted revenues (excluding transfers in and interfund loan repayments).

## **F.     Revenue Policy**

F-1     Revenue estimates should be prepared on a conservative basis to minimize the economic fluctuations that could imperil ongoing service programs during the upcoming budget cycle. Revenue increases greater than inflation will require additional documentation. Major revenue sources will require explanation.

F-2     Current revenues will be sufficient to support current expenditures.

F-3     All fees for service shall be reviewed on an annual basis and approved by City ordinance.

F-4     Revenues of a limited or indefinite term will not be used to fund ongoing service programs.

F-5     Grant applications to fund new service programs will be reviewed with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.

F-6     Whenever possible, charges for services shall be set at an amount that reflects the actual cost of service delivery.

F-7     The City should strive to maintain a diversified mix of revenues in order to maintain needed services during periods of declining economic activity.

a. A base of property taxes and other stable revenues should be developed and maintained to provide a reliable base of revenues during periods of economic downturn.

b. The City's overall revenue structure should be designed to recapture for the City some of the financial benefits resulting from City economic and community development investments.

F-8 The following factors will be considered when the City's taxes are increased, extended, changed, or reduced:

a. Stability of the tax source over its expected life

b. Suitability for a pledge against future debt, if that is part of the City Council's long range intent for the new tax.

c. Spread the tax burden throughout the City's tax base by utilizing a broad array of tax sources available and by investigating mitigation of inequities and hardships where appropriate (e.g. property tax rebates for low-income elderly). Legislative remedies for harmful tax impacts should be sought where appropriate.

d. Apply the tax impact information for both residential and business taxpayers against a future vision of what the tax policy decision is intended to foster, in addition to the raising of revenues.

F-9 As much as reasonably possible, City services that provide private benefit should be supported by fees and charges in order to provide maximum flexibility in use of general City taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should be fully recovered, including all direct and indirect costs including but not limited to, capital costs, department overhead, and Citywide overhead. Departments that impose fees for service charges should prepare and periodically every five years' update cost-of-service studies for such service. When consistent with legal requirements, other City interests such as remaining competitive within the region or meeting other City objectives may dictate a subsidy of a portion of the costs of such services. Factors to consider when determining possible subsidies include job creation and the expansion of property and sales tax bases.

F-10 Rate increases should be small and applied frequently to avoid an overly burdensome future increase.

F-11 The City will not use deficit financing and borrowing to support on-going operations in the case of long-term (greater than one year) revenue downturns. Revenue forecasts will be revised and expenses will be reduced to conform to the revised long-term revenue forecast or revenue increases will be considered.

## **G. Expenditure & Operating Policy**

- G-1 Expenditures approved by the City Council define the City's spending limits for the upcoming fiscal year. The City will maintain an operating philosophy of cost control and responsible financial management.
- G-2 Budgeted annual expenditures will be maintained within the limitations of annual revenues.
- G-3 All interfund borrowings shall only be completed following approval of the City Council.
- G-4 Short-term borrowings (less than 5 years and less than \$20,000) will not be done without full financial analysis and the Council shall be informed of all such borrowings. Such borrowings may include commercial lines of credit, equipment loans, and capital leases.
- G-5 All long-term borrowing (greater than 5 years and \$20,000) shall include full life-cycle financial analysis and prior approval by the City Council.
- G-6 All authorized positions will be budgeted for a full year and with the best estimate of benefit rate unless specifically designated by the City Council as a partial-year position.
- G-7 Ongoing resources should be equal to or exceed ongoing expenditures. Each City fund budget shall identify ongoing resources that at least match expected ongoing annual requirements. One-time cash transfers and non-recurring ending fund balances will be applied to reserve or to fund one-time expenditures; they will not be used to fund ongoing programs.
- G-8 The City will seek to optimize the efficiency and effectiveness of its services to reduce costs and improve service quality.
- G-9 *Accurate inventories of physical assets, their condition, life span, and cost will be maintained.*
- G-10 The Finance Department will develop, maintain, and constantly seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets. All cash received by City departments will be deposited the same business day as feasible. The Finance Director has oversight over cash handling policies and procedures.

## **H. Purchasing**

### **H-1 Purpose**

This code establishes guidance for:

- a. Acquisition of materials, supplies, and equipment not associated with a public works project.
- b. Contracting for personal and purchased services.
- c. Contracting for architectural and engineering services.

- d. Selection and bidding requirements for public works projects.

## H-2 Policy statement

The city desires a fair and open process for procurement of goods and services that is free from the potential for bias and conflict of interest. In addition, the city desires consistent and appropriate practices for solicitations and contracting. All procurements of goods and services shall provide the city with the best quality and best value. All purchases are to be made within budgetary limitations and for the purpose of the goals and objectives approved in the city's budget. Any requested purchase that is not included in the current city budget shall be pre-approved by the department head, city administrator or city council, based on allowable signing authority. All purchases made by the city shall ultimately be approved by the city council through the voucher approval process in accounts payable.

## H-3 Definitions

For purposes of this chapter the following words and phrases shall be defined as follows:

- a. "Award" means the formal decision by the city notifying a responsible bidder with the lowest responsive bid of the city's acceptance of the bid and intent to enter into a contract with the bidder.
- b. "Bid limits" means dollar amounts below which neither competitive bids nor the small works roster process is required for the purchase of equipment, supplies, materials or for public works projects.
- c. "Competitive bids" means a process following advertisement in designated legal newspapers and other media for equipment, supplies, material, and public works contracts open to all suppliers, vendors, and contractors, and in which price is the primary basis for consideration and contract award.
- d. "Contract" means a contract in writing for the execution of public work for a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in RCW 39.04.155.
- e. "Emergency" means unforeseen circumstances beyond the control of the city that either: (1) present a real, immediate threat to the proper performance of essential functions; or (2) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.
- f. "Informal quote" means a quote or estimate conveyed verbally over the phone or in person that is documented by city staff in notes or memos.
- g. "Ordinary and necessary" means common and accepted in your trade or business and helpful and appropriate for your trade or business. An expense does not have to be indispensable to be considered necessary.
- h. "Personal services" means services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work.

- i. "Purchased services" are those provided by vendors for routine, necessary, and continuing functions of a local agency, mostly relating to physical activities.
- j. "Professional services agreement" means an agreement with an independent contractor for the rendering of professional services to the city. The city does not provide direction to the provider. The city states a goal and objective and the provider, under his/her own direction, accomplishes the goal.
- k. "Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the city, or which is by law a lien or charge on any property therein.
- l. "Qualified based selection" means a competitive procurement process in which consultants submit qualification and/or non-cost proposal. Selection based on most highly qualified firm, then final project scope and associated fee negotiated.
- m. "Request for proposal (RFP)" means similar to the formal bid process, except that factors other than price are used to award the contract.
- n. "Request for qualifications (RFQ)" means a procurement process with a focus on the qualification of the consultants, including experience of key staff, relevant past experience of the company, and client references.
- o. "Responsible bidder" means a contractor who meets the criteria in RCW 39.04.010 and 39.04.350.
- p. "Small works roster (SWR)" means a process through which there is competition for public works contracts following notification, normally through a request for quotes (RFQ), to some or all public works contractors who have requested placement on a roster kept by the local government agency.
- q. "Public agency work or day labor limits" are limits set by the state legislature on the amount of public works that can be accomplished using the city's own work force or by hiring day laborers. Limits are expressed as specific dollar amounts for single or multiple craft projects.

#### H-4 Adoption of RCW by reference

The provisions of the following RCW sections are adopted by reference, together with any amendments or additions hereafter made:

- a. RCW 35A.40.200, General law relating to public works and contracts, which references the following:
  - i. RCW 35.23.352, Public works contracts.
  - ii. RCW 39.04.010, Definition of public work.
  - iii. RCW 39.04.020, Day/agency labor limits.
  - iv. RCW 39.04.105, Protest procedures.
  - v. RCW 39.04.190, Purchase contract process.
  - vi. RCW 39.04.200, List of contracts awarded through purchase contract process.
  - vii. RCW 39.04.280, Emergency or sole source purchases.

- viii. RCW 39.04.350, Lowest responsible bidder.
- ix. RCW 39.04.155, Small works roster.
- x. RCW 39.12.020, Prevailing wages.

- b. RCW 35A.40.210, Public work or improvement – Procedures – Purchases.
- c. Chapter 39.10 RCW, Alternative Public Works Contracting Procedures.
- d. Chapter 39.30 RCW, Competitive Bidding Violations.
- e. Chapter 39.34 RCW, Intergovernmental Cooperative Purchasing Agreements.
- f. Chapter 39.80 RCW, Architectural and Engineering Services.
- g. RCW 42.23.030, Interest in contracts prohibited.

#### H-5 Payment of Claims

- a. Pursuant to RCW 35A.40.20, the city adopts a policy for the payment of claims and obligations of the city from solvent funds by bank checks from banking institutions duly designated by the appropriate city staff, it being further policy that the officers authorized shall be the mayor, city administrator and finance director and/or those designated by duly approved resolution of the city council.
- b. It is further the policy that all funds for which checks are drawn shall be solvent at the time payment is ordered. Dual signatures shall be required on all banking instruments and transactions except the transfer of moneys between checking, market interest, savings, investments and clearing accounts established on behalf of the city.
- c. Payment of transactions by ACH/EFT, require the approval/authorization of the Finance Director and subsequently approved by City Council.
- d. The mayor, city administrator or mayor pro tem in the absence of the mayor, is authorized to pay and disburse from city funds such charges as are billed to the city for goods or services received by the city before such payment is approved by the city council.

#### H-6 Purchasing Policy Procedures

- a. The following procedures will be followed when procuring goods or services:

Purchasing and Contracting Matrix				
TYPE	AMOUNT	APPROVAL AUTHORITY	MINIMUM PROCEDURE	ADDITIONAL NOTES
Purchase of Ordinary and Necessary Supplies, Materials, and Equipment	Up to \$500	Department Director	P.O. and/or Invoice	Informal Quotes
	Up to \$7,500	City Administrator	P.O. and Invoice	Informal Quotes
	\$7,501 - \$15,000	City Administrator	Vendor Roster or Competitive Bid, P.O. and Invoice	Minimum of 3 informal or written quotes if using vendor roster
	\$15,001 and Over	City Council	Competitive Bid, P.O. and Invoice	Formal bid process according to RCW 35.23.352
Public Works Contracts	Up to \$500	Department Director	P.O. and Invoice	Informal quote from any licensed contractor
	Up to \$2,500	City Administrator	P.O. and Invoice	Informal quote from any licensed contractor
	\$2,501 - \$15,000	City Administrator	Contract, P.O. and Invoice	Request informal bids from 2-3 licensed contractors.
	\$15,001 - \$40,000 (single trade)	City Council	Contract, P.O. and Invoice	Request informal bids from 2-3 licensed contractors.
	\$40,001 - \$300,000 (single trade)	City Council	Small Works Roster or Competitive Bid, Contract, P.O. and Invoice	Post bidding/contract documents on agency website or on a service provider's, such as Builders Exchange, Daily Journal of Commerce, etc., and send email announcement to all contractors in the appropriate SWR category requesting quotes by a certain date, OR, request formal bids from minimum of 5 SWR contractors with the appropriate capabilities. If estimated cost of work is greater than \$150,000 and less than all appropriate SWR contractors are invited to bid, then notification must be sent to all other appropriate SWR contractors that bids were sought.
	\$15,001 - \$65,000 (multiple trades)	City Council	Contract, P.O. and Invoice	Request informal bids from 2-3 licensed contractors.
	\$65,001 - \$300,000 (multiple trades)	City Council	Small Works Roster or Competitive Bid, Contract, P.O. and Invoice	Post bidding/contract documents on agency website or on a service provider's, such as Builders Exchange, Daily Journal of Commerce, etc., and send email announcement to all contractors in the appropriate SWR category requesting quotes by a certain date, OR, request formal bids from minimum of 5 SWR contractors with the appropriate capabilities. If estimated cost of work is greater than \$150,000 and less than all appropriate SWR contractors are invited to bid, then notification must be sent to all other appropriate SWR contractors that bids were sought.
	\$300,001 and Over	City Council	Competitive Bid, Contract, P.O. and Invoice	Formal bid process according to RCW 35.23.352

<b>Limited Public Works</b>	Up to \$15,000	City Administrator	Small Works Roster	Solicit bids from a minimum of 3 appropriate SWR contractors
	\$15,001 - \$35,000	City Council	Small Works Roster	Solicit bids from a minimum of 3 appropriate SWR contractors
<b>Professional Services - Architects &amp; Engineers</b>	Up to \$15,000	City Administrator	Consultant Roster, Contract/P.O. and Invoice	Request proposals from 1-3 qualified firms from consultant roster
	\$15,001 - \$25,000	City Council	Consultant Roster, Contract/P.O. and Invoice	Request proposals from 1-3 qualified firms from consultant roster
	\$25,001 - \$100,000	City Council	Consultant Roster, Contract/P.O. and Invoice	Request proposals from 3-5 qualified firms from consultant roster
	\$100,000 and Over	City Council	RFQ/RFP, Contract/P.O. and Invoice	Prepare formal RFQ/RFP, advertise, and solicit responses from a minimum of 6 qualified firms
<b>Non - Professional Services</b>	Up to \$500	Department Director	Contract, P.O. and Invoice	Informal or written quotes from 1-3 qualified firms
	\$501 to \$15,000	City Administrator	Contract, P.O. and Invoice	Informal or written quotes from 1-3 qualified firms
	\$15,001 - \$40,000	City Council	Consultant Roster, Contract/P.O. and Invoice	Request proposals from 3-5 qualified firms from consultant roster
	\$40,001 and Over	City Council	RFQ/RFP, Contract/P.O. and Invoice	Prepare formal RFQ/RFP, advertise, and solicit responses from a minimum of 6 qualified firms

b. Employees that do not comply with the Purchasing Policy Procedures as outlined may have their purchasing authorities suspended or revoked at the discretion of the City Administrator, Mayor, or City Council.

#### H-7 Bid procedures generally

The city shall utilize the bid procedures for public works construction as set forth in RCW 35.23.352, as it exists as of or as amended after the effective date of the ordinance codified in this chapter, except as otherwise allowed therein and by this chapter.

#### H-8 Ethics, integrity, and best value for money

a. All employees of the City of College Place shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in a professional manner. The employees of the City of College Place shall observe the following principles and standards through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- i. Full accountability shall be taken for all purchasing decisions and the efficient, effective, and proper expenditure of public funds based on achieving the best value of money.

- ii. All purchasing practices shall comply with relevant legislation, regulations and requirements consistent with the City of College Place's policies, Code of Ethics, and Core Values<sup>1</sup>.
  - iii. Purchasing is to be undertaken in which all potential suppliers are treated impartially, honestly, and consistently.
  - iv. All processes, evaluations, and decisions shall be transparent, free from bias, and fully documented in accordance with applicable policies and audit requirements.
  - v. Any actual or perceived conflicts of interest are to be identified, disclosed, and appropriately managed.
- b. The best value for money is an overarching policy that governs purchasing in order to provide the best possible outcome for the city. It is important to note that compliance with specifications is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

#### H-9 Small Public Works Roster

The following small works roster procedures are established for use by the City pursuant to RCW 39.04.155:

- a. Cost: The City need not comply with formal sealed bidding procedures for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property where the estimated cost does not exceed Three Hundred Thousand Dollars (\$300,000.00), which includes the costs of labor, material, equipment, sales, or use taxes as applicable. Instead, the City may use the Small Public Works Roster procedures for public works projects as set forth in this ordinance. The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract that may be let using the small works roster process.
- b. Publication: At least once a year, MRSC shall, on behalf of the City, publish in a newspaper of general circulation within the municipality's jurisdiction a notice of the existence of the small works roster and solicit the names of contractors for the small works roster. MRSC shall add responsible contractors to the small works roster at any time that a contractor completes the online application provided by MRSC, and meets minimum State requirements for roster listing.
- c. Telephone, Written, or Electronic Quotations: The City shall obtain telephone, written, or electronic quotations for public works contracts from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to a contractor who meets the mandatory bidder responsibility criteria in RCW 39.04.350(1). The

---

<sup>1</sup> Code of Ethics and Core Values are outlined in Chapter 3 of the COCP Personnel Manual Adopted January 9, 2018; Resolution 18-002

City may establish supplementary bidder criteria under RCW 39.04.350 (2) to be considered in the process of awarding a contract.

- i. A contract awarded from a small works roster will not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation.
- ii. Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. "Equitably distribute" means that the City may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services.

If the estimated cost of the work is from one hundred and fifty thousand dollars (\$150,000) to three hundred thousand dollars (\$300,000), the City may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The City has the sole option of determining whether this notice to the remaining contractors is made by:

- (i) publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
  - (ii) mailing a notice to these contractors; or
  - (iii) sending a notice to these contractors by facsimile or email.
- iii. At the time bids are solicited, the City representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project;
  - iv. A written record shall be made by the City representative of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

d. **Limited Public Works Process:** If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars (\$35,000), the City may award such a contract using the limited public works process provided under RCW 39.04.155 (3). For a limited public works project, the City will solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder as defined under RCW 39.04.010. After an award is made, the quotations shall be open to public inspection and available by electronic request.

For limited public works projects, the City may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, material men, suppliers, and taxes imposed under Title 82 RCW that may be due from the contractor for the limited public works project. However, the City shall have the right of recovery against the contractor for any payments made on the contractor's behalf.

The City shall maintain a list of the contractors contacted and the contracts awarded during the previous 24 months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

e. **Determining Lowest Responsible Bidder:** The City Council shall award the contract for the public works project to the lowest responsible bidder provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the city council may call for new bids. A responsible bidder shall be a registered or licensed contractor who meets the mandatory bidder responsibility criteria established by Chapter 133, Laws of 2007 (SHB 2010) and who meets any supplementary bidder responsibility criteria established by the City.

f. **Award:** All of the bids or quotations shall be collected by the Mayor or his or her designee.

- i. The Mayor or his or her designee shall then present all bids or quotations and their recommendation for award of the contract to the City Council. The City Council shall consider all bids or quotations received, determine the lowest responsible bidder, and award the contract; or
- ii. If the City Council delegates the authority to award bids the Mayor of the City for public works projects costing less than or equal to \$25,000.00, the Mayor shall have the authority to award public works contracts without City Council approval, provided that the City Council shall ratify the Mayor's approval at the next scheduled City Council meeting by means of the consent agenda. For public works projects costing more than \$25,000.00, the City Council shall award all public works contracts.

## H-10 Consulting Services Roster

The following consulting services roster procedures are established for use by the City pursuant to RCW 39.80.030:

- a. **Consulting Services:** Consulting services are professional services that have a primarily intellectual output or product and include architectural and engineering services as defined in RCW 39.80.020.
- b. **Publication:** At least once a year, MRSC shall, on behalf of the City, publish in a newspaper of general circulation within the municipality's jurisdiction a notice of the existence of the consulting services roster and solicit the names of consultants for the consulting services roster. MRSC shall add responsible consultants to the consulting

services roster at any time that a consultant completes the online application provided by MRSC, upload a Statement of Qualifications, and meets minimum State requirements for roster listing.

c. Review and Selection of the Statement of Qualifications Proposals: The City shall use the following process to select the most highly qualified Architectural or Engineering firm off of the Consulting Services Roster to provide the required services:

- i. The City Council shall establish criteria that the Mayor, or his or her designee, must consider in evaluating Architectural or Engineering firms for a given project. Such criteria shall include a plan to insure that minority and women-owned firms and veteran-owned firms are afforded the maximum practicable opportunity to compete for and obtain public contracts for architectural or engineering services. The level of participation by minority and women-owned firms and veteran-owned firms shall be consistent with their general availability within the jurisdiction of the City of College Place.
- ii. The Mayor, or his or her designee, shall evaluate the written statements of qualifications and performance data on file with the City of College Place at the time that architectural or engineering services are required;
- iii. Such evaluations shall be based on the criteria established by the City Council; and
- iv. The Mayor, or his or her designee, shall conduct discussions with one or more firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services.
- v. The firm deemed most highly qualified by the agency to do the project will be selected.

d. Award:

- i. The City Council considers the proposal received and awards the contract; or
- ii. If the City Council delegates the authority to award projects the Mayor of the City for consulting services costing less than or equal to \$7,500.00, the Mayor shall have the authority to award contracts for consulting services without City Council approval, provided that the City Council shall ratify the Mayor's approval at the next scheduled City Council meeting by means of the consent agenda. For consulting services costing more than \$7,500.00, the City Council shall award all contracts for consulting services.

## H-11 Vendor List Roster

The following vendor list roster procedures are established for use by the City pursuant to RCW 39.04.190:

- a. Purchase of materials, supplies, or equipment not connected to a public works project: The City is not required to use formal sealed bidding procedures to purchase materials,

supplies, or equipment not connected to a public works project where the cost will not exceed \$15,000.00. The City will attempt to obtain the lowest practical price for such goods and services.

b. Publication: At least twice per year, MRSC shall, on behalf of the City, publish in a newspaper of general circulation within the municipality's jurisdiction a notice of the existence of the vendor list roster and solicit the names of vendors for the vendor list roster. MRSC shall add responsible vendors to the vendor list roster at any time when a vendor completes the online application provided by MRSC, and meets minimum State requirements for roster listing.

c. Telephone, Written, or Electronic Quotations: The City shall use the following process to obtain telephone or written quotations from vendors for the purchase of materials, supplies, or equipment not connected to a public works project:

- i. A written description shall be drafted of the specific materials, supplies, or equipment to be purchased, including the number, quantity, quality, and type desired, the proposed delivery date, and any other significant terms of purchase;
- ii. The Mayor, or his or her designee, shall make a good faith effort to contact at least three (3) of the vendors on the roster to obtain telephone or written quotations from the vendors for the required materials, supplies, or equipment;
- iii. The Mayor, or his or her designee, shall not share telephone or written quotations received from one vendor with other vendors soliciting for the bid to provide the materials, supplies, or equipment;
- iv. A written record shall be made by the Mayor, or his or her designee, of each vendor's bid on the material, supplies, or equipment, and of any conditions imposed on the bid by such vendor;

d. Determining the Lowest Responsible Bidder: The City shall purchase the materials, supplies, or equipment from the lowest responsible bidder, provided that whenever there is reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the City may call for new bids.

e. Award: All of the bids or quotations shall be collected by the Mayor or his or her designee. The Mayor, or his or her designee, shall create a written record of all bids or quotations received, which shall be made open to public inspection or telephone inquiry after the award of the contract. Any contract awarded under this subsection need not be advertised.

- i. The Mayor, or his or her designee, shall then present all bids or quotations and their recommendation for award of the contract to the City Council. The City Council shall consider all bids or quotations received, determine the lowest responsible bidder, and award the contract; or
- ii. If the City Council delegates the authority to award bids to the Mayor, or his or her designee, for materials, supplies, or equipment costing less than or equal to

\$7,500.00, the Mayor, or his or her designee, shall have the authority to award public works contracts without City Council approval, provided that the City Council shall ratify the approval at the next scheduled City Council meeting by means of the consent agenda. For materials, supplies, or equipment costing more than \$7,500.00, the City Council shall award all vendor contracts.

- f. Posting: A list of all contracts awarded under these procedures shall be posted at City main administrative offices once every two months. The list shall contain the name of the vendor awarded the contract, the amount of the contract, a brief description of the items purchased, and the date it was awarded.
- g. Upon written authorization of the city administrator, the materials, equipment or services will be ordered from the lowest responsible bidder, whose quotation meets all specifications established for the item or items being purchased.
- h. Written confirmation of telephone quotations from responsible vendors is not required, but may be requested when warranted.
- i. Immediately after the award is made, the bid quotations are to be recorded and open to public inspection and are to be available by telephone inquiry.
- j. Special preference may be given for the purchase of products made from recycled materials or products that may be recycled or reused.

#### H-12 Lowest responsible bids

- a. Preservation of the integrity of the competitive bid system dictates that after competitive bids have been opened, award must be made to that responsible bidder who submitted the lowest responsive bid, unless there is a compelling reason to reject all bids and cancel the solicitation.
- b. In determining the lowest responsible bidder, the city shall consider any preferences provided by law to Washington products and vendors and, further, may take into consideration the quality of the articles proposed to be supplied, their conformity with specifications, the purposes for which required, and the times of delivery.
- c. In determining "lowest responsible bidder," in addition to price, the following elements shall be given consideration:
  - i. The ability, capacity, and skill of the bidder to perform the contract or provide the service required;
  - ii. The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
  - iii. Whether the bidder can perform the contract within the time specified;
  - iv. The quality of performance of previous contracts or services;

- v. The previous and existing compliance by the bidder with laws relating to the contract or services;
- vi. Such other information as may be secured having a bearing on the decision to award the contract.

#### H-13 Intergovernmental purchases

The city council authorizes the purchase of goods without public bidding when acquired through:

- a. The Washington State Purchasing Cooperative; or
- b. Sourcewell – Cooperative Purchasing; or
- c. King County Purchasing Cooperative; or
- d. Another governmental unit where the city administrator and the requesting department have shown that the procurement meets the city's requirements and represents the most favorable procurement for the city considering price and other evaluation factors.

#### H-14 Purchase at auction

The city may purchase any supplies, equipment, or materials at auctions conducted by the government of the United States or any agency thereof, any agency of the state of Washington, any municipality or other government agency, or any private party without being subject to public bidding requirements if the items can be obtained at a competitive price.

#### H-15 Change orders

Change orders can be approved by the mayor/city administrator if below a ten percent total contract value and within departmental budget appropriation. Any change orders above ten percent contract value or requiring an appropriation above what has been appropriated through the yearly budgetary process will require city council approval.

#### H-16 Competitive bidding requirements--Exemptions

- a. Competitive bidding requirements utilized by the city when awarding contracts for public works and for purchases of materials, supplies, and equipment may be waived by the city council for:
  - i. Purchases that are clearly and legitimately limited to a single source of supply;
  - ii. Purchases involving special facilities or market conditions;
  - iii. Purchases in the event of an emergency;
  - v. Public works in the event of an emergency.
- b. If an emergency exists, the city administrator may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary contracts on behalf of the city to address the emergency situation. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by

the city administrator, or designee, and entered of record no later than two weeks following the award of the contract.

c. For purposes of this section "emergency" means unforeseen circumstances beyond the control of the city that either: (1) present a real, immediate threat to the proper performance of essential functions; or (2) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

#### H-17 Sole/Single Source Acquisition

The City utilizes competitive bidding as required by law and situations occasionally arise when a purchase may be limited or effectively limited to a single supplier. These situations can include licensed, copyrighted, or patented products or services that only one vendor provides; new equipment or products that must be compatible with existing equipment or products; proprietary or custom-built software or information systems that only one vendor provides; or products or services where only one vendor meets the required certifications or statutory requirements. RCW 39.04.280(1)(a) allows agencies to waive competitive bidding if a purchase is clearly and legitimately limited to a single supplier. In the event that purchases are clearly and legitimately limited to a single source of supply, the City will prepare the required Sole Source documents and have it signed by the Finance Director and/or the City Administration.

## I. Federal Code of Conduct

#### I-1 Purpose

The purpose of the Code of Conduct is to ensure the efficient, fair and professional administration of federal grant funds in compliance with 2 CFR §200.112, 2 CFR §200.318 and other applicable federal and state standards, regulations, and laws.

#### I-2 Application

This Code of Conduct applies to all elected officials, employees or agents of the City of College Place engaged in the award or administration of contracts supported by federal grant funds

#### I-3 REQUIREMENTS

No elected official, employee or agent of the City of College Place shall participate in the selection, award or administration of a contract supported by federal grant funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The City employee, elected official, or agent; or
- Any member of their immediate family; or
- Their partner; or
- An organization which employs, or is about to employ any of the above.

The City of College Place's elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors or subcontractors.

#### **I-4 REMEDIES**

To the extent permitted by federal, state or local laws or regulations, violation of these standards may cause penalties, sanctions or other disciplinary actions to be taken against the City of College Place's elected officials, employees or agents, or the contractors, potential contractors, subcontractors or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

### **J. Federal Purchasing**

#### **J-1 Purpose**

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. The City of College Place will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by The Washington State Department of Transportation (WSDOT), Government Accountability Office Standards for Internal Control in the Federal Government (the Green Book) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework Principles.

#### **J-2 Internal Controls**

The City of College Place will maintain effective internal control over the Federal award providing reasonable assurance that the City of College Place is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

#### **J-3 Certification**

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash

receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

#### J-4 Advance Payments and Reimbursements

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City of College Place whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of College Place to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The City of College Place shall minimize the time elapsed between receipt of federal aid funds and subsequent payment of incurred costs.

#### J-5 Allowable Costs

Federal awards will meet the following general criteria in order to be allowable except where otherwise authorized by statute;

- Be necessary and reasonable for the performance of the Federal award;
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items;
- Be consistent with policies and procedures that apply uniformly to both Federally- financed and other activities of the City of College Place;
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.;
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period;
- Be adequately documented.

#### J-6 Procurement

When procuring property and services under a Federal award, the City of College Place will follow 2 CFR §200.318 General procurement standards through §200.326 Contract provisions or City of College Place purchasing procedures whichever is more restrictive.

Contracts for more than the simplified acquisition threshold currently set at \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

Contracts and sub-grants of amounts in excess of \$250,000 requires that the City of College Place will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Verify and document that vendors are not suspended or debarred from doing business with the Federal government. Federal guidelines require grant recipients to ensure vendors with contracts or purchases exceeding \$25,000 are not suspended or debarred from participating in federal programs. All City purchases and contracts issued from federal resources that exceed \$25,000 are subject to these guidelines.

Before initiating any purchases or contracts with federal funds that exceed, or may potentially exceed \$25,000 within the fiscal year, the responsible administrator shall verify that the vendor is not listed on the System for Award Management (SAM) Exclusion list by checking at <https://www.sam.gov>. If the vendor is listed on the EPLS the administrator shall not complete the purchase or contract with the vendor. If the EPLS shows no records for the vendor, print the screen, retain a copy in the department files and proceed to process a requisition.

NOTE: Washington State Department of Enterprise Services (DES) does not check for suspension or debarment on State bid contracts.

#### J-7 Single Audit Act

The City of College Place, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR §200.501 as well as all applicable Federal and State statutes and regulations.

#### J-8 Closure

A project agreement end date will be established in accordance with 2 CFR §200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

The following table outlines procurement requirements when using Federal funds.

Procurement Method	Goods	Services
Micro-Purchase - No required quotes.  However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers.	Under \$10,000  <b><i>Must use</i></b> more restrictive City threshold instead of \$10,000 Federal threshold	Under \$10,000  <b><i>Must use</i></b> more restrictive City threshold instead of \$10,000 Federal threshold
Small Purchase Procedures (informal)- Obtain/document quotes from a reasonable number of qualified sources (at least three).	\$10,000 – 249,000  <b><i>Must use</i></b> more restrictive Federal threshold instead of \$300,000 City Threshold	\$10,000 – 249,000  <b><i>Must use</i></b> more restrictive Federal threshold instead of \$300,000 City Threshold
Sealed Bids/ Competitive Bids (Formal)	\$250,000 or more  <b><i>Must use</i></b> more restrictive Federal threshold instead of \$300,000 City Threshold	\$250,000 or more  <b><i>Must use</i></b> more restrictive Federal threshold instead of \$300,000 City Threshold
Competitive proposals	Used when conditions are not appropriate for the use of sealed bids. <ul style="list-style-type: none"> <li>• Must publicize request for proposals soliciting from an adequate number of qualified sources</li> <li>• Maintain written method for conducting technical evaluations</li> <li>• Contract must be awarded to the responsible firm whose proposal is most advantageous to the program</li> </ul>	
Non-competitive proposals	Appropriate only when: <ul style="list-style-type: none"> <li>• Available only from a single source; or</li> <li>• Public emergency; and</li> <li>• Expressly authorized by awarding or pass- through agency in response to written request from the City of College Place; or</li> <li>• After soliciting a number of sources, competition is deemed inadequate.</li> </ul>	

## **K. EFT Controls**

In 2018 the City of College Place started remitting payment to accounts payable vendors through ACH in addition to by paper check. The process for setting up an AP vendor to receive payments electronically is as follows:

### **K-1 Authorization and Agreement**

New or existing AP vendor signs up electronically or by paper and must read, agree and sign the "City of College Place Authorization for Direct Payment" form through NvoicePay. In the form it states that the customer authorizes and agrees to accept payment from the City of College Place through electronic funds transfer, directed to the bank and account number specified, for any payment obligations the City of College Place may have to the vendor. The payments will be in accordance with and governed by the National Automated Clearing House Associations' Corporation Trade Payment Rules and Article 4A of the Uniform Commercial Code. The information provided by the individual or company is all handled through NvoicePay. The City is not responsible for incorrect information. It states that payments are deemed made by the City of College Place when the bank receives or has control of the transaction and the vendor shall not make claims against the City of College Place that occur thereafter. The vendor agrees to promptly notify the City of College Place if it does not receive any payment that it expected to receive as a result of the authorization form. The vendor receives an email notification from NvoicePay when payment is initiated.

### **K-2 Changes and Updates**

All changed are made through NvoicePay. Prior to sending any changes to NvoicePay, the Deputy Finance Director calls the vendor to verify they want their ACH information updated. We use either the phone number on file or verify one on their website. We do not solely go off of an email request or mailed request. We always verify with a phone call.

### **K-3 Processing**

When the AP Clerk runs a payable cycle, the payment batch can include ACH payments or not. If it does, an EFT batch file is created and downloaded on the server to be uploaded to NvoicePay.

### **K-4 Initiation**

The AP Clerk initiates the payables through NvoicePay and the system sends an email requesting the Finance Director, Deputy Finance Director, or City Clerk, as back up, to initiate the ACH batch to the bank. The email from the system contains the ACH batch file name and the amount.

**K-5 Bank Debit**

NvoicePay then processes the transaction and processes a debit from the City's bank account for the full amount. There is no process for the City to upload a file to our bank to process the payments.

**K-6 Auditing**

The Finance Director runs an audit trail report through NvoicePay monthly to verify that the appropriate staff is creating, updating, or initiating payments.

The Roles:

**The Accounts Payable Clerk**

- Creates payment batch in Springbrook Express and uploads the payment to NvoicePay.

**The Finance Director**

- Initiates ACH batch through NvoicePay.
- Runs a monthly audit report to verify that internal controls are being followed.

**Deputy Finance Director**

- Backup to initiate the ACH batch through NvoicePay.

**L. Cost Allocations - Payroll**

In an effort to establish an allocation system that is fair, equitable, and supported by current data, and to comply with Washington State Law, RCW 43.09.210, which states in part, "All service rendered by...from, one department...to another, shall be paid for at its true and full value by the department...receiving the same, and no department...shall benefit in any financial manner whatever by an appropriation or fund made for the support of another," the City of College Place has identified payroll cost drivers which are used as the basis for the allocation of personnel costs to the responsible departments.

Cost drivers have been uniquely identified for each position based on that position's job duties and oversight of other positions. If a position is directly related to a specific fund, the allocation is solely to that fund. Positions that are allocated across multiple funds are based on either FTE's, expenses or revenues, job duties, a required time study, or a combination. These cost drivers and percentages will be reviewed and adjusted annually as needed in the Cost Allocation Procedures.

## M. Credit Card Policy

RCW 43.09.2855 sets forth the requirements that local governments are to meet in order to use credit cards for making purchases and acquisitions. WAC 236-48-250 through WAC 236-48-254 gives additional detail in the usage of such credit cards.

The Administration in its desire to expedite the process of purchasing necessary materials, supplies and services in its operation of the city has authorized the use of credit cards by city staff.

While the use of credit cards may enhance the efficiency and convenience of making purchases for the City of College Place, it also demands additional responsibility by the credit card users. The Administration does not take this responsibility lightly and in accordance with state requirements, implements the following policy and procedures.

The College Place City Council shall adopt this policy and the noted procedures in accordance with RCW 43.09.2855.

### M-1 Policy

All requirements with regard to the City of College Place's Purchasing policies shall be met in addition to the following procedures. Compliance with the conditions set forth in RCW 42.24.180; 43.09.2855; WAC 236-48-250 through 236-48-254 shall be met by the respective departments.

### M-2 Procedures

#### a. Procedures for Obtaining Credit Cards

##### i. Cards Temporarily Issued to Individuals

- (i) Each individual will request a credit card as needed. The employee will be required to sign for the card at the time it is picked up at the Finance Department. Unless there is an emergency, the individual will try to schedule a time when they are going to pick up the credit card that is conducive to the work flow of the Finance Department.

##### ii. Cards Permanently Issued to Departments

- (ii) Department Heads will request approval from the Finance Director to receive and physically maintain credit cards within their department. The Finance Director will give approval in writing with a copy of such approval being forwarded to the other Finance Department staff and City Administrator.
- (iii) Upon approval of the Finance Director, Department Heads will be required to sign for the card(s) at the time they are picked up at the Finance Department. Should the department require additional cards than the number originally approved, they must once again request and receive approval from the Finance Director.

#### b. Log of Credit Card Activity

- i. A log will be kept for credit card usage, indicating for what purpose the card was used as for as well as the following information:
    - (i) Date Checked Out
    - (ii) Signed Out by (Finance Dept. staff or, if it is a card permanently checked out to a department, another department employee)
    - (iii) Last Name (of user, printed)
    - (iv) Card User's Signature
    - (v) Supplier Name (Vendor)
    - (vi) Purchase Amount
    - (vii) Date Checked In
    - (viii) Card Received by (Finance Dept. staff or, if it is a card permanently checked out to a department, another department employee)
    - (ix) Remarks (Reason for purchase)
  - ii. The original forms of credit card activity will be filed in the appropriate file in the Finance Department.
- c. Return of the Credit Card
- i. The card user will return the card within twenty-four (24) hours of use or of the employee's return to the city.
- d. Receipts for Credit Card Purchases
- i. Receipts will be turned in at the time the credit card is returned to the Finance Department (or the home department if the card is permanently assigned to a department). If there are missing receipts at the time the card is returned, a "Credit Card – Lost Receipt Form" must be completed, signed by the department head, and submitted in lieu of the receipt(s). For receipts returned to individual departments, no later than the 15<sup>th</sup> of each month, the Department Head will forward a copy of the log and any receipts, complete with BARS expense codes noted any other appropriate documentation or explanation to the Finance Department.
- e. Authorized Card Use
- i. Cardholders are authorized to use the card to purchase merchandise or services required as a function of their duties at the City of College Place. Unauthorized and/or inappropriate card use is addressed in the next section of this procedure.
  - ii. A purchase made with a credit card may be made in-store, by telephone, fax, Internet or U.S. mail. A purchase order is required per established Finance Department procedure.

If a credit card is issued for the purpose of covering expenses relating to authorized travel, the expenses must be listed on the pre-approved Travel/Training Request Form. Any charges against the credit card not properly identified on the Travel/Training Request Form shall be paid by the

- iii. official or employee by check or salary deduction, unless they were incurred due to unforeseen emergency circumstances and subsequently approved by administration.
- f. Unauthorized and/or Inappropriate Card Use
  - i. Credit cards must never be used to purchase items for personal use or for non-City of College Place purposes, even if the cardholder intends to reimburse the City of College Place. Unauthorized and/or inappropriate card use includes, but is not limited to:
    - (i) Items for personal use;
    - (ii) Items for non-City of College Place purposes;
    - (iii) Cash or cash advances;
    - (iv) Food and beverages for an individual employee. (However, authorized cards may allow for food and non-alcoholic beverages for business-related meetings and travel in compliance with system procedures and after obtaining approval for special expenses.);
    - (v) Alcoholic beverages;
    - (vi) Weapons of any kind or explosives (except authorized Police Department purchases);
    - (vii) Relocation expenses;
    - (viii) Entertainment; and
    - (ix) Recreation.
- g. Missing Receipts Procedure for Credit Cards
  - i. When a credit card is returned to the Finance Department and the card user does not have receipts or other appropriate documentation for purchases made with the card, the Finance Director will be notified immediately and a "Credit Card Missing Receipt" form will be given to the card user to assist them in documenting information about the lost receipt. Other receipts received when the card was used will be attached to the credit card missing receipt form.
  - ii. The Finance Director will review the form and forward the form, credit card and any other receipts attached to the Finance Department personnel for check in. Should further action be taken regarding the usage of the credit card by the user, it will be noted on the form and instructions given in memorandum form to the Finance Department personnel. A report of missing credit card activity will be forwarded to the City Administrator as deemed appropriate.
  - iii. When payment is made to the credit card issuer, the missing receipt form, other receipts and any other pertinent documentation will be attached to the voucher.

#### h. Disciplinary Action

- i. A cardholder who makes an unauthorized purchase with the card or uses the card in an inappropriate manner will be subject to revocation of credit card privileges and disciplinary action including restitution to the City of College Place for unauthorized purchases, possible card cancellation, possible termination of employment at the city and criminal prosecution.
- ii. If any item purchased with a credit card is not acceptable, arrangements must be made for a return for credit or an exchange. A cash refund or check is prohibited unless the vendor insists that a refund must be by cash or check, in which case the funds must be deposited immediately with the City of College Place.
- iii. If, for any reason, disallowed charges are not repaid before the charge card billing is due and payable, the City of College Place shall have a prior lien against and a right to withhold any and all funds payable or to become payable to the official or employee up to an amount of the disallowed charges and interest at the same rate as charged by the company which issued the charge card. Any official or employee shall have credit card privileges revoked until any outstanding disallowed charge/interest balance is cleared. The City of College Place shall have unlimited authority to revoke use of any charge card issued under this section.

#### i. Responsibility and Accountability

It is the responsibility of each individual cardholder to:

- i. Follow all procedures as outlined in this document;
- ii. Safeguard the credit card and credit card account number at all times; lost or stolen credit cards must be reported immediately to the credit card agency and the City of College Place Finance Department;
- iii. Keep credit card in a secure location at all times;
- iv. Not allow anyone to use the credit card and/or credit card account number who is not authorized to do so;
- v. Obtain and retain original itemized receipts for goods and services purchased. An employee may be allowed to file a "Credit Card Missing Receipt Form" in lieu of a receipt if the original receipt is lost or a receipt was not/cannot be obtained;
- vi. Submit documentation in a timely manner (no later than the 15<sup>th</sup> of the month) to the Finance Department for payment processing;
- vii. Take any other steps necessary to ensure that the credit card is used only for authorized purposes.

#### j. Credit Card Limitations

- i. **Credit Limits:** The credit limit of credit cards used by the City of College Place shall be determined by the Administration after consultation with the Finance Committee. This limitation does not include “lines of credit” the City of College Place City Council may authorize. A listing of each credit card and the credit limit of each shall be maintained by the Finance Department.
  - ii. **Cash Advances:** In accordance with RCW 34.09.2855, no cash advances will be allowed. Credit card suppliers will be notified of this fact when credit cards are requested. Should a pin number be issued in error, the supplier will be notified and all copies of the pin number will be destroyed immediately.
  - iii. **Other Credit Accounts:** Some suppliers will request that the City of College Place have an open credit account for the purchase of supplies, services and other charges. These types of accounts would be for items such as public works maintenance supplies, building materials, office products, etc. Requests for open credit accounts shall be reviewed individually by the Finance Director. If it is determined that such an open credit account would be beneficial for the city, a request will be forwarded to the supplier with any required documentation in an effort to open an account. The Finance Department shall maintain a listing of each open credit account.
- k. **Periodic Reviews**
  - i. The City of College Place Finance Department shall conduct periodic reviews for proper card use. Credit card records will be audited from time to time.
- l. **Forms**
  - i. Credit Card Check-Out Register
  - ii. Credit Card Missing Receipt Form
  - iii. Listing of Credit Card
  - iv. Listing of Credit Accounts

## **N. Disposal of Surplus Property**

### **N-1 Purpose**

This chapter establishes procedures for disposition of property, other than real estate, which is surplus to the needs of the city. It is the intention of council that the procedures set forth in this chapter are preferred over others.

Therefore, special procedures called for under other legislation are to be deemed exceptions to this chapter, and their use is to be limited accordingly.

### **N-2 Responsibility for administration**

The city administrator, or such other officer as may from time to time be appointed, is responsible for the administration of this chapter. The city administrator shall coordinate the disposition of surplus property and shall aid the council in determining the best method of disposal. All departments of the city shall cooperate with the city administrator to ensure the most efficient and beneficial disposition of surplus property. Surplus of city property shall be done in accordance with RCW 35A.11.010, 35.94.040, 39.33.010, 39.33.020, 42.30.110(l)(b), 42.30.110(l)(c), 42.56.260,

43.09.210, and Chapter 35.94 RCW.

### N-3 Determination of value

A department wishing to dispose of a single item of surplus property, or a group of items, shall make an estimate of the reasonable market value in "as is, where is" condition. If the department responsible for the property cannot make the estimate, the city administrator shall determine the reasonable market value.

### N-4 Report to city administrator--Initial procedure

A city department responsible for property which it wishes to declare surplus shall provide the city administrator with a detailed description of the property, its location and condition, and its estimated value. The city administrator shall then determine if any other department of the city has use for the property. If such a use is found, the city administrator shall carry out the transfer of ownership and shall ensure that, if necessary, the fund disposing of the property is reimbursed for its reasonable market value.

### N-5 Property worth five thousand dollars or less

If the property is not needed by the city and the estimated value is five thousand dollars or less, the city administrator may dispose of the property by one of the methods listed in this chapter without reporting the matter to the city council.

### N-6 Procedure - Property of a value over five thousand dollars

Disposition of surplus property of a value over five thousand dollars must be approved by a majority of the city council.

The procedure is as follows:

- a. The council shall examine the report of the city administrator at a public meeting and shall then either approve the report or give further directions to the city administrator.
- b. The city administrator shall carry out the directions of the council with the assistance of the department owning the property.
- c. If directed to do so by the council, the city administrator shall prepare a written report of the arrangements made, whereupon:
  - i. The council shall consider the report of the city administrator at either a public or an executive session, and shall then give further directions to the city administrator as follows:
    - (i) Approve the disposition;
    - (ii) Approve the disposition with additional special conditions; or
    - (iii) Disapprove the proposed disposition, whereupon it shall give the city administrator directions for further action.

### N-7 Methods of disposition

Permissible methods of disposition of surplus property include, but are not limited to:

- a. Public auction;
- b. Solicitation of sealed bids:
  - i. The minimum bid threshold will be established by the department head in charge of the asset to be surplus;
  - ii. The minimum bid threshold will be approved by the city administrator;
- c. Transfer to another agency of government at or below reasonable market value; or
- d. Lease or loan to other governmental agencies.

#### N-8 Guidelines for decision

The council shall dispose of surplus property in the manner that they deem to be the best interests of the city. Considerations include but are not limited to:

- a. Possible future requirements of the city;
- b. Present value of the property;
- c. Likelihood of locating a buyer;
- d. Intergovernmental cooperation;
- e. The general welfare of the citizens of the city.

#### N-9 Statutory exceptions

Certain city ordinances and provisions of the Revised Code of Washington impose special conditions for the disposition of municipal property. Where necessary, city officials shall comply with those laws, treating them as limited exceptions to this chapter. Exceptions include, but are not limited to, the following as they may from time to time be amended:

- a. Disposition of works of art;
- b. RCW 27.12.305, 27.12.320, disposition of library materials;
- c. RCW 35.21.088, equipment rental;
- d. RCW 35.21.660 through 35.21.690, 35.21.745 through 35.21.757, transfers to municipally chartered corporations;
- e. RCW 35.21.820, ride-sharing vehicles;
- f. Chapter 35.94 RCW, surplus utility property;
- g. Chapters 39.33 and 39.34 RCW, intergovernmental agreements; alternate method for intergovernmental disposition of property;
- h. RCW 46.55.220, disposition of abandoned junk motor vehicles;
- i. Chapters 63.21 and 63.32 RCW, disposition of found or unclaimed property in the hands of the police.

## O. Investments

#### O-1 Policy

It is the policy of the City of College Place to invest public funds in a manner which will provide the maximum security of the principle, meet the daily cash flow demands of the City, and strive for a high investment return while conforming to all laws and regulations governing the investment of public funds.

#### O-2 Scope

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

- a. General Fund
- b. Special Revenue Funds
- c. Capital Project Funds
- d. Enterprise Funds
- e. Trust and Agency Funds
- f. Any new fund created by ordinance of the City Council, unless specifically exempted.

### O-3 Prudence

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

- a. The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### O-4 Objective

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

- a. **Safety:** Safety of principal is the foremost objective of the City of College Place. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. **Liquidity:** The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- c. **Return on investment:** The City’s investment portfolio shall be designed with the objective of attaining a market rate of return given the City’s risk constraints and cash flow requirements.

### O-5 Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Finance Director. The Finance Director will be responsible for all transactions undertaken. The Finance Director shall establish written procedures for the operation of the investment program consistent with the investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedure established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Subject to required procurement procedures, the City may engage the support services of outside professionals in regard to its financial program, so long as it can be determined or anticipated that these services produce a net financial advantage or necessary financial protection of the City’s

resources. External service providers shall be subject to the Revised Codes of Washington and the provisions of this Investment Policy.

#### O-6 Ethics and Conflicts of Interest

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

#### O-7 Authorized Financial Dealers and Institutions

The Finance Director is authorized to conduct investment transactions with several competing, reputable investment securities broker/dealers and financial institutions. Authorized broker/dealers and financial institutions will be limited to those that are approved by the Finance Director and meet one or more of the following:

- a. Financial institutions approved by the Washington Public Deposit Protection Commission (RCW 39.58); or,
- b. Primary dealers recognized by the Federal Reserve Bank; or
- c. Non-primary dealers qualified under the US Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the National Association of Securities Dealers.

Each authorized broker/dealer or financial institution will be selected by creditworthiness, required to maintain an office in the State of Washington, and may be required to regularly submit annual reports, including audited financial statements when not available online. Additionally, broker/dealers may be required to complete a broker/dealer questionnaire or any other information that is required by the City to assess the qualifications of the firm.

#### O-8 Authorized Investments

Authorized investments are securities and investments authorized by state statute as defined in RCW's 39.58 and 39.59.040(4-5), 39.60.050, and 43.250. Authorized investments include:

- a. Investment deposits, including certificates of deposit, with qualified public depositories as defined in RCW 39.58.
- b. Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association).
- c. Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, and Federal National Mortgage Association notes, bonds, and guaranteed certificates of participation.)
- d. State Investment Pool.

- e. Mutual funds, escrow accounts, public fund money market accounts or cash type accounts used specifically for proceeds of municipal securities.

#### O-9 Safekeeping and Custody

All security transactions entered into by the City of College Place shall be conducted on a delivery-versus payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director.

#### O-10 Diversification

The City will diversify its investments by security type and institution. The following schedule provides the maximum holdings in any one type of investment or with any one issuer.

Type of Security	Maximum Holdings
<b>Certificates of Deposit</b>	50% of Portfolio, 10% per Issuer, 20% of Issuer's Net Worth
<b>U.S. Treasury Notes, Bonds, or Certificates</b>	100% of Portfolio
<b>U.S. Government Sponsored Corporations</b>	100% of Portfolio
<b>State Investment Pool</b>	100% of Portfolio
<b>Public Fund Money Market Accounts, Escrow accounts, Cash Type Accounts</b>	Minimum amount to be pledged as debt reserves, or other debt related monies.
<b>Mutual Funds</b>	Arbitrage related only

#### O-11 Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, or restricted by state guidelines, the City will not directly invest in securities maturing more than five years from the date of purchase.

#### O-12 Internal Control

The City will maintain processes of internal controls to protect against the loss of public funds arising from negligence, theft, or misuse. These controls will include, but not be limited to:

- a. The use of third party custody and safekeeping;
- b. The execution of all securities transactions on a delivery-versus payment basis;
- c. The clear delegation of investment authority;
- d. The separation of transaction authority from record keeping;
- e. The use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state;
- f. The use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers.

#### O-13 Performance Standards

The City's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs.

- a. **Investment Strategy:** The City's investment strategy is passive. Securities are purchased and sold as it best meets the needs of the City as determined by the Finance

Director. The Finance Director will be authorized to trade before maturity if it is in the best interest of the City to do so.

b. Market Yield Benchmark for Long Term Portfolio: Given this strategy, the basis used by the City to determine whether market yields are being achieved shall be the Average US Treasury Note rate which corresponds with the average life of the investments in the portfolio.

c. Market Yield Benchmark for Short Term Portfolio: The weighted average yield of liquid portfolio, defined as securities with original maturity of less than 30 days, will be compared quarterly to the LGIP average yield.

#### O-14 Reporting

The Finance Director will provide the Mayor and/or City Administrator and Council with a monthly report of investment holdings and activity.

#### O-15 Monitoring

The Finance Director will routinely monitor the contents of the portfolio, the available markets, and the relative values of competing instruments. Securities will be bought and sold to obtain market yield through both transactions gains and interest earnings when the option is available.

#### O-16 Internal Purchases and Sales

The Finance Director may buy and sell investments between funds to meet monthly cash flow requirements. Earned interest on investments shall be credited to the fund holding ownership of the investment at the time the interest is earned.

## P. Capital Improvement Program/Policies (CIP)

Purpose: To maintain the City's investment in infrastructure, this policy provides direction for the development and implementation of the annual CIP.

Scope: The City has a significant investment in the infrastructure necessary for the general public's use. The infrastructure systems – streets, bikeways and sidewalks, water distribution system, wastewater treatment plants and collection system, storm water conveyance system, parks, recreation facilities, open spaces, and municipal facilities – are important to the general well-being of the community. The City maintains and enhances the infrastructure systems by developing long-term plans and securing the funding necessary to implement the plans. The Capital Improvement Program is developed to advise the community of the plans for maintaining the public investment, and to ensure the resources are available to invest when the community requires them.

P-1 It is the City's policy to ensure that adequate resources are allocated to preserve existing infrastructure and other capital assets before targeting resources toward construction and acquisition of public facilities or major equipment.

P-2 The City will develop a six-year Capital Facilities Plan (CFP)) to identify and coordinate infrastructure and facility needs in a way that maximizes the return to the community. All capital improvements will be made according to the adopted CFP.

P-3 The Capital Facilities Plan will be formulated using an analysis of long-term, overall resources and will include projected funding sources and ongoing operations and maintenance costs. Future changes in economic or demographic factors identified in the financial forecasting process will be incorporated in the capital budget projections. The plan will be updated annually. Any planned use of debt financing shall include an analysis of debt services costs and funding resources available to pay the associated debt.

P-4 The first year of the Capital Facilities Plan will constitute the capital budget for the ensuing budget year. The capital budget and the base operating budget will be reviewed at the same time to assure that the City's capital and operating needs are evaluated in a balanced manner.

P-5 A long-range Transportation Improvement Plan (TIP) will provide the framework for the City's future investment in transportation related infrastructure. This ensures that infrastructure projects incorporated into the Capital Facilities Plan (CFP) will be the embodiment of the officially stated direction of the City's Comprehensive Plan, Strategic Plan, and supporting documents.

P-6 The City may administer a Local Improvement District (LID) program. For capital projects whose financing depends in part or wholly on an LID, interim financing may be issued to support the LID's portion of the project budget. The amount of the interim financing shall be the current estimate of the final assessment roll as determined by the administering department.

P-7 The City will determine the most cost effective financing method for all new projects. Whenever possible, the City will use intergovernmental assistance and other outside resources to fund capital projects. Additional funding may come from designated surpluses in the Current Expense Fund and certain special revenue funds as outlined in the general budget policy.

P-8 An operating cost projection, including all funding sources will be required for all projects proposed for funding within six (6) years.

P-9 Construction Standards – Capital improvements constructed in the City shall be designed and built based on published construction standards which shall be periodically updated by the City Engineer and adopted by City Council. The construction standards will assure projects are built with an acceptable useful life and minimum maintenance costs.

P-10 Estimated useful lives for the various categories of capital facility and equipment assets:

- a. Land: N/A
- b. Land improvements: 20 years
- c. Buildings: 40 years
- d. Major Building Improvements: 40 years
- e. Minor Building Improvements: 20 years
- f. Construction in progress: N/A
- g. Machinery and Equipment
  - i. Outdoor Equipment: 20 years
  - ii. Police and Fire Equipment: 10 years
  - iii. Machinery and Tools: 15 years
  - iv. Business Machines: 10 years
  - v. Communications Equipment: 10 years
  - vi. Computer Equipment/Software: 7 years

- vii. Audiovisual Equipment: 10 years
- viii. Musical Instruments: 10 years
- h. Vehicles
  - i. Licensed Vehicles: 8 years
  - ii. Police Cruisers: 6 years
- i. Infrastructure
  - i. Roads (Bituminous Concrete): 20 years
  - ii. Road Improvements (Grind and Overlay): 10 years
  - iii. Bridges: 50 years
  - iv. Traffic Signals: 10 years
  - v. Sidewalks and Curbs: 20 years
  - vi. Basins and Levees: 60 years
  - vii. Street Lighting: 15 years
  - viii. Storm Drains: 50 years
  - ix. Sewer Mains and Interceptors: 50 years

## **Q. Debt Management**

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages.

Q-1 The basic objectives of the City's debt management policies are to:

- a. Achieve the lowest possible cost of borrowing.
- b. Ensure access to capital markets to adequately provide the long-term financial needs of the City.
- c. Be received by the markets as a strong and sound credit which has fully demonstrated its commitment to meet all obligations in a timely manner.
- d. Monitor and control capital spending in such a way that capital market entry can be planned.
- e. Maintain a level and structure of outstanding indebtedness that does not lead to erratic and excessive debt service requirements, thereby avoiding unnecessary strain on the operating budgets.
- f. To smooth the use of debt so that debt service payments will be predictable and a manageable part of the operating budget.
- g. Provide for the distribution of pertinent information to rating agencies.
- h. Apply and promote prudent fiscal practices.

Q-2 The following debt guidelines are established to provide needed equipment and capital infrastructure improvements while minimizing the impact of debt payments on current revenues:

- a. City Council approval is required prior to the issuance of debt.
- b. The City will use the services of certified and credible legal counsel and underwriting firms in the preparation of all long-term debt representations.
- c. The term of the debt shall never extend beyond the useful life of the improvements to be financed.
- d. The City will use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements. In no case will the City lease-purchase equipment whose useful life is less than the term of the lease.

- e. The City will not use long-term debt to pay for current operations. The use of bonds or certificates of participation will only be considered for significant capital and infrastructure improvements.
- f. Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- g. Interest earnings on bond proceeds will be limited to 1) funding the improvements specified in the authorizing bond ordinances, or 2) payment of debt services on the bonds.
- h. The City will maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved. The City will encourage and maintain good relations with financial bond rating agencies and will follow a policy of full and open disclosure.
- i. The City shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 4% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified.
- j. Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- k. The City will comply with all statutory debt limitations imposed by the Revised Code of Washington (RCW). The City of College Place debt will not exceed the aggregated total of 7.5% of the assessed valuation of the taxable property with the City. Compliance with state law and this policy shall be documented each year in the City’s Annual Report.

The following individual percentages (as defined in state law) shall not be exceeded in any specific debt category:

i. General Debt	2.5% of assessed valuation
ii. Utility Debt	2.5% of assessed valuation
iii. Open Space and Park Facilities	2.5% of assessed valuation

### Q-3 Purpose and Overview

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

### Q-4 Capital Planning

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays, and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the City shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

## Q-5 Legal Governing Principles

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

- a. State Statutes – The City may contract indebtedness as provided for by State law, subject to statutory and constitutional limitations on indebtedness.
- b. Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
- c. Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules, policies, and regulations.

## Q-6 Roles & Responsibilities

The City Council shall:

- a. Approve indebtedness;
- b. Approve appointment of the bond underwriter and bond counsel;
- c. Approve the Financial Policy, including the section on the Debt Policy;
- d. Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

The Finance Director in consultation with the City staff members such as City Administrator, Finance Committee, the Mayor, and full Council shall:

- a. Assume primary responsibility for debt management;
- b. Provide for the issuance of debt at the lowest possible cost and risk;
- c. Determine the available debt capacity;
- d. Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- e. Recommend to the City Council the manner of sale of debt;
- f. Monitor opportunities to refund debt and recommend such refunding as appropriate;
- g. Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
- h. Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
- i. Provide for and participate in the preparation and review of offering documents;
- j. Comply with all terms, conditions, and disclosure required by the legal documents governing the debt issued;
- k. Submit to the City Council all recommendations to issue debt;
- l. Provide for the distribution of pertinent information to rating agencies;
- m. Comply with undertakings for ongoing disclosure pursuant to SEC Rule 15c2;
- n. Apply and promote prudent fiscal practices.

## Q-7 Ethical Standards Governing Conduct

The members of the City staff will adhere to the standards of conduct as stipulated by the Public Disclosure Act, RCW 42.17, and Ethics in Public Service RCW 42.52.

## Q-8 Types of Debt Instruments

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

- a. Unlimited Tax General Obligation Bonds – The City shall use Unlimited Tax General Obligation Bonds (UTGO), also known as “Voted General Obligation Bonds” for the purpose of general purpose, open space and parks, and utility infrastructure. Voted issues are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose, plus validation requirements.
- b. Limited Tax General Obligation Bonds – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use LTGO Bonds as permitted under State law for lawful purposes only. General Obligation debt is backed by the full faith and credit of the City and is payable from non-voter approved property taxes and other money lawfully available. LTGO Bonds will only be issued if:
  - i. A project requires funding not available from alternative sources;
  - ii. Matching fund monies are available which may be lost if not applied for in a timely manner; or
  - iii. Emergency conditions exist.
- c. Revenue Bonds – The City shall use Revenue Bonds as permitted under State law for the purpose of financing construction or improvements to facilities of enterprise (ex: water, wastewater, stormwater) systems operated by the City in accordance with the Capital Improvement/Facility Plan.
- d. Special Assessment/Local Improvement District Bonds – The City shall use Special Assessment Bonds as permitted under State law for assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID’s are formed by the City Council after a majority of property owners agree to the assessment. No taxing power or current expense pledge is provided as security and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and an LID Guaranty Fund, as required by State Law.
- e. Short Term Debt – The City shall use short term debt as permitted by State law for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund’s current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.
- f. Leases – The City is authorized to enter into capital leases under State law, subject to the approval of City Council.

- g. Public Works Trust Fund Loans – The City shall use Public Works Trust Fund Loans (when available) as provided under State law for the purpose of repairing, replacing, or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.

#### Q-9 Communication Policy

- a. It is the policy of the City to remain as transparent as possible.
- b. The City shall manage relationships with the rating analysts assigned to the City's credit, using both informal and formal methods to disseminate information.
- c. The City's Basic Financial Statements and Notes shall be a vehicle for compliance with continuing disclosure requirements. The notes to the Financial Statements may be supplemented with additional documentation as required.
- d. The City shall seek to maintain and improve its current bond rating.

#### Q-10 Compliance Policy

Investment of Proceeds – The City shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Lease Covenants – The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

## R. Fixed Assets

R-1 General Fixed Assets are long-lived assets of the City as a whole and are recorded as expenditures when purchased. Although no general fixed asset account group is established, it shall be the policy of the City to list and inventory fixed assets to ensure accountability and stewardship of the City's assets.

R-2 Capitalization Level: Assets costing more than \$5,000 and having a useful life of more than one year will be accounted for by listing the item, date of purchase, cost, and responsible person. When an asset is disposed of a notation of the method of disposal will be made in the listing.

R-3 Other Items: Assets such as cameras, televisions, DVD players, computers, or similar items in excess of \$1,000 will be capitalized. Sensitive items such as weapons, radar guns, or radios will also be capitalized regardless of cost.

R-4 Inventory of items: All items will be inventoried at least once every two years.

## S. Accounting and Financial Reporting

The City of College Place recognizes the need for ensuring accountability for the collection, management, and expenditures of all public funds under its jurisdiction. To this end, a basic City accounting system and policy has evolved with a number of critical objectives including:

- a. Accountability for money and property under control of the City
- b. Compliance with governing laws, ordinances, and procedures
- c. Providing timely and accurate information on the financial status of the City
- d. Maintaining financial systems to monitor expenditures, revenues, and performance of all municipal programs.
- e. Reporting and providing information to City officials, City Council, and taxpayers.

To further these objectives, the following policies are adopted:

S-1 The City of College Place will establish and maintain a high standard of accounting practices. The City uses the cash basis of accounting which is a departure from Generally Accepted Accounting Principles (GAAP).

S-2 The City will maintain expenditure categories according to state statute and administrative regulation. The City will use the Budgeting, Accounting, and Reporting System (BARS) prescribed by the State Auditor for its revenues and expenditure classification.

S-3 A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.

S-4 Full disclosure will be provided in all City financial reports and bond representations.

S-5 The Annual Financial Report will be prepared and submitted to the State Auditor's Office no later than 150 days from the end of the preceding fiscal year. The Annual Financial Report will be prepared on the basis of accounting that demonstrates compliance with Washington State statutes and the BARS manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles. The report will provide full disclosure of all financial activities and related matters.

S-6 A audit will be performed as prescribed by the State Auditor's Office to include the issuance of a financial opinion.

## **T. Bank Returned (NSF) Checks**

This policy applies to all checks made payable to the City, which are returned by the bank. The checks may be returned because of insufficient funds, closed account, invalid signature, stop payment, or any other condition making the check invalid. They are often called NSF checks (non-sufficient funds).

T-1 The City will accept only the following as payment for a bank returned check: cash, money order, cashier's, or other bank check. City departments will maintain lists of persons who have had checks returned by the bank. No checks will be accepted from these customers for a period of one year from the date of the returned check.

T-2 When a check issued in payment of goods or services is returned by the bank, it will be deemed that no payment has been received for the goods or services. When appropriate the service will be stopped, the license or permit revoked, the action voided, or other suitable action taken. No new goods or services will be provided until payment is received for the prior goods or services. The department will adequately document the action taken in their files and records.

T-3 Uncollected bank returned checks will be treated as delinquent accounts of the City. Interest or penalties will be charged as appropriate. The accounts will be sent out for collection service. Other legal action will be taken as appropriate.

## **U. Delinquent and Uncollectible Accounts Receivable**

This policy applies to all private customer or intergovernmental accounts receivable which are delinquent or uncollectible, except as noted below.

U-1 Departments will age the individual accounts in the accounts receivable subsidiary ledger monthly. The aged accounts will show accounts which are 30 days, 60 days, and 90 days overdue, at a minimum.

U-2 Outstanding receivables will be reviewed on a regular basis for past due accounts. Past due notices will be sent out for all accounts that are 30 days in arrears. Past due notices for all customer accounts receivable will include a statement that the account will be referred to a collection agency if not paid in a timely manner.

U-3 Interest and penalties will be charged on all accounts as authorized by state statutes.

U-4 When applicable, a city department will no longer provide services to a private customer or other government when the individual or organization has a delinquent account balance, unless the service is required by some legal criteria.

U-5 Departments will send delinquent private customer accounts to a collection agency in accordance with City contract(s) for collection services. The accounts will be sent no later than 120 days after they become delinquent. Any exceptions must be authorized by the Finance Director. The customer must have had 30 days' notice prior to sending the account to the collection agency.

U-6 City Council will approve the write-offs of uncollectible accounts on the recommendation of the Finance Director/City Administrator and within State Statute.

## **V. City Utility Rates**

V-1 Utility user charges for each of the City utilities will be based on the total cost of providing the service (ex: set to fully support the total direct, indirect, and capital costs) and are established so that the operating revenues of each utility are at least equal to its operating expenditures, reserves, debt coverage, and annual debt service obligations, and planned replacement of the utility's facilities.

V-2 Staff shall conduct an annual comprehensive rate review each fall for the utility funds for Council review. Rate increases will be targeted for implementation in January. Every effort shall be made to index/limit rate increases for the entire utility bill to the rate of inflation unless federal or state mandate, judgment arising out of litigation, or Council approved policy needs dictate otherwise.

V-3 Utility rates will be adopted in the annual fee schedule adopted by the College Place City Council.

## **W. General Long-Term Financial Planning**

The City will strive to forecast revenues, expenditures, and fund balances for the Current Expense Fund mid-calendar year and for the next five years making it a rolling five-year forecast, as an early look at changing economic conditions and possible unfavorable consequences such as declining revenues and increasing costs. This enables the City to be flexible, and make choices to adjust its expectations and/or service levels as early as possible.

W-1 The utilities should strive to work towards a forecast for revenues, expenditures, and fund balances for a six-year period, updated every year and on the same update-cycle as the Capital Facilities Plan (CFP). The CFP is the basis for the amounts of planned capital spending for those six years. The plan should also include reasonable revenue and operating cost assumptions, as well as minimum funding for all reserves as established by these policies.

W-2 Estimates and forecasts of all revenues and expenditures should be cautious in a slow economic environment, taking a financially restrained approach. Estimates and forecasts of revenues and expenditures may become less restrained at a time of a more growth-oriented outlook.

W-3 The utilities' financial plans should assume that they support themselves through fees for service and that they do not receive financial or economic support from the Current Expense Fund.

W-4 The utilities should make every effort to set service fees that recover full life-cycle costs which may lead to periodic accumulations of fund balances. The accumulation of fund balance is regarded as competent long-term planning tool for foreseeable needs. This tool helps temper annual rate increases and enables the City to fund a large portion of its projects with cash or to position the City well for long-term debt issues.

## **X. Long Range Revenue Policies**

X-1 Ability to Pay

- a. The Council shall consider the overall impact on the community and its "ability to pay" against the need to enact any tax, utility rate, or fee/charge increase.

X-2 Use of Highly Volatile Funding Sources

- a. Council shall prohibit the use of highly volatile funding sources such as Lodging Tax (“hotel-motel tax”), Real Estate Excise Tax I (REET-1) or Real Estate Excise Tax II (REET-11) for debt service or other long-term commitments. Preference for use of such volatile funding sources should be given to one-time capital expense, short-term funding commitments for a capital expense, or saving to create a funding pool that can “cash-out” a capital project.

#### X-3 Use of One-time Revenues

- a. Council shall require that one-time revenues or revenues significantly above the budgeted revenue target be used for one-time expenses and not be utilized to fund recurring expenses such as salaries and wages or debt service.

#### X-4 Capital Funding Priorities

- a. Council shall require the first priority for funding of capital projects should be given to those projects designed to preserve and maintain existing infrastructure.
- b. Council has established the following rank order:
  - i. Legal and statutory requirements and mandates provided realistic and affordable sources of funding are available to the City.
  - ii. Continuation of multi-year projects provided realistic and affordable sources of funding are available to the City.
  - iii. Capital funding shall be given to those projects that leverage City funding with grants from the State and/or federal agencies.
  - iv. Capital funding shall be given to public-private partnership projects whereby the City can leverage its contribution with private dollars to enable a more economically diverse project where the primary risk for the long-term financing is transferred to a private partner.

#### X-5 Property Tax

- a. The Finance Director shall forward to the City Administrator, Mayor, and City Council prior to any approval from Council for the 1.0% property tax increase a report that details the estimated revenue that may be generated if the 1.0% increase would be approved by Council. In addition, the report shall also include an analysis of the potential long-term impact on the Current Expense Fund if Council decided not to levy the 1.0% increase.
- b. Council shall not consider levying of any “banked” property tax capacity unless the following conditions exist:
  - i. The Council is considering adopting an annual budget that requires a reduction in core services as identified by Council; and
  - ii. Council has voted to authorize the implementation of the 1.0% in property tax collections.

X-6 Utility Excise Tax Rates: Prior to any proposal to Council for an increase in a utility excise tax rate, the Finance Director shall prepare a report for the City Administrator, Mayor, and City Council, noting the amount of the proposed tax increase, an estimate of new or additional annual revenues, and the need for the additional funding to be derived from the increased utility excise tax rate.

#### X-7 Setting of Fees and Charges for Building Permits

- a. Council shall consider that the fees and charges for building permits shall include a total cost recovery of direct and indirect costs.
- b. Council may consider a potential reduction in the fees and charges for a building permit; only if a project creates long-term family wage jobs and/or an identifiable long-term revenue increase in sales tax as a result of the project's construction.
- c. The Finance Director, together with the Community Development Director, shall prepare a report to the City Administrator, Mayor, and City Council annually that compares the City's building permit fee and charges in comparison to fees and charges from other comparable cities, together with an analysis of the net subsidy required of the Current Expense Fund to offset any shortfall in revenues associated with the total building permit operating costs.

#### X-8 Setting of Fees and Charges for Parks and Recreation Programs and Services

- a. Cost Recovery – Parks and Recreation services are funded through a combination of user fees, property taxes, grants, and donations. Fees and charges shall be assessed in an equitable manner in accordance with the following fee and charge assessment schedule. Services that provide recreational opportunities for populations with the fewest recreational alternatives (youth, limited income, senior adults, and families) may be more heavily supported by grants, donations, or property taxes than user fees to ensure that the population is well served by Parks & Recreation programs. Percentages shall be considered as guidelines; however, special circumstances, the nature and cost of each program, and persons to be served should be taken into consideration.
- b. Fee Model – the following lists represent all categories of services currently provided or those which may be provided in the future by the Parks & Recreation Department. The model is based upon the degree of benefit to the community (Tier 1 – mostly a community benefit), or individual (Tier 5 – mostly an individual benefit) of the service provided, the values of the College Place community, and the vision and mission of the Parks & Recreation Department. This model and policy form the basis for setting fees and charges.
  - i. Tier 5: Targeted to recover a minimum of 200 percent of direct costs
    - (i) Concession/Vending
    - (ii) Merchandise for Resale
    - (iii) Private/Semi-private Lesson
    - (iv) Rentals – Private/Commercial
    - (v) Long-term leases
    - (vi) Equipment Rentals
    - (vii) Trips
    - (viii) Organized Parties
    - (ix) Drop-in Childcare/Babysitting
    - (x) Leased Services – Private/Commercial
    - (xi) Permitted Services
  - ii. Tier 4: Targeted to recover a minimum of 100 percent of direct costs, and some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers.
    - (i) Classes and programs – intermediate/advanced
    - (ii) Leased services – non-profit/governmental agency
    - (iii) Preschool
    - (iv) Social clubs

- iii. Tier 3: Primarily fee supported with little tax investment. Targeted to recover a minimum of 60 percent of direct costs, and some of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers.
      - (i) Health services, wellness clinics, and therapeutic recreation.
      - (ii) Classes and programs – beginning/multi-ability
      - (iii) Tournaments and leagues
      - (iv) Rentals – non-profit/governmental agency
      - (v) Specialized events/activities
      - (vi) Camps/after school care
      - (vii) Leased Services – Affiliates
    - iv. Tier 2: Partial tax investment with minimal to partial fee support. Targeted to recover a minimum of 35 percent of direct costs, and many of these services may be appropriate for use of alternative funding sources such as grants, donations, and use of volunteers.
      - (i) Life/safety classes
      - (ii) Rentals – affiliates
      - (iii) Supervised park/facility
      - (iv) Community-wide events
      - (v) Volunteer programs
    - v. Tier 1: Full tax investment with little or no fee support. Targeted to recover zero percent of direct costs, although some of these services may be appropriate for use of alternative funding sources such as grants, donations, and volunteers.
      - (i) Non-supervised park/facility
      - (ii) Inclusionary services
      - (iii) Support services
  - c. Setting Fees – The City Administrator and the Park & Recreation Coordinator shall set fees for programs and services in compliance with the targets listed above. Fees shall be adjusted during the course of each year as needed to ensure the cost recovery targets are achieved. The following strategies will be used in arriving at fees:
    - i. Market pricing: A fee based on demand for a service or facility or what the target market is willing to pay for a service. One consideration for establishing a market fee is determined by identifying all providers of an identical service (ex: private sector providers, municipalities), and setting the highest fee. Another consideration is setting the fee at the highest level the market will bear.
    - ii. Competitive Pricing: A fee based on what similar service providers or close proximity competitors are charging for service. One consideration for establishing a competitive fee is determined by identifying all providers of an identical service (ex: private sector providers, municipalities), and setting the mid-point or lowest fee.
    - iii. Cost recovery pricing: A fee based on cost recovery goals within market pricing ranges.
  - d. Fee Review – The City Administrator/Park and Recreation Coordinator shall conduct an annual comprehensive review of cost recovery targets in compliance with these policy targets; this review will be forwarded to the Parks, Arbor, and Recreation Board which will forward their recommendation to the City Council via the Finance Committee.
  - e. Use of Volunteers – Through an aggressive volunteer recruitment program the City shall seek to minimize the amount required for full tax investment with little to no fee support

(tier 1 services) and partial tax investment with minimal to partial fee support (tier 2 services).

- f. Alternate Funding Sources – Solicitation of funds through donations, fundraising events, nontraditional sources, and various other modes shall be encouraged by the Park, Arbor, and Recreation Board. Funds collected for any special purpose shall be earmarked for that purpose.

## X-9 Grants

- a. Grant Opportunities – The City shall aggressively pursue grant opportunities; however, before accepting grants, the City will consider the current and future implications of accepting the monies.
- b. Federal Funds – Federal funds shall be actively sought by the City. The City shall use these funds to further the applicable national program goal. Because federal funds are not a guaranteed revenue source and are intended for a specific purpose, they will not be relied upon as an alternative source of capital improvement funds unless the federal grant is specifically for capital projects. Use of Federal funds shall support City goals and services.
- c. Grant Review – In reviewing grants the department director and Finance Director shall evaluate each grant offer and make their recommendation to the City Administrator after considering:
  - i. The amount of the matching funds required;
  - ii. In kind services that are to be provided;
  - iii. Length of grant and consequential disposition of service (ex: is the City obliged to continue the service after the grant has ended?); and,
  - iv. The related expenditures including administration, record keeping, and auditing expenditures.

## Y. Unclaimed Property

The Unclaimed Property Policy provides direction for reporting and disposing of unclaimed property. It is to ensure compliance with the laws of the State of Washington concerning the identification and disposition of unclaimed property while under the control of the City of College Place. The Washington Unclaimed Property Act protects unclaimed property until it is returned to its rightful owner or their heir. Washington State law (RCW 63.29.170) requires the City to review their records each year to determine whether they hold any property that has been unclaimed for a set period of time.

Y-1 This law requires the City to exercise due diligence in attempting to locate owners of unclaimed property in its custody and to annually report certain unclaimed property to the State. Any unclaimed property will be written off the Cities books and the funds will be deposited with the State Treasurer as unclaimed property. These funds then become the property of the State. A claim from the original owner of the property must be made with the State Treasurer's office in order to receive the funds.

Y-2 The City Finance Director is responsible for the proper disposition of unclaimed property in accordance with rules established by the State of Washington.

## Appendix A: Glossary

- **Account:** A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenses.
- **Ad Valorem Taxes (Property Tax):** A tax levied on the assessed value of real property.
- **Appropriation:** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.
- **Appropriation for Ordinances or Resolutions:** An ordinance or resolution by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual operating budget is enacted into law by the legislative body.
- **Assessed Valuation:** A valuation set upon real estate or other property by the County Assessor as a basis for levying property taxes.
- **AWC:** Association of Washington Cities
- **Balanced Budget:** A budget is considered balanced when the fund's total resources of beginning fund balance, revenues, and other financing sources is equal to the total of expenditures, other financing uses, and ending fund balance.
- **BARS:** Budgeting, Accounting, and Reporting System
- **Basis of Accounting:** The timing of recognition; that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus because a particular timing of recognition is necessary to accomplish a particular measurement focus.
  - **Cash Basis:** A basis of accounting under which transactions are recognized only when cash is received or disbursed.
- **Benefits:** For budgeting purposes, employee benefits are employer payments for social security, retirement, group health and life insurance, and worker's compensation.
- **Bond:** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.
- **Budget:** A legal document that provides City officials with the authority to incur obligations and pay expenses, allocating resources among departments and funds to reflect Council priorities and policies.
- **Budgetary Control:** The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.
- **Budget Document:** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. In addition to the budget document, an appropriation ordinance is necessary to formally approve the budget.

- Budget Amendment: The method used to make revisions to the adopted budget. Transfers between expenses within a fund do not require Council approval unless the adjustment includes use of fund balance.
- Capital Assets: Capital assets include land, improvements to land, easements, building, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and have a useful life extending beyond a single reporting period, and a cost of \$5,000 or greater.
- Capital Expenditures: Any asset purchase or creation over the \$5,000 threshold as set by the State.
- Capital Facility Plan (CFP): A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise.
- Comprehensive Plan: A long-range policy adopted by the City to guide decisions affecting the community's physical development.
- Consumer Price Index (CPI): CPI measures a price change for a constant market basket of goods and services from one period to the next within the same city.
- Cost Allocation: The assignment of applicable costs incurred by a central services department to a fund based on the benefit to the fund being assessed.
- Council Approved Bonds: General obligation bonds whose issuance was authorized by the City Council.
- CP: College Place
- Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, notes, contracts, and accounts payable.
- Debt Service: Interest and principal payments on debt.
- Debt Limit: The maximum amount of gross or net debt that is legally permitted.
- Deficit: The excess of the liabilities of a fund over its assets; and the excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.
- DNR: Department of Natural Resources
- DOH: Department of Health
- Enterprise Fund: Proprietary fund used to report an activity for which a fee is charged to external users for goods or services.
- Expenditures: For governmental funds. Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs that require the use of current assets.
- Expenses: For business type funds. Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.
- Fiduciary Fund: A fund that accounts for assets held by the City as a trustee.
- Fiscal Year: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

- Fixed Assets: Assets intended to be held or used for a long term purpose, such as land, buildings, and improvements other than buildings, machinery, and equipment. The City's capitalization threshold is \$5,000.
- Full Time Equivalent (FTE) Position: Refers to budgeted employee positions based on the number of hours for each position. A full-time position is 1.0 FTE and represents 2,080 hours each year.
- Fund: A fiscal and accounting entity with self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities and balances, and changes therein, which are segregated for the purposes of attaining certain objectives in accordance with special regulations, restrictions, or limitations.
- Fund Balance: Fund Balance is a calculation of the difference between the assets and liabilities of a governmental fund. Fund balances are either designated (funds that have been dedicated to a particular purpose) or undesignated (the remaining unappropriated balance of the fund after account for the designated funds).
- General (Current Expense) Fund: A specific Governmental Fund that accounts for tax supported activities of the City and other types of activities not accounted for in other funds.
- General Obligation Bonds: Bonds for the payment of which the full faith o the issuing government is pledged. G.O. Bonds can be voter approved (unlimited-tax general obligation bond-UTGO) where property owners are assessed property taxes for the debt repayment, or non-voted (limited-tax-general obligation bonds-LTGO) that are authorized by the governing authority (City Council) and are paid with existing tax revenues or another source.
- GMA: Growth Management Act
- Governmental Fund Types: Funds that provide general government services. These include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds.
- HVAC: Heating, Ventilation, and Air Conditioning
- Intergovernmental Revenue: Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.
- Internal Service Funds: These funds account for operations that provide goods or services to other departments or funds of the City or to other governmental units on a cost-reimbursement basis.
- Levy Rate: The property tax percentage rate used in computing the property tax amount due to the City.
- LID: Local Improvement District
- MG: Million Gallons a Day
- Operating Budget: The annual appropriation to maintain the provision of City services to the public. Annual operating budgets are essential to sound financial management and should be adopted by every government.
- O&M: Operation and Maintenance.
- Operating Transfer: Routine and/or recurring transfers of assets between funds.

- Organizational Chart: A graphic portrayal of relationships among positions and officials established by the City.
- Personnel: Refers to the number of full-time or part-time regular authorized positions which may be employed within the operation of the City.
- RCO: Washington State Recreation and Conservation Office
- Recon: The global retail real estate convention.
- REET: Real Estate Excise Tax
- Refunding Bonds: Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.
- Reserve: (1) An account used to segregate a portion of fund balance to indicate that it is not available for expenditure; and (2) an account used to segregate a portion of fund equity as legally set aside for a specific future use.
- Revenue: Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income, and miscellaneous revenue.
- Revenue Bonds: Bonds whose principal and interest are secured by and payable exclusively from earnings of an Enterprise or Proprietary Fund.
- Salaries and Wages: Monetary compensation in the form of an annual or hourly rate of pay for hours worked.
- SCADA: Supervisory Control and Data Acquisition.
- SEPA: State Environmental Policy Act.
- Services and Charges: Expenditures for services other than personal services which are required by the City in the administration of its assigned functions, such as contracted services, insurance, utilities, printing, advertising, insurance, and rental of equipment.
- Special Revenue Funds: Funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.
- Supplies and Materials: Articles and commodities which are consumed or materially altered when used; such as, office supplies, motor fuel, building supplies, and postage.
- Taxes: Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges.
- TIB: Transportation Improvement Board.
- UGA: Urban Growth Area.
- WAC: Washington Administrative Code.
- WSDOT: Washington State Department of Transportation.
- WSRB: Washington Survey and Ratings Bureau.
- WTP: Water Treatment Plant.
- WWTP: Wastewater Treatment Plant.