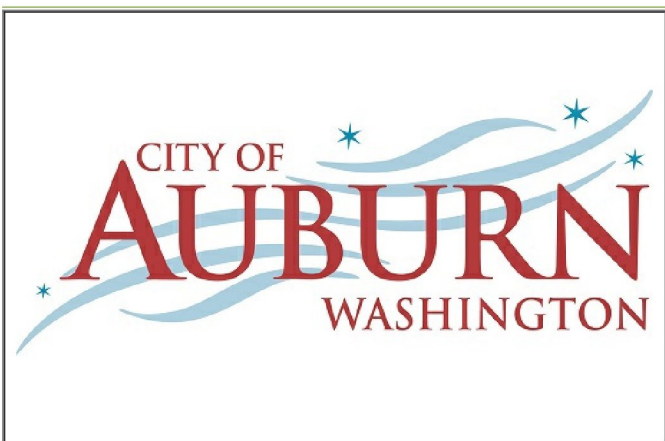


	City Council Study Session Finance, Technology and Economic Development Special Focus Area June 24, 2019 - 5:30 PM City Hall Council Chambers AGENDA Watch the meeting LIVE! Watch the meeting video Meeting videos are not available until 72 hours after the meeting has concluded.
---	---

I. CALL TO ORDER

A. Roll Call

II. ANNOUNCEMENTS, REPORTS, AND PRESENTATIONS

III. AGENDA ITEMS FOR COUNCIL DISCUSSION

A. Ordinance No. 6723 (Gross) (5 Minutes)

Ordinance No. 6723, amending Ordinance No. 4683 to correct a legal description related to a conditional use permit

B. Draft Resolution No. 5431 (Gaub) (5 Minutes)

A Resolution of the City Council of the City of Auburn, Washington, authorizing the Mayor to execute a Franchise Agreement between the City of Auburn and Comcast Cable Communications, LLC and Comcast Cable Communications Management, LLC, a Pennsylvania Corporation

IV. FINANCE, TECHNOLOGY AND ECONOMIC DEVELOPMENT DISCUSSION ITEMS

A. 1st Quarter 2019 Financial Report (Coleman) (15 Minutes)

Year to date through March 2019 status report based on financial data available as of April 24, 2019 for the period ending March 31, 2019 and sales tax information representing business activity that occurred through January 2019

B. Ordinance No. 6720 (Coleman) (15 Minutes)

An Ordinance of the City Council of the City of Auburn, Washington, amending Ordinance No. 6693, the 2019-2020 Biennial Operating Budget Ordinance, as amended by Ordinance No. 6712, authorizing amendment to the City of Auburn 2019-2020 budget as set forth in schedule "A" and schedule "B"

C. Cyber Security Update (Travis) (20 Minutes)

V. OTHER DISCUSSION ITEMS

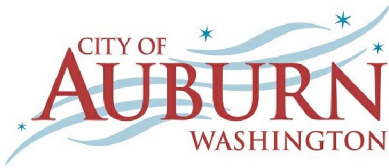
VI. NEW BUSINESS

VII. MATRIX

A. Matrix

VIII. ADJOURNMENT

Agendas and minutes are available to the public at the City Clerk's Office, on the City website (<http://www.auburnwa.gov>), and via e-mail. Complete agenda packets are available for review at the City Clerk's Office.



AGENDA BILL APPROVAL FORM

Agenda Subject:

Ordinance No. 6723 (Gross) (5 Minutes)

Date:

June 14, 2019

Department:

City Attorney

Attachments:

[Ordinance 6723](#)

[Ordinance 6723 Exh A](#)

Budget Impact:

Current Budget: \$0

Proposed Revision: \$0

Revised Budget: \$0

Administrative Recommendation:**Background Summary:**

In 1996, the City Council adopted an ordinance, number 4863, that approved a CUP for a property at 3244 Auburn Way South, which was later subdivided. The ordinance contained both an incorrect legal description and an incorrect address for the parcel. The errors came to light when the Auburn School District proposed to purchase a property located nearby 3244 Auburn Way South. The property the school district is interested in purchasing lies within the defective legal description in the 1996 ordinance. Consequently, the title report for the purchase shows that property incorrectly being the subject of the CUP. Before purchasing the property, the school district would like to clear the title report of this error. Ordinance 6723 will correct the 1996 ordinance by replacing the legal description shown in exhibit A with the correct, subdivision legal description and insert the correct address for the property.

Reviewed by Council Committees:**Councilmember:****Staff:**

Gross

Meeting Date: June 24, 2019

Item Number:

ORDINANCE NO. 6723

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AMENDING ORDINANCE 4863 TO CORRECT A SCRIVINERS ERROR

WHEREAS, the city council enacted Ordinance 4863 on May 20, 1996 to approve a conditional use permit for construction of a drive-in restaurant (currently Flame Burger) at 3244 Auburn Way South.

WHEREAS, prior to the City Council enacting the ordinance, the subject parcel, along with adjoining parcels, were subdivided and the parcel was given a new legal description.

WHEREAS, the ordinance contained neither the new legal description nor a correctly described old legal description. Due to an error by the applicant, the ordinance instead contained a defective version of the old legal description, substituting Northeast for Northwest in the description.

WHEREAS, the ordinance also contained an incorrect street address for the subject parcel, which was located at 3244 not 3224 Auburn Way South.

WHEREAS, the Survey Supervisor for the City of Auburn has confirmed that the legal description and street address in the ordinance are incorrect, and he has identified the correct address and legal description.

WHEREAS, the Auburn School District, which is purchasing property within the defective legal description, has expressed interest in the City correcting Ordinance 4863 to remove confusion regarding the title history of the property the district is purchasing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN as follows:

Section 1. Amendment to City Code. Ordinance 4863 is amended to read as shown in Exhibit A.

Section 2. Implementation. The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

Section 3. Severability. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application of it to any person or circumstance, will not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 4. Effective date. This Ordinance will take effect and be in force five days from and after its passage, approval, and publication as provided by law.

INTRODUCED: _____

PASSED: _____

APPROVED: _____

NANCY BACKUS, MAYOR

ATTEST:

APPROVED AS TO FORM:

Shawn Campbell, MMC, City Clerk

Steven L. Gross, City Attorney

Published: _____

Exhibit A

ORDINANCE NO. 4 8 6 3

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, PROVIDING FOR A CONDITIONAL USE PERMIT TO ALLOW THE CONSTRUCTION OF A DRIVE-IN RESTAURANT ON PROPERTY ZONED CN (NEIGHBORHOOD COMMERCIAL) LOCATED AT 3244 AUBURN WAY SOUTH, WITHIN THE CITY OF AUBURN, WASHINGTON

WHEREAS, Application No. CUP0006-95 dated May 5, 1995, together with site plans therefore, has been submitted to the City of Auburn, Washington, by THOMAS BUCKLEY, requesting a Conditional Use Permit to allow for the construction of a drive-in restaurant in a CN (Neighborhood Commercial) zone located at 3244 Auburn Way South, within the City of Auburn, Washington, hereinafter described in Section 2 of the Ordinance; and

WHEREAS, said request above referred to, was referred to the Hearing Examiner for study and public hearing thereon; and

WHEREAS, the Hearing Examiner, based upon staff review, held a public hearing to consider said petition in the Council Chambers of the Auburn City Hall, on April 16, 1996, at the conclusion of which the Hearing Examiner recommended the approval of the issuance of a Conditional Use Permit to allow for the construction of a drive-in restaurant in a NC (Neighborhood Commercial) zone; and

WHEREAS, the City Council, on May 6, 1996, considered said request and affirmed the Hearing Examiner's decision for the issuance of a Conditional Use Permit to allow for the construction of a drive-in restaurant in a CN (Neighborhood Commercial) zone, located on property situated at 3244 Auburn Way South, within the City of Auburn, Washington, based upon the following Findings of Facts and Conclusions, to-wit:

FINDINGS OF FACT

1. The application, Andres Canenas, applies for a conditional use permit to allow the construction of an 82 seat restaurant containing a drive-in window.
2. The subject property is located at 3244 Auburn Way South and is currently vacant. The property is zoned CN, (Neighborhood Commercial), and the subject zoning requires a conditional use permit if a restaurant has a seating capacity of more than 25. In addition, the conditional use permit is required for a drive-in window.
3. This zone is intended to provide for commercial uses which serve a limited neighborhood area. The conditional use permit review process is intended to regulate the compatibility of the use with the neighborhood.
4. Surrounding zoning and land uses in the vicinity include R-4, vacant, to the north; CN, Commercial, to the south; CN, vacant, to the east; and CN, commercial, to the west. The Comprehensive Plan designates the subject site for neighborhood commercial uses, and land located in all directions contains a similarly Comprehensive Plan designation except for property to the north which is designated for multiple family uses.
5. The site is located on Auburn Way South which is a heavily traveled major arterial. The vacant structure currently on the property is an eyesore.
6. The applicant is proposing to remodel and add to the existing structure. Which finished, the restaurant will be 3,000 square feet in area and will have 31 on-site parking spaces.
7. The subject property is 32,942 square foot lot which is part of a four lot short plat. All four lots have access from Auburn Way South along a common access.
8. A Mitigated Determination of Non-Significance containing 12 conditions of approval has been issued addressing storm drainage, erosion control, and traffic.

CONCLUSIONS OF LAW

1. The permit may be approved if it is consistent with criteria set forth in the Zoning Ordinance for the granting of a conditional use permit.
2. The first criteria is that the use have no more of an adverse effect on the health, safety, or comfort of persons living or working in the area than would a use generally permitted in the district. Given its location, the proposal will not have an adverse effect upon the area. The proposal will replace an abandoned structure and will ensure a coordinated access to the major arterial.

3. The Comprehensive Plan illustrates the area to be appropriate for uses such as this one. Accordingly, the proposal complies with the goals, policies, and objectives of the plan.
4. The proposal complies with all requires of the Zoning Ordinance.
5. The application contains drawings of building elevations which ensure that it will be compatible with the neighborhood.
6. The proposal will not adversely affect the public infrastructure since traffic improvements have been required as a result of the Mitigated Determination of Non-Significance.

For each of the above referenced reasons, the recommendation of the Hearing Examiner to the Auburn City Council on this Conditional Use Permit to allow the construction of a drive-in restaurant in a CN (Neighborhood Commercial) zone, located on property situated at 3244 Auburn Way South, is approved.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN as follows:

Section 1. The above cited Hearing Examiner's Findings of Fact and Conclusions, are herewith incorporated in this Ordinance.

Section 2. A Conditional Use Permit is hereby approved to allow the construction of a drive-in restaurant in a CN (Neighborhood Commercial) zone, located on property situated at 3244 Auburn Way South, within the City of Auburn, County of King, State of Washington, legally described on attached Exhibit "A," and made a part hereof as though set forth in full herein.

Section 3. Upon the passage, approval and publication of this Ordinance as provided by law, the City Clerk of the City of Auburn shall cause this Ordinance to be recorded in the office of the King County Auditor.

Section 4. Implementation. The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

Section 5. Severability. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application of it to any person or circumstance, will not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 4. Effective date. This Ordinance will take effect and be in force five days from and after its passage, approval, and publication as provided by law.

INTRODUCED: _____

PASSED: _____

APPROVED: _____

CHARLES A. BOOTH
MAYOR

ATTEST:

Robin Wohlhueter,
City Clerk

APPROVED AS TO FORM:

Michael J. Reynolds,
City Attorney

Published: _____

EXHIBIT A

LEGAL DESCRIPTION

Lot 1

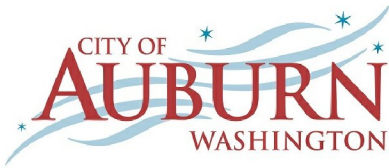
~~THAT PORTION OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21 TOWNSHIP 21 NORTH, RANGE 5 EAST, W.M., KING COUNTY WASHINGTON, LYING SOUTH OF A LINE DRAWN PARALLEL WITH AND 250.00 FEET NORTH, WHEN MEASURED AT RIGHT ANGLES, OF THE NORTH MARGIN OF PRIMARY STATE HIGHWAY NO. 5 (AUBURN WAY SOUTH):~~

~~EXCEPT THE WEST 125.00 FEET OF SAID EAST HALF: AND~~

~~EXCEPT THAT PORTION OF THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 21 NORTH, RANGE 5 EAST, W.M. KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:~~

~~BEGINNING AT THE INTERSECTION OF THE EAST LINE OF SAID WEST HALF WITH THE NORTH MARGIN OF PRIMARY STATE HIGHWAY NO. 5 (AUBURN WAY SOUTH): THENCE N 89 DEGREES, 43' 51" W, ALONG SAID MARGIN, A DISTANCE OF 50.00 FEET: THENCE N 00 DEGREES 46' 31" E, PARALLEL WITH SAID EAST LINE OF THE WEST HALF, A DISTANCE OF 205.01 FEET: THENCE N 67 DEGREES 24' 34" W, A DISTANCE OF 118.48 FEET TO A POINT ON A LINE DRAWN PARALLEL WITH AND 250.00 FEET NORTH OF SAID STREET MARGIN: THENCE S 89 DEGREES 43' 51" E, ALONG SAID LINE. A DISTANCE OF 160.00 FEET TO A POINT ON SAID EAST LINE OF THE HEREINBEFORE DESCRIBED SUBDIVISION: THENCE S 00 DEGREES 40' 31" W. ALONG SAID EAST LINE. A DISTANCE OF 250.01 FEET TO THE POINT OF BEGINNING.~~

LOT 1, CITY OF AUBURN SHORT PLAT NUMBER SPL0003-95, RECORDED UNDER RECORDING NUMBER 9508210641 RECORDS OF KING COUNTY, BEING A PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 21 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN THE CITY OF AUBURN, KING COUNTY, WASHINGTON.



AGENDA BILL APPROVAL FORM

Agenda Subject:

Draft Resolution No. 5431 (Gaub) (5 Minutes)

Department:

Public Works

Attachments:

[Draft Resolution No. 5431](#)

Date:

June 13, 2019

Budget Impact:

Current Budget: \$0

Proposed Revision: \$0

Revised Budget: \$0

Administrative Recommendation:

For discussion only.

Background Summary:

Chapter 13.36 of the Auburn City Code ("ACC") requires cable television providers to obtain a franchise to operate in the City.

Comcast seeks a 10 year Franchise. Comcast has operated in the City under a franchise since 2002 and as various preceding parent companies since 1978. It has applied to renew its franchise. The new agreement updates terms to comply with current federal law and regulations. Comcast continues to provide three Public, Education, and Government ("PEG") Channels, the equipment for which is paid for by a \$.35 per subscriber per month fee. (The City remains responsible for the cost of programming). Comcast continues to provide basic cable services without charge to public entities including schools, libraries, fire stations, and City buildings. It also continues to provide a 30% discount from the Basic Service charge for low-income, disabled, and senior customers.

A Public Hearing to consider this application and hear public comment is scheduled before the City Council on July 15, 2019, in accordance with Auburn City Code Chapter 13.36.050.

Resolution No. 5431, if adopted by City Council, authorizes the Mayor to execute Franchise Agreement No. FRN19-0012 subject to terms and conditions outlined in the Agreement.

Reviewed by Council Committees:**Councilmember:**

Meeting Date: June 24, 2019

Staff:

Gaub

Item Number:

RESOLUTION NO. 5431

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AUTHORIZING THE MAYOR TO EXECUTE A FRANCHISE AGREEMENT BETWEEN THE CITY OF AUBURN AND COMCAST CABLE COMMUNICATIONS, LLC AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC, A PENNSYLVANIA CORPORATION

WHEREAS, Comcast Cable Communications, LLC & Comcast Cable Communications Management, LLC ("Comcast") has applied to the City of Auburn ("City") for renewal of a non-exclusive Franchise for the right of entry, use, and occupation of certain public right(s)-of-way within the City, expressly to install, construct, erect, operate, maintain, repair, relocate and remove its facilities in, on, over, under, along and/or across those right(s)-of-way; and

WHEREAS, the City is authorized by Revised Code of Washington 35A.47.040 and Auburn City Code (ACC) 13.36.010 *et seq.* and ACC 20.06.010 to grant a non-exclusive franchise for the use of public streets, bridges, or other public ways for the transmission and distribution of electrical energy, signals and other methods of communication, including cable telecommunications and cable television; and

WHEREAS, following proper notice, the City Council held a public hearing on Comcast's request for a Franchise, at which time representatives of Comcast and interested citizens were heard in a full public proceeding affording opportunity for comment by any and all persons desiring to be heard; and

WHEREAS, from information presented at such public hearing, and from facts and circumstances developed or discovered through independent study and investigation, the City Council now deems it appropriate and in the best interest of the City and its inhabitants that the franchise be granted to Comcast.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN WASHINGTON, resolves as follows:

Section 1. The Mayor is authorized to execute a Cable Television Franchise Agreement with Comcast Cable Communications, LLC and Comcast Cable Communications Management, LLC in substantially the same form as the Agreement attached as Exhibit A.

Section 2. The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

Section 3. This Resolution will take effect and be in full force on passage and signatures.

Dated and Signed this _____ day of _____, 2019.

CITY OF AUBURN

NANCY BACKUS, MAYOR

ATTEST:

APPROVED AS TO FORM:

Shawn Campbell, MMC, City Clerk

Steven L. Gross, City Attorney

CABLE FRANCHISE AGREEMENT

Between the City of Auburn, Washington, and Comcast Cable Communications, LLC & Comcast Cable Communications Management, LLC d/b/a Comcast.

This Cable Franchise Agreement (“Franchise”) is made and entered into by and between The City of Auburn, Washington, a municipal corporation (City), and Comcast Cable Communications, LLC & Comcast Cable Communications Management, LLC d/b/a Comcast, a Pennsylvania corporation (collectively, “Grantee”). The City and Grantee are sometimes referred to hereinafter collectively as the “Parties.”

WHEREAS, the City is authorized by 47 USC § 541 *et seq.*, RCW 35A.47.040, ACC 20.06.010 and ACC Chapter 13.36 to grant and renew nonexclusive cable franchise agreements for the installation, operation, and maintenance of cable television systems and otherwise regulate cable communications services within the City’s incorporated boundary; and

WHEREAS, the City has reviewed Grantee's performance under the prior franchise and the quality of service during the prior franchise term, has identified the future cable-related needs and interests of the City and its citizens, and has determined that Grantee's plans for operating and maintaining its Cable System are adequate; and

WHEREAS, the public has had adequate notice and opportunity to comment on this Franchise during a public proceeding; and

WHEREAS, the Mayor and City Council has determined that is in the best interests of, and consistent with, the health, safety, and welfare of the citizens of the City to grant a franchise to Grantee to use public rights-of-way for the purposes specified in this Franchise and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises made herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties do hereby agree as follows:

SECTION 1: PRINCIPLES AND INTENT OF THE CITY

The following provisions are statements of the City's intent in entering into this Franchise, but do not necessarily reflect Grantee's intent and shall not supplant or modify specific provisions of the Franchise:

- 1.1. Ensure that Auburn stays at the forefront of cable service by keeping the Cable System up to date with features meeting the current and future cable-related needs and interests of the community;
- 1.2. Encourage the widest feasible scope and diversity of Programming and other services to all City residents consistent with community needs and interests;

- 1.3. Encourage competitive, affordable, and equal access to advanced communications services of all kinds to residents and businesses of the City of Auburn on a non-discriminatory basis;
- 1.4. Ensure that Auburn residents have the opportunity to view public, educational, and governmental Programming;
- 1.5. Ensure that rates and charges for cable Programming, equipment, and services provided over the Cable System are affordable and consistent with federal standards;
- 1.6. Ensure that Auburn residents receive high quality customer service;
- 1.7. Ensure that the City receives appropriate compensation for the use of its facilities and property and that installation and maintenance of cable Facilities comply with all applicable City regulations, and do not interfere with the City's legitimate use of its own facilities and property;
- 1.8. Encourage competition among Cable Operators and between Cable Operators and other providers of communications services;
- 1.9. Protect the City's interests and the health, safety, and welfare of its residents; and
- 1.10. Provide for timely mandatory Government Access to all Cable Systems in times of civil emergency.

SECTION 2: DEFINITIONS

For the purpose of this Franchise, the following terms, phrases, and their derivations shall have the meanings given below unless the context clearly mandates a different interpretation. Where the context so indicates, the present tense shall imply the future tense, words in plural include the singular, and words in singular include the plural. The word “shall” is always mandatory, not merely directory, and the word “may” is discretionary. In the event that the meaning of any word or phrase not defined in this Section is uncertain, the definitions contained in FCC rules and regulations shall apply.

- 2.1 “Access” means the availability for Non-Commercial use by various governmental and educational agencies, institutions, and organizations in the community, including the City and its designees, of a particular Channel on the Cable System to distribute programming to Subscribers, as permitted under applicable law.
 - A. “Educational Access” means Access where Schools are the primary users having editorial control over programming and services.
 - B. “Government Access” means Access where governmental institutions or their designees are the primary users having editorial control over programming and services.

- C. "Public Access" means Access for the public, including organizations, groups and individuals.
- 2.2 "Access Channel" means any Channel or portion of a Channel on a Cable System required by the Franchise to be set aside by the Grantee for public, education, or governmental use.
- 2.3 "Affiliated Entity" means, when used in connection with Grantee, any Person who owns or controls, is owned by or controlled by, or is under common ownership or control with Grantee.
- 2.4 "Basic Service" means the lowest Tier of Cable Service that includes, at a minimum, the retransmission of local television broadcast signals.
- 2.5 "Cable Act" shall mean the Communications Act of 1934, including the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, any and amendments thereto.
- 2.6 "Cable Operator" means any Person or group of Persons (A) who provides Cable Services over a Cable System and directly or through one or more affiliates owns a significant interest in such Cable System, or (B) who otherwise controls or, through any arrangement, is responsible for the management and operation of such a Cable System.
- 2.7 "Cable Service" means
- A. The one-way transmission to Subscribers of (1) Video Programming or (2) other Programming service, and
 - B. Subscriber interaction, if any, that is required for the selection or use of such Video Programming or other Programming service.
- 2.8 "Cable System" means Grantee's Facilities within the Franchise Area, consisting of a set of closed transmission paths and associated signal generation, reception and control equipment that is designed to provide Cable Service, which includes Video Programming, and which is provided to multiple Subscribers within a community, but such term does not include:
- A. A facility that serves only to retransmit the television signals of one or more television broadcast stations;
 - B. A facility that serves Subscribers without using any public right-of-way;
 - C. A facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. § 201 *et seq.*), except that such

facility shall be considered a Cable System (other than for purposes of 47 U.S.C. 541(c)) to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services;

D. An open video system that complies with 47 U.S.C. § 573; or

E. Any facilities of any electric utility used solely for operating its electric utility systems.

2.9 "Channel" means a portion of the electromagnetic frequency spectrum which is used in a Cable System and which is capable of delivering a television channel, whether delivered in an analog or digital format.

2.10 "City Council" means the legislative body of the City of Auburn.

2.11 "Complaint" means a Subscriber's verbal or written contact with the Grantee to express a grievance or dissatisfaction concerning Cable Service that are not within the regulatory control of the City and does not include issues that are promptly resolved to the Subscriber's satisfaction.

2.12 "Designated Access Provider" means the entity or entities designated by the City to manage or co-manage the Access Channel and facilities, and may include the City as a Designated Access Provider.

2.13 "Demarcation Point" means the physical point at which the Cable System enters a Subscriber's home or building.

2.14 "Document" or "Records" means written or graphic materials, however produced or reproduced, or any other tangible permanent documents, including those maintained by computer or other electronic or digital means, maintained by the Grantee in the ordinary course of conducting its business.

2.15 "Dwelling Unit" means any building, or portion thereof, that has independent living facilities, including provisions for cooking, sanitation and sleeping, designed for residential occupancy.

2.16 "Effective Date" means the Effective Date of this Franchise pursuant to subsection 3.4.

2.17 "Facility" means any distribution or component of the Cable System.

2.18 "FCC" means the Federal Communications Commission or its lawful successor.

2.19 "Franchise Area" means the area within the jurisdictional boundaries of the City, including any areas annexed by the City during the term of this Franchise.

2.20 "Franchise Fee" means consideration paid by Grantee for the privilege to construct and/or operate a Cable System in the Franchise Area as set forth in accordance with Section 622 of the Cable Act.

2.21 "Gross Revenues" means, for purposes of Franchise Fee calculations, all revenue received by the Grantee, in whatever form and from all sources, derived from the operation of the Grantee's Cable System to provide Cable Services, in the Franchise Area.

- A. Gross Revenues include, by way of illustration and not limitation, monthly fees charged to Subscribers for Cable Services, including Basic Service and all other Tiers of Cable Service, Pay-Per-View Service, Cable Service installation, disconnection, change-in-service and reconnection fees, Leased Access Channel fees, late fees, payments received by Grantee from programmers for carriage of Cable Services on the Cable System and recognized as revenue under generally accepted accounting principles (GAAP), revenues from rentals of Cable System equipment such as converters, advertising revenues, advertising sales commissions if recognized as revenue under GAAP, additional outlet fees, Franchise Fees, and revenues from home shopping Channels.
- B. Gross Revenues shall not include Bad Debt, provided that all or part of any such Bad Debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected, or revenues received from telecommunications services.
- C. Gross Revenues shall be determined without deduction for (1) any operating expense; (2) any accrual; or (3) any other expenditure, regardless of whether such expense, accrual or expenditure reflects a cash payment, and revenue shall be counted only once in determining Gross Revenues.
- D. Gross Revenues also does not include capital contributions, taxes on services furnished by Grantee which are imposed directly on any Subscriber or user by the State, City or other governmental unit and which are collected by Grantee on behalf of said governmental unit, excluding Franchise Fees.
- E. This definition shall be construed so as to include all Gross Revenues to the maximum extent permitted by federal and State law, except to the extent specifically excluded in this subsection, and encompasses revenues that may develop in the future, whether or not anticipated.
- F. If a statutory change in State or federal law, or a decision of the FCC or a court of competent jurisdiction expands the categories of revenue available to the City for the Franchise Fee assessment beyond those permitted under this definition as of the Effective Date, that change shall automatically be included in the definition of Gross Revenues under this Franchise, provided that the City imposes the same requirement upon any other similarly situated multichannel video provider over which the City has jurisdiction and authority to impose such fees.

- 2.22 "Headend" means Grantee's primary facility for signal reception and dissemination on the Cable System, including cables, antennas, wires, satellite dishes, monitors, switchers, modulators, processors, and other related equipment.
- 2.23 "Leased Access Channel" means a Channel or portion of a Channel made available by Grantee for Programming by others for a fee.
- 2.24 "Liquidated Damages" means any requirement imposed on the Grantee to pay specified sums to the City as a result of performance deficiencies and/or Franchise violations, as described in Section 13.8.
- 2.25 "Non-Cable Services" means any service that is distributed over the Cable System, other than a Cable Service.
- 2.26 "Normal Business Hours" means those hours during which most similar businesses in the community are open to serve customers.
- 2.27 "Normal Operating Conditions" means service conditions within the control of the Grantee. Those conditions that are not within the control of the Grantee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual-weather conditions. Those conditions that are ordinarily within the control of the Grantee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or Upgrade of the Cable System.
- 2.28 "Parent Corporation" means any existing or future corporation, entity, or Person with greater than fifty percent (50%) ownership or control over Grantee.
- 2.29 "Pay-Per-View" service means programming offered on a per-program or per-event basis for which a separate fee is charged.
- 2.30 "PEG Access" means Public Access, Educational Access, and Government Access, jointly or severally.
- 2.31 "Person" means any individual, partnership, association, joint stock company, trust, corporation or governmental entity.
- 2.32 "Right-of-Way" or "Rights-of-Way" means the surface of, and the space above and below, any public street, highway, freeway, bridge, land path, alley, court, boulevard, sidewalk, way, lane, public way, drive, circle or other public Right-of-Way, including, but not limited to, general public utility easements, or Right-of-Way dedicated for compatible uses now or hereafter held by the City in the Franchise Area, which shall entitle the Grantee to the use thereof for the purpose of installing, operating, repairing, upgrading and maintaining the Cable System. Right-of-Way shall also mean any easement now or hereafter held by the City within

the Franchise Area for the purpose of utility or public service use dedicated for compatible uses.

2.33 “School” means any State accredited public educational institution including, for example, primary and secondary Schools (K-12).

2.34 “State” means the State of Washington.

2.35 “Subscriber” means any Person who lawfully receives Cable Service provided by Grantee by means of the Cable System and whose premises are physically wired and lawfully activated to receive Cable Service from Grantee’s Cable System.

2.36 “Tier” means a group of Channels for which a separate periodic rate is charged.

2.37 “Video Programming” means programming provided by, or generally considered comparable to programming provided by television broadcast station.

SECTION 3: GRANT OF FRANCHISE

3.1 Grant of Franchise

- A. The City hereby grants to Grantee a nonexclusive Franchise authorizing Grantee to construct and operate a Cable System in, along, among, upon, across, above, over, under or in any Right-of-Ways within the Franchise Area for the purpose to install such wires, cables, conductors, ducts, conduits, vaults, manholes, pedestals, amplifiers, appliances, attachments, and other related property or equipment and to use existing poles as may be necessary or appurtenant for the deployment of Cable Services over the Cable System. This Franchise is subject to and shall be governed by all applicable provisions now existing or hereafter amended of federal, State and local laws and regulations, except as specifically provided for within this Franchise.
- B. This Franchise expressly authorizes Grantee to provide only Cable Services as allowed by applicable law, and to construct, operate, or maintain Cable System facilities in the Franchise Area. This Franchise is not a bar on Grantee’s provision of non-Cable Services. This Franchise does not relieve Grantee of any obligation it may have to comply with any local, state or federal requirements that lawfully apply to non-cable services.
- C. This Franchise shall constitute both a right to provide the Cable Services required by, and to fulfill the obligations set forth in, the provisions of this Franchise.
- D. Grantee guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliated Entity of the Grantee directly involved in the offering of Cable Service in the Franchise Area, will also comply with the obligations of this Franchise.

- E. Unless otherwise stated in this Franchise, in the event of a conflict between the Auburn City Code and this Franchise, this Franchise shall control, and shall not be unilaterally altered by the City through subsequent ordinance, regulation, resolution, or other enactment of the City, except within the lawful exercise of the City's police power.
1. Grantee acknowledges, without waiving its right to challenge any City ordinance or regulation that conflicts with its rights under this Franchise, that its rights hereunder are subject to the police powers of the City to adopt and enforce ordinances necessary to protect the health, safety, and welfare of the public, and Grantee agrees to comply with all applicable laws and ordinances enacted by the City pursuant to such power.
 2. This Franchise shall not be interpreted to prevent the City from lawfully imposing additional conditions, including additional compensation conditions for use of the rights-of-way.
 3. No rights shall pass to Grantee by implication and this Franchise shall not include, nor be a substitute for:
 - a. Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City;
 - b. Any permit, agreement, or authorization required by the City for rights-of-way users in connection with operation on or in rights-of-way or public property, including, by way of example and not limitation, construction or excavation permits; or
 - c. Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.
- F. This Franchise is intended to convey limited rights and interests only as to those rights-of-way in which the City has a proprietary interest, is not a warranty of title or interest in any rights-of-way, does not provide the Grantee with any interest in any particular location within the rights-of-way, and does not confer rights other than as expressly provided in the grant hereof.
- G. This City has granted this Franchise in reliance upon the Grantee's business skill, reputation, financial capacity, and character and may not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the City pursuant to Section 15 of this Franchise.

3.2 Use of Rights-of-Way

- A. Any privilege claimed under this Franchise in any right-of-way shall be subordinated to any prior lawful occupancy of the right-of-way.
- B. Within parameters reasonably related to the City's role in protecting the public health, safety, and welfare, the City may require, through the permitting process, that the Cable System Facilities be installed at a particular time, at a specific place, or in a particular manner as a condition of access to a particular right-of-way and may deny access if Grantee is not willing to comply with the City's requirements.

3.3 Term

- A. The term of this Franchise, and all rights, privileges, obligations, and restrictions pertaining thereto, shall be ten (10) years from the Effective Date of this Franchise, unless terminated earlier as provided herein.
- B. The City and Grantee agree that any proceedings undertaken relative to the renewal of this Franchise shall be governed by and comply with the provisions of 47 U.S.C. § 546 and applicable ACC.
- C. If Grantee requests renewal of this Franchise in accordance with the provisions of Section 626 of the Cable Act prior to the expiration of its term or any extension thereof, the Franchise automatically continues month to month until renewed or until either party gives written notice at least one hundred eighty (180) days in advance of the intent not to renew the Franchise.

3.4 Acceptance and Effective Date

- A. This Franchise, and any rights granted hereunder, shall not become effective for any purpose unless and until Grantee files with the City Clerk (1) the Statement of Acceptance, Attached hereto as Exhibit A, and incorporated herein by this reference, (2) all verifications of insurance coverage specified under Section 6.3, (3) the security specified in Section 6.4, and (4) any outstanding application fees per the City fee schedule. These four items shall collectively be the "Franchise Acceptance." The Effective Date of this Franchise shall be the date upon which the City Clerk Receives the Franchise Acceptance.
- B. Should Grantee fail to file the Franchise Acceptance with the City Clerk within sixty (60) days after this Franchise is approved by City Council, this Franchise shall be null and void.

3.5 Franchise Nonexclusive

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements, permits or licenses granted by the City to any Person to use any property for any purpose whatsoever, including the right of the City to use the same for any purpose it

deems fit, including the same or similar purposes allowed Grantee hereunder, and the City may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Grantee's authority under this Franchise and for such additional franchises for cable systems as the City deems appropriate.

3.6 Effect of Acceptance

By accepting this Franchise, Grantee: (A) acknowledges and accepts the City's legal right to issue and enforce the Franchise; (B) agrees that it will not oppose the City's intervening, to the extent the City is legally entitled to do so, in any legal or regulatory proceeding affecting the Cable System; (C) accepts and agrees to comply with each and every provision of this Franchise; and (D) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise any claim to the contrary.

3.7 Modifications to this Franchise

- A. This Franchise is subject to the lawful terms and conditions of the Auburn City Code, as the same is now or is hereafter amended by the lawful exercise of the City's police powers.
- B. This Franchise may be amended at any time by mutual written agreement of the parties for any reason.
- C. Competitive Equity:
 - 1. The City reserves the right to grant additional franchises or similar authorizations to provide Video Programming services via Cable Systems or similar wireline systems located in the Right of Way. The City intends to treat wireline competitors in a nondiscriminatory manner in keeping with federal law. If, following the Effective Date of this Franchise, the City grants such an additional franchise or authorization to use the Right of Way to provide such services and Grantee believes the City has done so on terms materially more favorable than the obligations under this Agreement, then the provisions of this subsection will apply.
 - 2. As part of this Franchise, the City and Grantee have mutually agreed upon the following terms as a condition of granting the Franchise, which terms may place the Grantee at a significant competitive disadvantage if not required of a wireline competitor: the Franchise Fee, PEG Access funding, PEG Access Channels, records and reports, and customer service obligations (hereinafter "Material Obligations"). The City and Grantee agree that these Material Obligations bear no relationship to the technology employed by the Grantee or a wireline competitor and as such can reasonably be expected to be applied fairly across all wireline competitors. The City and Grantee further agree that this provision shall not require a word for word identical franchise or authorization for competitive equity so long as the regulatory and financial burdens on each entity are generally equivalent.

3. Within one (1) year of the adoption of a wireline competitor's franchise or similar authorization, Grantee must notify the City in writing of the Material Obligations in this Franchise that exceed the Material Obligations of the wireline competitor's franchise or similar authorization. The City shall have one hundred twenty (120) days to agree to allow Grantee to adopt the same Material Obligations provided to the wireline competitor, or dispute that the Material Obligations are different. In the event the City disputes that the Material Obligations are different, Grantee may bring an action in federal or State court for a determination as to whether the Material Obligations are different and as to what Franchise amendments would be necessary to remedy the disparity. Alternatively, Grantee may notify the City that it elects to immediately commence the renewal process under 47 U.S.C. § 546 and to have the remaining term of this Franchise shortened to not more than thirty (30) months.
4. Nothing in this subsection is intended to alter the rights or obligations of either party under applicable federal or State law, and it shall only apply to the extent permitted under applicable law and FCC orders. In no event will the City be required to refund or to offset against future amounts due the value of benefits already received.
5. This provision does not apply if the City is ordered or required to issue a franchise on different terms and conditions, or it is legally unable to do so; and the relief is contingent on the new Cable Operator actually commencing provision of service in the market to its first customer. Should the new Cable Operator fail to continuously provide service for a period of six (6) months, the City has the right to implement this Franchise with its original terms upon one hundred eighty (180) days' notice to Grantee.
6. This subsection does not apply to open video systems, nor does it apply to common carrier systems exempted from franchise requirements pursuant to 47 U.S.C. § 571; or to systems that serve less than 5% (five percent) of the geographic area of the City; or to systems that only provide video services via the public Internet.

SECTION 4: FRANCHISE FEES AND FINANCIAL CONTROLS

4.1. Franchise Fees

As compensation for the use of the City's Rights-of-Way, Grantee shall pay as a Franchise Fee to the City, throughout the duration of this Franchise, an amount equal to five percent (5%) of Grantee's Gross Revenues, which shall commence on the Effective Date of this Franchise.

4.2. Payments

Grantee's Franchise Fee payments to the City shall be computed quarterly for the preceding quarter. Each payment shall be due and payable no later than thirty (30) days after the end of the preceding quarter, after which time interest will accrue. The quarters shall end respectively on the last day of March, June, September and December.

4.3. Acceptance of Payment

No acceptance of any payment shall be construed as an accord by the City that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the City may have for further or additional sums payable or for the performance of any other obligation of Grantee.

4.4. Franchise Fee Reports

Each payment shall be accompanied by a written report to the City, verified by an authorized representative of Grantee, containing an accurate statement in summarized form which includes a breakdown by category of Grantee's Gross Revenues and the computation of the payment amount.

4.5. Audits

A. Upon forty-five (45) days prior written notice, the City shall have the right to conduct an annual independent audit of Grantee's records necessarily related to the enforcement of this Franchise and to re-compute any amounts determined to be payable under this Franchise.

1. If Grantee cooperates in making all relevant records available to the City, the City will attempt to complete each audit within six (6) months, and the audit period shall be no greater than the previous three (3) years, unless the City has information relating to previous years beyond the three (3) years which raises doubt as to the accuracy of payments made under this or previous franchises, in which case an additional three (3) years may be audited.
2. Any undisputed amounts due to the City as a result of the audit shall be paid within sixty (60) days following written notice to the Grantee by the City, which notice shall include a copy of the audit findings.
3. If the audit shows that Franchise Fees have been underpaid by five percent (5%) or more in any calendar year, Grantee shall pay for the cost of the audit up to five thousand dollars (\$5,000) per year being audited for a maximum of 3 years.

B. If Grantee disputes all or part of the audit findings, then the parties shall meet in an attempt to resolve the matter. If the parties are unable to resolve the matter, then either of the parties may refer that matter to non-binding arbitration. Each party shall bear one-

half of the costs and expenses of the arbitration proceedings. The decision of the arbitrator(s) shall be subject to judicial review at the request of either party.

4.6. Late Payments

In the event any payment due the City is not timely made, Grantee shall pay, in addition to the amount due, interest at the rate of twelve percent (12%) per annum from the payment due date until the City receives the payment.

4.7. Underpayments

If a Franchise Fee underpayment is discovered as the result of an audit, Grantee shall pay, in addition to the amount due, interest at the rate of twelve percent (12%) per annum calculated from the date the underpayment was originally due until the date the City receives the payment.

4.8. Maximum Franchise Fees

- A. The parties acknowledge that, at present, applicable federal law limits the City to collecting a franchise fee of five percent (5%) of Gross Revenues in a 12-month period.
- B. In the event that at any time throughout the term of this Franchise, the City is authorized to collect an amount in excess of five percent (5%) of Grantee's Gross Revenues and the City elects to do so, then this Franchise shall be amended by the parties consistent with such change provided however that all other Cable Operators within the Franchise Area are treated similarly.
- C. In the event that at any time throughout the term of this Franchise, the City may only collect an amount which is less than five percent (5%) of Grantee's Gross Revenues for franchise fees due to a change in federal law, then this Franchise shall be amended by the parties consistent with such change to provide for such lesser percentage.

4.9. Additional Commitments Not Franchise Fees

- A. No term or condition in this Franchise shall in any way modify or affect Grantee's obligation to pay in full the Franchise Fee percentage listed in this Franchise. Although the total sum of Franchise Fee payments and additional Access capital contribution commitments set forth elsewhere in this Franchise may total more than five percent (5%) of Grantee's Gross Revenues in any 12-month period, Grantee agrees that the additional Access capital contribution commitments are excluded from the definition of Franchise Fee herein and are not Franchise Fees, nor are they to be offset or credited against any Franchise Fee payments due to the City, nor do they represent an increase in Franchise Fees to be passed through to Subscribers.

- B. Additionally, any security fund, performance bond or letter of credit shall not be offset against Franchise Fees. Furthermore, the City and Grantee agree that any utility tax, business and occupation tax or similar generally applicable tax or fee shall be in addition to any Franchise Fees required herein and there shall be no offset against Franchise Fees subject to applicable law.
- C. If Grantee elects to offset certain non-cash commitments or initiatives against the Franchise Fee in accordance with applicable law, Grantee will provide the City ninety (90) days' advance written notice, to include a detailed schedule of the amount it intends to offset, and the cost basis for each schedule item. The City will have eighty (80) days from receipt of Grantee's notice to respond. The City reserves the right to terminate Grantee's provision of any non-cash commitments or initiatives.

4.10. Payment on Termination

- A. If this Franchise is lawfully terminated, the Grantee shall file with the City within ninety (90) days of the date of the termination, a financial statement, prepared by a certified public accountant, or representative of the Grantee's Controller or Chief Financial Officer, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year.
- B. Within thirty (30) days of the filing of the statement with the City, Grantee shall pay any unpaid Franchise Fee amounts as indicated.
- C. If the Grantee fails to pay its remaining financial obligations as required in this Franchise, the City may satisfy the same by utilizing the funds from any security provided by the Grantee.

4.11. Tax Liability

The Franchise Fees shall be in addition to any and all taxes or other levies or assessments which are now or hereafter required to be paid by businesses in general by any law of the City, the State or the United States including, without limitation, sales, use, utility, occupation and other taxes, business license fees or other payments.

4.12. Bundling of Cable and Non-Cable Services

In no event will the Grantee unlawfully evade or reduce applicable Franchise Fee payments required to be made to the City due to discounted bundled services. Customer billing shall be itemized by service(s), and Grantee shall comply with all applicable laws regarding rates for Cable Services and all applicable laws covering issues of cross subsidization.

SECTION 5: ADMINISTRATION AND REGULATION

5.1. Authority

The City shall be vested with the power and right to administer and enforce the requirements of this Franchise and the regulations and requirements of applicable law, including the Cable Act, or to delegate that power and right, or any part thereof, to the extent permitted under law, to any agent in the sole discretion of the City.

5.2. Rate Regulation

All rates, fees, charges, deposits and associated terms and conditions to be imposed by the Grantee or any affiliated Person for any Cable Service as of the effective date shall be in accordance with applicable law.

5.3. Low Income Discount

As long as the Grantee offers Basic Service, the Grantee intends to offer a discount to those individuals who are low income (according to applicable federal guidelines) and either permanently disabled or 65 years of age or older and who are the legal owners or tenants of the Dwelling Unit. Such discounts will consist of thirty percent (30%) off of Basic Service or the Basic Service portion of digital service packages when not discounted by inclusion in other promotional or programming package rates at which time the promotional or programming package rate will apply.

The City acknowledges that discounted services reflect a voluntary initiative on the part of Grantee, and is not a requirement of this franchise. Subject to applicable law, should Grantee elect to discontinue the low income discount, Grantee shall first provide the City with ninety (90) days' prior notice.

5.4. Performance Evaluations

- A. Upon thirty (30) days written notification, the City may hold performance evaluation sessions, no more than once every twelve months, whenever necessary to ensure proper performance of the provisions of this Franchise.
- B. All evaluation sessions shall be open to the public.
- C. Topics which may be discussed at any evaluation session include, but are not limited to, construction issues, Cable Service rate structures, Franchise Fee payments, liquidated damages, free or discounted Cable Service, application of new technologies, Cable System performance, Cable Services currently provided and programming offered, future plans of Grantee for new services or programs, Subscriber Complaints, privacy, modifications to this Franchise, judicial and FCC rulings, line extension policies and the

City's or Grantee's rules; provided that nothing in this subsection shall be construed as requiring the renegotiation of this Franchise.

- D. During evaluations under this subsection, Grantee shall fully cooperate with the City and shall provide such information and documents as the City may reasonably require to perform the evaluation.

5.5. Leased Access Channel Rates

Grantee shall offer Leased Access Channel capacity on such terms and conditions and rates as may be negotiated with each lessee, subject to the requirements of Section 612 of the Cable Act. Upon request, Grantee shall provide a complete schedule of current rates and charges for any and all Leased Access Channels or portions of such Channels provided by Grantee.

5.6. Late Fees

For purposes of this subsection, any assessment, charge, cost, fee or sum, however characterized, that Grantee imposes upon a Subscriber solely for late payment of a bill is a late fee and changes in late fee rates shall be noticed to the City and applied in accordance with applicable law.

SECTION 6: INDEMNIFICATION AND INSURANCE REQUIREMENTS

6.1. Indemnification

- A. Indemnity: Grantee agrees to indemnify, defend and hold harmless the City, its elected officials, officers, authorized agents, boards, volunteers and employees, acting in official capacity, from and against any liability, damages or claims, costs, expenses, settlements or judgments arising out of, or resulting from the granting of this Franchise or Grantee's activities, any casualty or accident to Person or property that occurs as a result of any construction, excavation, operation, maintenance, reconstruction, relocation, or any other act or omission done pursuant to the terms of this Franchise, provided that the City shall give Grantee timely written notice of its obligation to indemnify the City. Notwithstanding the foregoing, Grantee shall not indemnify the City to the extent that any damages, liability or claims resulting from the willful misconduct, concurrent negligence of the City, its officers, authorized agents, or employees, attorneys, consultants, volunteers, or independent contractors for which the City is legally responsible, or for any activity or function conducted by any Person other than Grantee in connection with PEG Access and/or Emergency Alert System.
- B. Indemnification for Relocation: Grantee shall indemnify, defend and hold the City, its elected officials, officers, authorized agents, boards, volunteers, and employees harmless for any damages, claims, additional costs, or expenses payable by the City related to, arising out of, or resulting from Grantee's failure to remove, adjust or relocate any of its

facilities in the Rights-of-Way in a timely manner in accordance with any lawful relocation required by the City; including, but not limited to, claims for delay, damages, costs, and/or time asserted by any contractor performing public work for or on behalf of the City.

- C. Procedures and Defense: With respect to Grantee's indemnity obligations set forth herein, Grantee shall provide the defense of any claims or actions brought against the City or any other indemnified party. Nothing herein shall be deemed to prevent the City from cooperating with Grantee and participating in the defense of any litigation by its own counsel at its own cost and expense; provided, however, that after consultation with the City, Grantee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Grantee shall have the authority to decide the appropriateness and the amount of any such settlement. However, Grantee may not agree to any settlement of claims financially affecting the City without the City's written approval that shall not be unreasonably withheld.
- D. Duty to Give Notice: The City shall give Grantee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. The City's failure to so notify and request indemnification shall not relieve Grantee of any liability that Grantee might have, except to the extent that such failure prejudices Grantee's ability to defend such claim or suit. In the event any such claim arises, the City or any other indemnified party shall tender the defense thereof to Grantee and Grantee shall have the obligation and duty to defend any claims arising thereunder, and the City shall cooperate fully therein.
- E. Separate Representation: If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the City and the counsel selected by Grantee to represent the City, Grantee shall pay for the City's selected counsel, from the date such separate representation is required forward, all reasonable expenses incurred by the City in defending itself with regard to any action, suit, or proceeding indemnified by Grantee.
- F. Inspection: Inspection or acceptance by the City of any work performed by Grantee at the time of completion of construction or maintenance projects shall not be grounds for avoidance of any of these covenants of indemnification.

6.2. Grantee's Further Responsibilities.

- A. Grantee shall indemnify and hold harmless the City from any workers' compensation claims to which Grantee may become subject during the Term of this Franchise. It is further specifically and expressly understood that, solely to the extent required to enforce the indemnification provided per this Franchise, Grantee waives its immunity under RCW Title 51; provided, however, the foregoing waiver shall not in any way preclude Grantee from raising such immunity as a defense against any claim brought against

Grantee by any of its employees or other third party. This waiver has been mutually negotiated by the parties.

- B. Grantee's indemnification obligations shall include indemnifying the City for actions brought by Grantee's own employees and the employees of Grantee's agents, representatives, contractors, and subcontractors even though Grantee may be immune under Title 51 RCW from direct suit brought by such employee.

6.3. Insurance Requirements

- A. Grantee shall maintain in full force and effect at its own cost and expense each of the following policies of insurance or equivalent self-insurance.
- B. Grantee shall maintain:
 - 1. Commercial General Liability ("CGL") insurance written on an occurrence form at least as broad as ISO CG 00 01, with Minimum Limits of Liability: \$5,000,000.00 per occurrence, \$5,000,000.00 premises/operations, products/completed operations aggregate, personal/advertising inquiry liability, contractual liability, and independent contractors liability; and shall not exclude XCU/subsidence perils or any similar perils;
 - 2. Automobile Liability insurance at least as broad as ISO CA 00 01 including coverage for owned, non-owned, leased, or hired vehicles, as applicable, with a minimum limit of \$5,000,000.00 each accident for bodily injury and property damage;
 - 3. Workers' Compensation insurance for the State as required by Title 51, Revised Code of Washington, Industrial Insurance, \$5,000,000.00 each accident/ each disease/ policy limit employers liability/Washington stop gap; and
 - 4. Excess or Umbrella Liability: \$5,000,000 each occurrence and \$5,000,000 policy limit.
- C. Additional Insured: The City its officers, employees, authorized agents, and volunteers shall be included as an additional insured under each of the insurance policies required in this Section except Workers' Compensation Insurance. Except for Workers' Compensation and employer's liability, all insurance policies required hereunder shall provide or be endorsed so that the City is covered as, and have the rights of, an additional insured with respect to liability arising out of activities performed by, or on behalf of, Grantee under this Franchise or applicable law, or in the construction, operation, upgrade, maintenance, repair, replacement or ownership of the Cable System. Grantee shall provide to the City either (1) a copy of an endorsement covering the City as an Additional Insured for each insurance policy required in this Section and providing that such insurance shall apply as primary insurance on behalf of such Additional Insureds or (2) a copy of the blanket additional insured clause from the policies. Receipt by the City of

any certificate showing less coverage than required is not a waiver of Grantee's obligations to fulfill the requirements. Grantee's insurance coverage shall be primary insurance with respect to the City. Any insurance or self-insurance maintained by the Additional Insureds shall be in excess of Grantee's insurance and shall not contribute to it. Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

- D. Coverage: Each policy shall provide that the insurance shall not be canceled or terminated so as to be out of compliance with these requirements without forty-five (45) days written notice first provided to the City via mail, and thirty (30) days' notice for nonpayment of any premium. If the insurance is canceled or terminated so as to be out of compliance with the requirements of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in at least the amounts required, until all work required to be performed under the terms of this Franchise is satisfactorily completed and, in the case of Commercial General Liability Insurance, for at least one (1) year after expiration of this Franchise. Any failure of Grantee to comply with the claim reporting provisions of the policy(ies) or any breach of an insurance policy warranty shall not affect coverage afforded under the policy to protect the City. However, if coverage is not afforded under these circumstances, Grantee will indemnify the City for losses the City otherwise would have been covered for as an additional insured.
- E. Alternative Insurance: Grantee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Franchise. Each of the required insurance policies shall be with insurers qualified to do business in the State of Washington with a Best's rating of no less than "A- VII."
- F. Verification of Coverage: In addition to the other requirements of this Section, Grantee shall furnish the City with certificates of insurance reflecting at least the minimum coverage and policy limits required hereunder. The certificates for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices.
- G. Grantee's policy shall not include any of the following endorsements, or their equivalent endorsements or exclusions:
1. Contractual liability limitation (GCL Form 21 39 or equivalent),
 2. Amendment of insured contract definition (CGL Form 24 26 or equivalent),
 3. Limitation of coverage to designated premises or project (CGL Form 21 44 or equivalent),
 4. Any endorsement modifying or deleting the exception to the employer's liability exclusion,

5. Any “Insured vs. Insured” or “cross-liability” exclusion with respect to additional insureds, and

6. Any type of punitive, exemplary or multiplied damages exclusion.

H. Evidence of insurance shall be in the form of a certificate of insurance evidencing compliance with these requirements.

6.4. Franchise Security

A. Grantee shall provide a performance bond, in a form acceptable to the City, in the amount of One Hundred Fifty thousand dollars (\$150,000.00) to ensure the faithful performance of its responsibilities under this Franchise and applicable law. Grantee may be required to obtain additional security, such as generally applicable construction bonds, in accordance with the City’s permitting requirements. Grantee shall pay all premiums or costs associated with maintaining the security, and shall keep the same in full force and effect at all times and shall immediately replenish the bond upon foreclosure. Except as expressly provided herein or as otherwise specified in the City’s construction permitting requirements, the Grantee shall not be required to obtain or maintain other security as a condition of being awarded the Franchise. Grantee shall not cancel the performance bond without obtaining an alternative performance bond in conformance with this Franchise.

B. The security shall be subject to the approval of the City Engineer as to its adequacy under the requirements of this Section.

C. In the event Grantee shall fail to substantially comply with any one or more of the provisions of this Franchise, then there shall be recovered, jointly and severally, any damages suffered by the City as a result thereof, including but not limited to, staff time, material and equipment costs, compensation or indemnification of third parties, and the cost of removal or abandonment of Facilities.

D. The security required by this Section shall not be construed to limit Grantee’s liability to the guarantee amount, or otherwise limit the City’s recourse to any remedy to which the City is otherwise entitled at law or in equity.

SECTION 7: CUSTOMER SERVICE

7.1. Customer Service Standards

The City hereby adopts the customer service standards set forth in Part 76, §76.309 of the FCC’s rules and regulations, as amended. The Grantee shall comply in all respects with the customer service requirements established by the FCC.

7.2. Subscriber Privacy

Grantee shall comply with privacy rights of Subscribers in accordance with federal, State, and local laws.

SECTION 8: REPORTS AND RECORDS

8.1. Open Records

- A. The City shall have access to, and the right to inspect, any books and records of Grantee and its Affiliates which are reasonably necessary to monitor and enforce Grantee's compliance with the provisions of this Franchise at Grantee's regional business office, during normal business hours, and without unreasonably interfering with Grantee's business operations.
- B. The City may, in writing, request copies of any such records or books that are not identified as proprietary or confidential, and Grantee shall provide such copies within thirty (30) days of the transmittal of such request.
 - 1. One copy of all reports and records required under this or any other Section shall be furnished to the City at the sole expense of Grantee.
 - 2. If the requested books and records are too voluminous, or identified as proprietary and confidential, or for security reasons cannot be copied or removed, then the City shall inspect them at Grantee's regional office.

8.2. Confidentiality

- A. Grantee shall not be required to disclose information to third parties that it reasonably deems to be proprietary or confidential in nature, nor disclose books and records of any affiliate of Grantee that is not providing Cable Service in the Franchise Area.
- B. The City agrees to keep confidential any proprietary or confidential books or records of Grantee to the extent permitted by law; provided that Grantee shall be responsible for clearly and conspicuously identifying the records as confidential or proprietary, and shall provide a brief written explanation as to why such information is confidential or proprietary and how it may be treated as such under State or federal law.
- C. Grantee shall not be required to provide Customer information in violation of Section 631 of the Cable Act or any other applicable federal or State privacy law.
 - 1. For purposes of this subsection, the terms "proprietary or confidential" include, but are not limited to, information relating to the Cable System design, as-built documents, fiber optic cable locations and maps, customer lists, marketing plans, financial information unrelated to the calculation of Franchise Fees or rates pursuant

to FCC rules, or other information that is reasonably determined by Grantee to be competitively sensitive.

2. If the City receives a demand from any Person for disclosure of any information designated by Grantee as proprietary or confidential, the City shall, so far as consistent with applicable law, advise Grantee and provide Grantee with a copy of any written request by the Person demanding access to such information within five (5) business days.

D. While it is not a legal obligation, the City, as a courtesy, will allow Grantee up to ten (10) business days to obtain and serve the City with a court injunction to prevent the City from releasing the Documents.

1. If Grantee fails to obtain a Court order and serve the City within the ten (10) business days, the City may release the Documents.
2. The City will not assert an exemption from disclosure on Grantee's behalf.

8.3. Maps and Records Required

Grantee shall make available to the City upon request:

1. A route map that depicts the general location of the Cable System facilities placed in the Right-of-Ways. The route map shall identify Cable System facilities as aerial or underground and is not required to depict cable types, number of cables, electronic equipment, and service lines to individual Subscribers. The Grantee shall also provide, if requested, an electronic format of the aerial/underground facilities in relation to a Right-of-Way centerline reference to allow the City to add this information to City's geographic information system program;
2. A copy of all FCC filings that relate to the operation of the Cable System in the Franchise area; and
3. A list of Grantee's Cable Services, rates, and Channel line-up.

8.4. Submittal of Documents

- A. Upon written request, Grantee shall submit to the City a copy of any application, notification, communication or document of any kind, submitted by Grantee or its Affiliates to any federal, State or local courts, regulatory agencies and other governmental bodies if such document directly relates to the operations of Grantee's Cable System within the Franchise Area.
- B. Grantee shall submit such documents to the City no later than thirty (30) days after receipt of the City's request. Grantee shall not claim confidential, privileged or

proprietary rights to such documents unless under federal, State, or local law such documents have been treated as confidential or determined to be confidential by a court of competent jurisdiction, or a federal or State agency.

8.5. Annual Reports

Upon request, thirty (30) days after the end of the first quarter, Grantee shall submit to the City a written report containing the following information:

- A. The most recently completed annual corporate report;
- B. A Gross Revenue statement for the preceding fiscal year and all deductions and computations for the period, reviewed by a certified public accountant, who may also be the chief financial officer or controller of Grantee;
- C. A summary of the previous years' activities regarding the development of the Cable System, including, but not limited to, homes passed, beginning and ending plant miles, any technological changes occurring in the Cable System; and
- D. An executive summary of Subscriber Complaints received in the previous year.
- E. A description of planned construction, if any, for the current year.

SECTION 9: PROGRAMMING AND ACCESS

9.1. Broad Programming Categories

Grantee shall offer to all Subscribers a diversity of video programming services.

9.2. Parental Control Device

Upon request by any Subscriber, Grantee shall make available a parental control or lockout device, trap or filter to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter. Such devices, traps or filters will be provided at no charge to the Subscriber, unless otherwise provided by federal law.

9.3. Access Channels

- A. The Grantee shall provide to the City three (3) standard digital format PEG Channels for Subscribers within the Franchise Area. The three PEG Channels shall include a Government Access Channel currently being programmed by the City; the City's Educational Access Channel currently being programmed by the Puget Sound

Educational Service; and the City's Public Access Channel currently being programmed by a designated access provider.

B. The City acknowledges that the Grantee's Cable System provides additional benefits to access programming needs beyond the requirements listed above. This is accomplished through the inclusion of other regional access programming, including educational and public access, within the regional channel line-up that services the Franchise Area. The Grantee will endeavor to provide the Subscribers in the Franchise Area with the other regional access channels so long as the programmers offer them for use on the Cable System.

C. Simulcast High Definition Access Channel:

1. The Grantee agrees to simulcast the one (1) Government Access Channel in high-definition (HD PEG Channel) format under the following conditions:
 - a. Upon the City's request, the Grantee shall have twelve (12) months to activate the simulcast HD PEG Channel.
 - b. The Grantee shall be responsible for all capital engineering costs associated with fulfilling the request to activate the simulcast HD PEG Channels.
 - c. The City or any Designated Access Provider shall be responsible for acquiring all equipment necessary to produce programming in HD.
 - d. Upon activation of the simulcast HD PEG Channel, Comcast shall own and maintain the encoder equipment used to transmit the high-definition signal from City Hall (the demarcation point).
 - e. The City shall provide the HD PEG Channel signal as specified by the Grantee's engineering standards, as amended by the Grantee from time to time because of changes in technology.
2. The City acknowledges that the simulcast HD PEG Channel will be available only to those Subscribers who elect to subscribe to Grantee's high-definition Cable Service, receive a high-definition set-top converter, and pay all fees associated therewith.
3. Grantee shall have sole discretion to determine the Channel placement of the simulcast HD PEG Access Channel within its high-definition channel line-up.

9.4. Control and Connectivity of Access Channels

A. The City may authorize designated access providers to control, operate and manage the use of any and all access facilities provided by Grantee under this Franchise, including,

without limitation, the operation of Access Channels. The City or its designee may formulate rules for the operation of the Access Channels, consistent with this Franchise.

- B. Regarding the City's and designated Access providers use of Access facilities and Access Channels, Grantee shall fully cooperate with requests from the City, and provide all necessary assistance related thereto.
- C. As of the effective date of this Franchise, the Grantee maintains and shall continue to maintain all existing fiber optic return line(s) to facilitate the City's current Access connectivity to Grantee's Headend. If the City desires to relocate or expand the fiber optic return line(s) to new location(s) over the term of this Franchise, upon one hundred twenty (120) days written request by the City and at the City's cost for Grantee's reasonable time and materials, the Grantee shall construct the requested new fiber optic return line(s).

9.5. Location and Quality of Access Channels

- A. All Access Channels provided to Subscribers under this Franchise shall be included by Grantee as a part of the lowest Tier of service provided to all Subscribers in the Franchise Areas or as otherwise provided by federal law. Grantee agrees to use reasonable efforts to place the Access Channel in the same vicinity as other local government access channels.
- B. The parties agree that it is the responsibility of the designated access provider(s) to provide a quality PEG signal, to the Grantee at the point of demarcation, which meets or exceeds the FCC technical standards. Notwithstanding the forgoing, the Grantee agrees that it will deliver to subscribers a PEG signal of the same quality it receives from the designated Access provider(s) without degradation and in accordance with the FCC technical standards. There shall be no restriction on Grantee's technology used to deploy and deliver standard digital or high definition signals so long as the requirements of the Franchise are otherwise met. FCC technical standards shall be used for all testing and assessment of quality under this section.
- C. The Grantee shall provide Headend and hub equipment and routine maintenance and repair and replace, if necessary, any of Grantee's equipment required to carry the Access signal to and from the City's and any other Access origination point and the Grantee's Headend and hubs for the Access Channels.
- D. If Grantee makes a change in its Cable System and related equipment and facilities, or in its signal delivery technology, which directly or indirectly affects the signal quality or method or type of transmission of Access programming or services, Grantee shall take necessary technical steps and provide necessary technical assistance, including the acquisition of all necessary equipment and full training of access personnel, to ensure that the capabilities of Access Channels and delivery of Access programming are not diminished or adversely affected by such change. For example, live and taped

programming must be cablecast with as good or better signal quality than existed prior to such change.

- E. Grantee shall provide as much notice as possible but not less than sixty (60) days advance written notice to the City prior to any relocation of an Access Channels. In connection with the movement of any of the City controlled Access Channels, Grantee shall provide a bill message on subscriber's bills.

9.6. Access Capital Contribution

- A. Grantee shall collect and remit to the City, as support for any lawful capital PEG use, thirty-five cents (\$.35) per Subscriber per month, payable quarterly with Franchise Fees as a "PEG Fee." The PEG Fee shall not be treated as franchise fees for purposes of 47 U.S.C. § 542 or any other purpose, and shall at no time be offset or deducted from franchise fee payments made to the City under this Franchise or applicable law.
- B. The City shall have discretion to allocate the PEG Fee in accordance with applicable law. To the extent the City makes access capital investments using City funds prior to receiving the monthly PEG Fee funds, the City is entitled to apply the subsequent monthly PEG Fee payments from Grantee toward such City capital investments. The City agrees that the PEG Fee may be treated as external costs under applicable federal law.
- C. Upon the Grantee's written request, the City shall submit a report no more frequently than annually on the use of the City specific Access Channels and capital PEG Fee. The City shall submit a report to the Grantee within one hundred twenty (120) days of a written request. The Grantee may review the records of the City regarding the use of the PEG Fee.
- D. The City shall dedicate the time, personnel and other resources needed to operate the Access Channels designated herein.

SECTION 10: GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION

10.1. Right to Construct

Subject to the other provisions of this Franchise, and applicable law, Grantee may perform all construction in the Right-of-Ways for any facility needed for the maintenance, operation or extension of Grantee's Cable System.

10.2. General Standard

All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All equipment shall be durable and installed and maintained in accordance with good

engineering practices and comply with applicable law. Grantee shall on a daily basis ensure cleanup of all workplaces whether work is performed by Grantee or Grantee's agents.

10.3. Repair and Emergency Work

- A. In the event of an emergency, the Grantee may commence such repair and emergency response work as required under the circumstances, provided that the Grantee shall notify the City telephonically at 253.931.3010 during normal business hours and 253.876.1985 during non-business hours as promptly as possible. Such notification shall include the Grantee's emergency contact phone number for the corresponding response activity.
- B. During emergencies, except those involving imminent danger to the public health, safety or welfare, the City shall provide notice to Grantee, at a designated emergency response contact number, to allow Grantee the opportunity to respond and rectify the emergency without disrupting Cable Service. If after providing notice, there is no immediate response, the City may move Grantee's facilities.
- C. Grantee shall apply for appropriate permits for emergency or repair work within forty-eight (48) hours after the commencement of said work.

10.4. One Call

The Grantee shall, at its own expense, participate in the call before you dig program required under State law.

10.5. Permits Required

- A. Prior to doing any work in the Right-of-Way or other public property (with the exception of installations or general maintenance that involve no construction and with no disruption to the use of the Right-of-Ways or other public property), Grantee working directly or through a contractor, subcontractor, Affiliated Entity, or other Person shall apply for, and obtain, in advance, appropriate construction permits from the City.
- B. As part of the permitting process, the City may impose such conditions as are necessary for protecting the public or any and all facilities within such Right-of-Ways, and for providing for the proper restoration of such Right-of-Ways and to protect the public and the continuity of non-motorized or vehicular traffic. Grantee shall pay all generally applicable fees for the requisite City construction permits.
- C. Grantee agrees to comply with any required permit conditions and/or licenses.

10.6. Compliance with Applicable Codes

- A. City Codes: Grantee shall comply with all generally applicable City codes regarding the construction and use of the Right-of-Ways.

- B. Regulations and Safety Codes: Grantee shall comply with the National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) standards.

10.7. Least Interference

Work in the Right-of-Ways, or on other public property, shall be done in a manner that causes the least interference with the rights and reasonable convenience of property owners and City residents. Grantee's Cable System shall be constructed and maintained in such a manner as not to interfere with sewers, water pipes or any other property of the City, or with any other pipes, wires, conduits, pedestals, structures or other facilities that may have been laid in the Right-of-Way by, or under, the City's authority. In the event of such interference, the City may require the removal or relocation of Grantee's lines, cables, equipment and other appurtenances from the property in question at Grantee's expense.

10.8. Undergrounding of Cable

- A. In all Areas of the City where all other utility lines are placed underground, Grantee shall construct and install its Facilities underground; and Grantee may only place Facilities aerially as allowed by ACC 13.32A as it currently exists or as amended.
- B. In the event that the provisions of this subsection conflict with the provisions of ACC 13.32A, the provisions of ACC 13.32A shall govern this Franchise.

10.9. Restoration of Property

- A. If in connection with the construction, operation, maintenance, upgrade, repair or replacement of the Cable System, the Grantee disturbs, alters, or damages any public property, the Grantee agrees that it shall at its own cost and expense pay for any damage and replace and restore any such property to the satisfaction of the City and in compliance with the permit requirements.
- B. Grantee shall warrant any restoration work performed by or for Grantee in the Right-of-Way or on other public property as required by the Construction permit and applicable municipal code or any generally applicable ordinance or resolution of the City.
- C. If restoration is not satisfactorily and timely performed by the Grantee, the City may, after prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health or safety, cause the repairs to be made and recover all direct and indirect cost of those repairs from the Grantee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the City.

10.10. Movement of Cable System Facilities

- A. Relocation at Request of City. Upon thirty (30) days prior written notice to Grantee, City shall have the right to require Grantee to relocate any part of the Cable System within the Right-of-Way when the public convenience, public interest, or safety, health or welfare of the public requires such change, and the expense thereof shall be paid by Grantee.
1. In the event of any capital improvement project exceeding \$500,000 in expenditures by the City which requires the removal, replacement, modification or disconnection of Grantee's facilities or equipment, the City shall provide at least sixty (60) days written notice to Grantee.
 2. Following notice by the City, Grantee shall relocate, remove, replace, modify or disconnect any of its facilities or equipment within any Right-of-Way, or on any other property of the City.
 3. Should Grantee fail to remove or relocate any such facilities by the date established by the City, the City may effect such removal or relocation, and the expense thereof shall be paid by Grantee, including all costs and expenses incurred by the City due to Grantee's delay.
 4. If the City requires Grantee to relocate its facilities located within the Right-of-Way, the City may provide Grantee with an alternate location within the Right-of-Way.
 5. If public funds are available to any Person using such Right-of-Way for the purpose of defraying the cost of any of the foregoing, the Grantee may make application for such funds.
- B. In the case of relocation projects where the City hires and designates an independent contractor to accommodate and coordinate the conversion of overhead utilities within a City capital improvement project, if the Grantee decides to participate in the joint trench opportunity then the Grantee shall enter into a separate agreement with the City that, at a minimum, requires the Grantee to pay all design, permitting, administration, coordination, and construction costs incurred by the City associated with the proportionate share of the joint trench utilized by the Grantee and the level of effort required to design, permit, administer, coordinate, and construct the joint utility trench to accommodate the Grantee's facilities.

10.11. Tree Trimming

The Grantee shall have the authority to conduct pruning and trimming for access to Cable System facilities in the Right-of-Way. All such trimming shall be done at the Grantee's sole cost and expense. The Grantee shall be responsible for any damage caused by such trimming.

10.12. Rights-of-Way Vacation

If any street, or portion thereof, used by Grantee is vacated by the City during the term of this Franchise, unless the City Council specifically reserves to Grantee the right to continue its installation in the vacated street, Grantee shall, without delay or expense to the City, remove its Facilities from such street.

10.13. Inspection of Facilities

Upon reasonable notice, the City may inspect any of Grantee's Facilities or equipment within the Rights-of-Way and on other public property. If an unsafe condition is found to exist, the City, in addition to taking any other action permitted under applicable law, may order Grantee to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition by a time the City establishes. The City has the right to inspect, repair and correct the unsafe condition if Grantee fails to do so, and to reasonably charge Grantee therefor.

10.14. Hazardous Substances

- A. Grantee shall comply with all applicable State and federal laws, statutes, regulations, and orders concerning hazardous substances, as described in RCW 70.105D.020, relating to the Cable System in the City's rights-of-way.
- B. Grantee shall maintain and inspect the Facilities located in the City's rights-of-way and immediately inform the City of any release of hazardous substances.
- C. Upon reasonable notice to Grantee, the City may inspect the Facilities in the City's rights-of-way to determine if any release of hazardous substances has occurred, or may occur, from, or related to, the Facilities.
- D. In removing or modifying the Facilities as provided in this Franchise, Grantee shall also remove all residue of hazardous substances related thereto; provided, however, that if it is determined that the Facilities did not cause the release of hazardous substances, Grantee shall have no duty to remove such substances.
- E. Grantee agrees to forever indemnify the City against any claims, costs, and expenses of any kind, whether direct or indirect, incurred by the City arising out of a release of hazardous substances arising from, connected to, or incident to the Facilities in the City's rights-of-way.

10.15. Reservation of City Use of Rights-of-Way

- A. Grantee agrees that its use of the Franchise Area shall, at all times except in instances of prior right, be subordinate and subject to the City's needs for municipal infrastructure and

access to the Franchise Area and the public's right to travel, except as may be otherwise required by law.

- B. Should Grantee fail to remove, adjust, or relocate its Facilities by the date established by the City Engineer, or his/her designee, and provided in writing to Grantee, the City may effect such removal, adjustment, or relocation and recover the cost thereof from Grantee, including all costs and expenses incurred by the City due to Grantee's delay.
- C. Grantee agrees to coordinate its activities with the City and all other utilities located within the public rights-of-way within which Grantee is undertaking its activity.
- D. Grantee shall not construct the Cable System in any manner that requires any Subscriber to install any cable, wire, conduits, or other facilities, under or over a right-of-way.
- E. The City expressly reserves the right to prescribe how and where Grantee Facilities shall be installed within the public rights-of-way and may, from time to time, pursuant to applicable sections of this Franchise, require the removal, and/or replacement thereof in the public interest and safety at the expense of Grantee.

10.16. Work of Contractors, Subcontractors, and Affiliated Entities

- A. Grantee's contractors, subcontractors, and affiliated entities performing work benefitting Grantee shall be licensed and bonded according to the City's, and the State's, regulations and requirements.
- B. Work by contractors, subcontractors, and affiliated entities is subject to the same restrictions, limitations, and conditions as if the work were performed by Grantee.
- C. Grantee shall be responsible for all work performed by its contractors, subcontractors, or affiliated entities, and other Persons performing work on its behalf as if the work were performed by it, and shall ensure that all such work is performed in compliance with this Franchise and other applicable laws, and shall be, jointly and severally, liable for all damages and correcting all damage caused by them.
- D. It is Grantee's responsibility to ensure that contractors, subcontractors, affiliated entities, or other Persons performing work on Grantee's behalf are familiar with the requirements of this Franchise and other applicable laws governing the work performed by them.
- E. Grantee agrees to inspect its contractors and subcontractors on a regular basis and ensure that both its personnel, contractors, and subcontractors provide clean-up of all workplaces and adhere to industry safety as well as local safety standards.

10.17. Discontinuing Use of Facilities

- A. Whenever Grantee intends to discontinue using any Facility within the City's Rights-of-Way, Grantee shall submit for the approval of the authorizing City department, a complete description of the Facility and the date on which Grantee intends to discontinue using the Facility.
- B. Grantee may remove the Facility or request that the City permit it to remain in place.
- C. Notwithstanding Grantee's request that any such Facility remain in place, the City may require Grantee to remove the Facility from the City's Rights-of-Way or modify or maintain the Facility to protect the public health and safety or otherwise serve the public interest.
- D. The City may require Grantee to perform a combination of modification, maintenance, and/or removal of the Facility.
- E. Until such time as Grantee removes or modifies the Facility as directed by the City, or until the rights to, and responsibility for, the Facility are accepted by another Person having authority to construct and maintain such Facility, Grantee shall be responsible for all necessary repairs and relocations of the Facility, as well as maintenance of the City's Rights-of-Way, in the same manner and degree as if the Facility were in active use, and Grantee shall retain all liability for such Facility.

10.18. Construction and Use of Poles

Grantee may negotiate and enter into pole attachment agreements with utilities maintaining poles in the Franchise Area in accordance with ACC 13.32(A) and on terms acceptable to Grantee and the affected utilities.

SECTION 11: CABLE SYSTEM ARCHITECTURE AND TECHNICAL STANDARDS

11.1. Subscriber Network

- A. **Cable System Functionality:** As of the Effective Date of this Franchise, Grantee provides its Cable Service utilizing a two-way hybrid fiber-coaxial Cable System architecture that deploys from Grantee's Headend to nodes throughout the City where the signal is converted to radio frequency and runs along the coaxial portion of the Cable System to Subscribers.

Over the term of this Franchise, Grantee shall maintain the Cable System in a manner consistent with, or in excess of, a typical 750 MHz Cable System.

- B. Grantee will take prompt corrective action if it finds that any facilities or equipment on the Cable System are not operating as expected, or if it finds that facilities and equipment do not comply with the requirements of this Franchise or applicable law.

11.2. Standby Power

Grantee shall provide standby power generating capacity at the Cable System Headend capable of providing at least twelve (12) hours of emergency operation. Grantee shall maintain standby power supplies that supply back-up power for at least two (2) hours duration throughout the distribution networks and four (4) hours duration at all nodes and hubs.

11.3. Emergency Alert

Grantee shall provide an operating Emergency Alert System in accordance with and at the time required by the provisions of State and federal laws, including FCC regulations.

11.4. Technical Performance

The technical performance of the Cable System shall meet or exceed all applicable federal technical standards, as they may be amended from time to time, regardless of the transmission technology utilized.

11.5. Cable System Performance Testing

- A. Grantee shall perform on its Cable System all technical tests presently or hereafter required by the FCC.
- B. Upon request, all required FCC technical performance tests may be witnessed by representatives of the City.
- C. Grantee shall maintain written records of its Cable System tests performed by or for Grantee. Copies of such test results will be provided to the City upon request.
- D. Grantee shall promptly take such corrective measures as are necessary to correct any performance deficiencies fully and to prevent their reoccurrence as far as possible. Grantee's failure to correct deficiencies identified through this testing process shall be a material violation of this Franchise. Sites shall be re-tested following correction.

11.6. Additional Tests

- A. In addition to the above, and to the extent applicable, where there exists other evidence which in the judgment of the City casts doubt upon the reliability or technical quality of the Cable System, after giving Grantee thirty (30) days prior written notice and a reasonable opportunity to cure, the City may require Grantee to conduct additional tests and analyze and report on the performance of the Cable System in the area having service problems.

B. Grantee shall fully cooperate with the City in performing such testing and shall prepare the results and a report if requested, within thirty (30) days after such testing. This report shall include the following information:

1. The nature of the evidence which precipitated the special tests;
2. The Cable System component tested;
3. The equipment used and procedures employed in testing;
4. The results of the testing and Cable System evaluation, including a description of any problem(s) found;
5. The method, if any, in which such problem was resolved; and
6. Any other information pertinent to said tests and analysis, which may be required.

SECTION 12: SERVICE EXTENSION AND SERVICE TO PUBLIC BUILDINGS

12.1. Service Availability

- A. Service Connections: Grantee shall provide Cable Service within seven (7) business days of a request by any potential residential subscriber within the City provided, however, that service can be installed via a standard installation, as described below. For purposes of this subsection, a request shall be deemed made on the date of signing a service agreement or receipt by Grantee of a verified verbal request. Grantee shall provide such service with no line extension charge, except as specifically authorized below, at a nondiscriminatory installation charge for a standard installation, consisting of a one hundred fifty (150) foot service drop from the cable plant in the Right-of-Way to the exterior demarcation point for residential subscribers, with additional charges for non-standard installations computed according to a nondiscriminatory methodology for such installations.
- B. For non-standard installations that cannot be accommodated without an extension of Grantee's Cable System, the Grantee may elect to provide Cable Service to the requesting resident(s) for the line extension on a time and material cost basis.
- C. Distribution Line Extension Charges: The Grantee must make Cable Service available to every residential Dwelling Unit within the Franchise Area where the minimum density is at least thirty (30) Dwelling Units per strand mile in areas served by overhead facilities and sixty (60) Dwelling Units per mile in areas served by underground facilities. The Grantee may elect to provide Cable Service to areas not meeting the above density standard and charge the requesting resident(s) for the line extension on a time and material cost basis.

- D. Grantee shall provide Cable Service to Multiple Dwelling Units in accordance with this Franchise and applicable laws.
- E. Annexation: In the event of annexation by the City, or as development occurs, any new territory shall become part of the territory for which this Franchise is granted.
 - 1. The Grantee shall construct and extend its Cable System so that it is able to provide Cable Service to any areas which may be acquired, developed or annexed by the City during the Franchise term, or otherwise added to the City's jurisdiction during the Franchise term, or any extension thereof.
 - 2. Access to Cable Service shall not be denied to any group of potential cable Subscribers because of the income of the residents of the area in which such group resides.
 - 3. The Grantee shall be given a reasonable period of time to construct and activate cable plant to service annexed or newly developed areas but in no event to exceed twelve (12) months of Council Approval of the annexation, subject to the provisions on line extension herein.

12.2. Permission of Property Owner or Tenant for Installation, and Treatment of Property

- A. If the Facilities pass over or under private or publicly owned property, Grantee is solely responsible for obtaining all necessary permission from the property owner.
- B. Grantee shall not install or attach any of its Facilities to any property without first securing the written permission of the owner or tenant of any property involved, or of such other person who has the right to approve or disapprove the attachment (authorized party), except if there is an existing utility easement; and in the event that such permission or easement is later revoked, Grantee at the request of the authorized party shall promptly remove any of its facilities and promptly restore the property to its original condition at Grantee's expense.
- C. Grantee shall perform all such installations and removals in compliance with state and local law and shall be responsible for any damage to residences or other property caused by the installation or the removal.

12.3. Connection of City and Other Public Buildings

- A. Upon request through the designated City representative, the Grantee will make available without charge, as long as it is economically feasible, a standard installation and a minimum of one outlet of Basic Cable Services to City administrative buildings as designated by the City (whether they are owned or leased), and fire station(s), police station(s), libraries, access facilities, and K-12 public School(s).

- B. Grantee may additionally volunteer to provide a digital level of service, in addition to the Basic Cable Service, that provides access to national 24-hour news channels; provided that if the installation to such building does exceed one hundred twenty-five (125) aerial feet, the City or other agency agrees to pay the incremental cost of such installation in excess of one hundred twenty-five (125) feet or a necessary distribution line extension of the Cable System, including the cost of such excess labor and materials. The recipient of the service will secure any necessary right of entry.
- C. The Cable Service will not be used for commercial purposes, and the outlets will not be located in jail cells or areas open to the public, except for one outlet to be located in a public lobby in City buildings that will be used by the public for viewing City selected programming.
- D. The City will take reasonable precautions to prevent any use of the Grantee's Cable System in any manner that results in inappropriate use, loss or damage to the Cable System.
- E. If additional outlets of Cable Service are needed in such buildings, only the Grantee is authorized to complete the Cable Service expansion to support the outlet installation(s) and the building occupant will pay the standard installation fees. No other Cable Service fees shall be owed in connection with additional outlets.
- F. The City acknowledges that complimentary services reflect a voluntary initiative on the part of Grantee. Grantee does not waive any rights it may have regarding complimentary services under federal law or regulation. Subject to applicable law, should Grantee elect to offset governmental complimentary services against Franchise Fees, Grantee shall first provide the City with ninety (90) days' prior notice.

SECTION 13: FRANCHISE VIOLATIONS

13.1. Non-Material Franchise Violations

- A. Notice of Non-Material Violation: If the City believes that Grantee has failed to perform any non-material obligation under this Franchise, the City shall notify Grantee in writing, stating with reasonable specificity the nature of the alleged default, and Grantee shall have thirty (30) days from the receipt of such notice to:
 - 1. Respond to the City, contesting the City's assertion that a default has occurred, and request a meeting in accordance with subsection B, below; or
 - 2. Cure the default; or
 - 3. Notify the City that Grantee cannot cure the default within thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Grantee shall:

- a. Notify the City in writing and with specificity the exact steps that will be taken and the projected completion date of each step necessary to promptly cure the default; and
 - b. Request a meeting pursuant to subsection B below for the City to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.
- B. Meet and Confer: If Grantee does not cure the alleged default within the cure period stated above, or denies the default, or the City orders a meeting, the City shall set a meeting, not less than fifteen (15) business days after Grantee's receipt of written notice from the City, to investigate the existence of the alleged default or the timing and procedure required to cure a default, and provide Grantee with an opportunity to be heard and to present evidence in its defense.
- C. Notice to Correct: If, after the meeting, the City determines that a default exists, Grantee and the City may agree on a plan and schedule to cure the default, or the City shall order Grantee to correct or remedy the default within thirty (30) days, or within such additional time as the City determines.
- D. Determination of Default: The determination as to whether a non-material violation under this Franchise has occurred shall be within the discretion of the City, must be made in writing, and based upon findings that include Grantee's submissions; provided that any such determination may be subject to appeal to the City's hearing examiner or review by an arbitrator as described in Section 16.1.
- E. Enforcement: In the event Grantee does not cure the default within the time agreed upon by the Parties or ordered by the City and to the City's reasonable satisfaction, the City may recommend revocation of this Franchise pursuant to the procedures in subsection 13.2 or commence the arbitration procedures in section 16.1.

13.2. Material Franchise Violations

- A. The City shall notify the Grantee, in writing, of any alleged failure to comply with a material provision of this Franchise, which notice shall specify the alleged failure with reasonable particularity. The Grantee shall have thirty (30) days subsequent to receipt of the notice in which to:
- 1. respond to the City, contesting the City's assertion that a default has occurred, and requesting a meeting in accordance with subsection (B), below; or
 - 2. cure the default; or

3. notify the City that Grantee cannot cure the default within the thirty (30) days, because of the nature of the default.
 4. In the event the default cannot be cured within thirty (30) days, Grantee shall promptly take all reasonable steps to cure the default and notify the City, in writing and in detail, as to the exact steps that will be taken and the projected completion date. In such case, the City may set a meeting in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.
- B. If Grantee does not cure the alleged material default within the cure period stated above, or by the projected completion date under this section, or denies the default and requests a meeting in accordance with this section, or the City orders a meeting in accordance with this section, the City shall set a meeting to investigate said issues and the existence of the alleged default. The City shall notify Grantee of the meeting, in writing, and such meeting shall take place no less than thirty (30) days after Grantee's receipt of notice of the meeting. At the meeting, Grantee shall be provided an opportunity to be heard and to present evidence in its defense.
- C. If, after the meeting, the City determines that a default exists, Grantee and the City may agree on a plan and schedule to cure the default. Absent such agreement, the City shall order Grantee to correct or remedy the default or violation within thirty (30) days or within such other reasonable timeframe as the City shall determine. In the event Grantee does not cure the default within such time to the City's reasonable satisfaction, the City may:
1. recommend the revocation of this Franchise pursuant to the procedures in this franchise; or
 2. pursue any other legal or equitable remedy available under this Franchise or applicable law.
- D. The determination as to whether a material violation of this Franchise has occurred shall be within the discretion of the City. Any such determination by the City must be in writing and must be based upon findings that include Grantee's submissions, and such determination shall be subject to appeal to the City Council or review by a court of competent jurisdiction under applicable law.

13.3. Revocation

- A. The City may revoke this Franchise and rescind all rights and privileges associated with this Franchise in any of the following circumstances:
1. if Grantee fails to cure any material obligation under this Franchise;

2. if Grantee willfully fails for more than three (3) days to provide continuous Cable Service;
 3. if Grantee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the City or subscribers;
 4. if Grantee becomes insolvent, or if there is an assignment for the benefit of Grantee's creditors;
 5. if Grantee willfully misrepresents material facts in the negotiation of this Franchise; or
 6. if Grantee repeatedly breaches a material provision of the Customer Service Standards.
- B. Prior to forfeiture or termination of the Franchise, the City shall give written notice to the Grantee of its intent to revoke the Franchise. The notice shall set forth the exact nature of the noncompliance. Grantee shall have forty-five (45) days from receipt of such notice to object in writing and to state its reasons for such objection and provide any explanation or cure the alleged default. In the event the City does not receive a timely and satisfactory response from Grantee, it may then seek a termination of the Franchise in accordance with this section.
- C. The City shall submit a report and recommendation as to termination of the Franchise to the City's appointed hearing examiner who shall conduct a public hearing to determine if revocation of the Franchise is warranted. The hearing examiner shall act as the final decision maker for the City.
1. At least twenty one (21) calendar days prior to the public hearing, the City clerk shall issue a public hearing notice that shall establish the issue(s) to be addressed in the public hearing; provide the time, date and location of the hearing; provide that the City shall hear any Persons interested therein; and provide that the Grantee shall be afforded fair opportunity for full participation, including the right to introduce evidence, to require the production of evidence, to be represented by counsel and to question witnesses, consistent with the adopted public hearing rules.
 2. The hearing examiner shall hear testimony, take evidence, hear oral argument and receive written briefs. A transcript may be made of such proceeding and the cost shall be shared equally between the parties. A complete record of the public hearing shall be completed including all exhibits introduced at the hearing and an electronic sound recording.
- D. Within thirty (30) days after the close of the hearing, the hearing examiner shall adopt a written recommendation to the City Council. If the decision of the hearing examiner is to

revoke and terminate the Franchise, the City Council shall declare that the Franchise is revoked and terminated, and any form of surety is forfeited, unless the City Council finds a clear error in the hearing examiner's decision. The City council's written decision shall include findings of fact and conclusions derived from those facts which support the decision of the City council.

- E. Grantee shall be bound by the City council's decision to revoke the Franchise unless an appeal to a court of competent jurisdiction is timely filed as allowed by applicable law.

13.4. Termination

- A. If this Franchise expires without lawful renewal or is otherwise lawfully terminated or revoked, the City may, subject to applicable law:
 - 1. Require Grantee to maintain and operate its Cable System on a month-to-month basis until a new cable operator is selected; or
 - 2. Purchase Grantee's Cable System in accordance with federal law.
- B. The City may order the removal of the above-ground Cable System facilities and such underground facilities from the City at Grantee's sole expense within thirty (30) days following notice from the City. However, Grantee shall have no obligation to remove the Cable System where it utilizes the system to provide other, permitted and lawful, non-cable services and has any other authority under applicable law to maintain facilities in the public rights-of-way, or where Grantee is able to find a purchaser of the Cable System who holds such authorization.
- C. If Grantee fails to complete any removal required by subsection 10.10 to the City's satisfaction, after written notice to Grantee, the City may cause the work to be done and Grantee shall reimburse the City for the costs and expenses incurred within thirty (30) days after receipt of an itemized list of the costs and expenses, or the City may recover the costs and expenses through Grantee's security instruments if Grantee has not paid such amount regarding removal, which shall include reasonable attorneys' fees and other costs for work conducted by City staff or agents.

13.5. Receivership

- A. At the option of the City, subject to applicable law, this Franchise may be revoked after the appointment of a receiver or trustee to take over and conduct the business of Grantee or an Affiliated Entity whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:
 - 1. The receivership or trusteeship is timely vacated; or

2. The receiver or trustee has timely and fully complied with all the terms and provisions of this Franchise, and has remedies all defaults under this Franchise.
- B. In the event that this Franchise is not revoked pursuant to subsection 13.4(A), the receiver or trustee shall execute an agreement duly approved by a court having jurisdiction, by which the receiver or trustee assumes and agrees to be bound by each and every term, provision and limitation of this Franchise.

13.6. Alternative Remedies

- A. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to seek and obtain judicial enforcement by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.
- B. The City specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection otherwise available to the City, its officers, officials, City Council, Boards, commissions, agents, or employees under federal, State, or local law (including, for example, Section 635A of the Cable Act).

13.7. Remedies Cumulative

- A. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of either party to recover monetary damages, as allowed under applicable law, or to seek and obtain judicial enforcement by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.
- B. The City specifically does not, by any provision of this Franchise, waive any right, immunity, limitation or protection otherwise available to the City, its officers, officials, City Council, Boards, commissions, agents, or employees under federal, State, or local law (including, for example, Section 635A of the Cable Act).

13.8. Assessment of Liquidated Damages

- A. Because it may be difficult to calculate the harm to the City in the event of a breach of this Franchise by Grantee, the parties agree to liquidate damages as a reasonable estimation of the actual damages.
1. Nothing in this subsection is intended to preclude the City from exercising any other right or remedy with respect to a breach that continues past the time the City stops assessing liquidated damages for such breach.

2. The City shall first follow the violation procedures in section 13 for written notice to Grantee and a thirty (30) day right to cure period under this Franchise before assessing liquidated damages.
- B. The City shall not assess any liquidated damages if Grantee has cured or commenced to, and completes, the cure pursuant to this Franchise.
 - C. The first day for which liquidated damages may be assessed, if there has been no cure after the end of the applicable cure period, shall be the day after the end of the applicable cure period, including any extension of the cure period granted by the City.
 - D. Liquidated damages as defined by this subsection may be assessed for no more than one hundred and eighty (180) calendar days for any individual incident, after which time the City may implement other remedies as defined in this Franchise and under applicable law.
 - E. The Grantee may appeal (by pursuing judicial relief) any assessment of liquidated damages within thirty (30) days of paying the assessment.
 - F. Pursuant to the requirements outlined herein, liquidated damages shall not exceed the following amounts:
 1. One hundred dollars (\$100.00) per day for material departure from the FCC technical performance standards;
 2. One hundred dollars (\$100.00) per day for failure to provide the Access Channel or any equipment related thereto which is required hereunder;
 3. One hundred dollars (\$100.00) per day for each material violation of the Customer Service Standards;
 4. One hundred dollars (\$150.00) per day for failure to provide reports or notices as required by this Franchise;
 5. One hundred dollars (\$250.00) per day for failure to comply with construction, operation, or maintenance standards; and
 6. One hundred dollars (\$250.00) per day for any material breaches or defaults not previously listed.
 - G. Grantee's maintenance of the security required herein or by applicable code shall not be construed to excuse unfaithful performance by Grantee of this Franchise; to limit liability of Grantee to the amount of the security; or to otherwise limit the City's recourse to any other remedy available at law or equity.

13.9. Effect of Abandonment

- A. If Grantee abandons its Cable System during the Franchise term, or fails to operate its Cable System in accordance with its duty to provide continuous service, the City, at its option, may obtain an injunction, or operate the Cable System, or designate another entity to operate the Cable System temporarily until Grantee restores service under conditions acceptable to the City, or until the Franchise is revoked and a new franchisee is selected by the City.
- B. If the City operates the Cable System, or designates another entity to operate the Cable System, Grantee shall reimburse the City or the City's designee, as applicable, for all reasonable costs and expenses incurred.
- C. If Grantee permanently abandons its entire Cable System, for a period greater than 12 months, then, at the City's sole discretion, such Cable System may become the property of the City, and Grantee shall then submit to the City a bill of sale and other conveyance documents, to be approved in advance by the City Attorney, transferring ownership of such property to the City.

SECTION 14: FRANCHISE RENEWAL

Any renewal of this Franchise shall be governed by and comply with the applicable provisions of the ACC, the provisions of Section 47 U.S.C. § 546, as amended, unless the procedures or substantive protections set forth therein shall be deemed to be preempted or superseded by the provisions of any subsequent federal or State law.

SECTION 15: FRANCHISE TRANSFER OR ASSIGNMENT

- A. Subject to 47 U.S.C § 537, the Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property therein pass to or vest in any Person (hereinafter "Transfer of the Franchise") without the prior written consent of the City, which consent shall not be unreasonably withheld.
- B. Grantee shall promptly notify the City of any actual or proposed change in, or transfer of, or acquisition by any other party in Control of Grantee. The word "Control" as used herein is not limited to majority stock ownership but includes actual working Control in whatever manner exercised. Every change, transfer or acquisition of Control of Grantee, except as noted in subsection 15.H, shall make this Franchise subject to cancellation unless and until the City shall have consented thereto which consent shall not be unreasonably withheld.
- C. The parties to the Transfer of the Franchise or change of Control shall make a written request to the City for its approval of the Transfer of the Franchise or change of Control (a "Transfer Application") and shall furnish all information required by law. In

reviewing a Transfer Application, the City may inquire into any matter reasonably related to the ability and willingness of the prospective transferee or controlling party to perform, in accordance with 47 CFR § 76.502, and applicable ACC.

- D. In seeking the City's consent to a Transfer Application, the proposed transferee or controlling party shall indicate whether, as applicable, it:
1. Has ever been convicted or held liable for acts involving deceit including any violation of federal, State or local law, or is currently under an indictment, investigation or complaint charging such acts;
 2. Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against it by any court of competent jurisdiction;
 3. Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a Cable System;
 4. Is financially solvent, by submitting financial data, including financial information as required by FCC Form 394; and
 5. Has the legal, financial and technical capability to enable it to maintain and operate the Cable System for the remaining Term of the Franchise.
- E. In reviewing a Transfer Application, the City may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the City in so inquiring. The City may condition said Transfer of the Franchise or change of Control upon such terms and conditions as it deems reasonably appropriate and as are consistent with federal law; provided, however, that any such terms and conditions so attached shall be related to the legal, technical and financial qualifications of the prospective controlling party or transferee. Additionally, such Person shall effect changes as promptly as practicable in the operation of the Cable System, if any changes are necessary to cure any violations or defaults presently in effect or ongoing.
- F. The City shall act by ordinance or resolution on the request within one hundred twenty (120) days of the request, provided it has received all information required by law, such as a completed FCC Form 394. Subject to the foregoing, if the City fails to render a final decision on the request within one hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the City agree to an extension of time.
- G. Within sixty (60) days of closing of any Transfer of the Franchise or change of Control, if approved or deemed granted by the City, Grantee shall file with the City a copy of the deed(s), agreement(s), lease(s) or other written instrument(s) evidencing such Transfer of the Franchise or change of Control, certified and sworn to as correct by Grantee and the transferee or new controlling entity. In the case of a Transfer of the Franchise or change

of Control, the transferee or the new controlling entity shall upon request by the City file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law.

- H. Notwithstanding anything to the contrary in this Section 15, the prior approval of the City shall not be required for any sale, assignment or transfer of the Franchise or Cable System to an Affiliate; provided that the proposed assignee or transferee agrees in writing to comply with all of the provisions of the Franchise, subject to applicable law.
- I. Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the City; provided that such pledge of assets shall not impair or mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise. In the event of a change in Control, the Grantee will continue to be bound by all provisions of the Franchise.
- J. The consent or approval of the City to any Transfer of the Franchise or change in Control shall not constitute a waiver or release of any rights of the City.

SECTION 16: ADDITIONAL PROVISIONS

16.1. Cumulative Rights

Subject to applicable law, all rights and remedies given to the City by this Franchise shall be in addition to, and cumulative with, any and all other rights and remedies, existing or implied, now or hereafter available to the City.

16.2. Costs to be Borne by Grantee

Grantee shall reimburse the City for all costs of publication of this Franchise, and any notices prior to any public hearing regarding this Franchise, contemporaneous with its acceptance of this Franchise.

16.3. Severability

If any Section, provision, or clause of this Franchise is held by a court of competent jurisdiction to be invalid or unenforceable, or is preempted by federal or State laws or regulations, the remainder of this Franchise shall not be affected, except as is otherwise provided by this Franchise.

16.4. No Recourse Against the City of Auburn

Grantee's recourse against the City or its officials, boards, commissions, agents or employees for any claim arising from any provision or requirement of this Franchise shall be limited to injunctive and declaratory relief, except where Grantee's claim arises from acts or omissions of the City acting in a proprietary capacity, but only to the extent such relief is not prohibited

by federal law, which does not include granting, modifying, denying, terminating, or enforcing franchises.

16.5. Action by Agencies or Courts

Grantee shall promptly notify the City in the event that any agency of the State or federal governments or any court with competent jurisdiction requires Grantee to act inconsistently with any provisions of this Franchise.

16.6. Franchise Interpretation

- A. All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement or act as a limitation of the scope of the particular paragraph or sections to which they apply.
- B. Interpretation or construction of this Agreement shall not be affected by any determination as to who is the drafter of this Agreement, this Agreement having been drafted by mutual agreement of the parties.

16.7. Choice of Law and Forum

- A. This Franchise and the rights of the parties hereunder shall be governed by the interpreted in accordance with the laws of the State of Washington and venue for any action hereunder shall be in of the county in King County, Washington.
- B. Subject to the limitations set forth in RCW 4.84.330, each party agrees to bear its own costs and attorneys' fees generated by any dispute arising out of this Franchise.

16.8. Force Majeure

- A. If Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason of acts of god, floods, fire, hurricanes, tornadoes, earthquakes, or other unavoidable casualties, insurrection, war, riot, vandalism, strikes, or sabotage, to the extent such events prevent performance by Grantee and such event is beyond Grantee's control, Grantee shall have a reasonable time under the circumstances to perform such obligation under this Franchise, or to get a substitute for such obligation to the satisfaction of the City.
- B. If Grantee claims a force majeure event, Grantee shall give prompt written notice of the same to the City and shall set forth its plan of action to meet the obligations of this Franchise once the force majeure event no longer prevents Grantee's performance.

16.9. Conflict of Interest Cancellation

The City may, in its sole discretion, by written notice to Grantee, immediately terminate this Franchise if it is found, after due notice and examination by the City, that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW.

16.10. Integration & Binding Effect

- A. This Franchise, together with any subsequent amendments or addendums, constitutes the entire agreement of the Parties and no other understandings, oral or otherwise, regarding this Franchise shall exist or bind any of the parties.
- B. This Franchise shall be binding upon, and the benefits and obligations provided for herein shall inure to and bind, the Parties and their respective successors and assigns, provided that this Section shall not be deemed to permit any transfer or assignment otherwise prohibited by this Franchise.
- C. This Franchise is for the exclusive benefit of the Parties and it does not create a contractual relationship with, or exist for the benefit of, any third party, including contractors, subcontractors, affiliates, subsidiaries, or sureties.

16.11. Time Limits Strictly Construed

Whenever this Franchise sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a breach of this Franchise.

16.12. Discriminatory Practices Prohibited

Throughout the term of this Franchise, Grantee shall fully comply with all equal employment and nondiscrimination provisions of applicable law.

16.13. No Joint Venture

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the Parties, and neither party is authorized to, nor shall either party act towards third Persons or the public in any manner which would indicate any such relationship with the other, nor is Grantee granted any express or implied right or authority to assume or create any obligation or responsibility on behalf, or in the name, of the City.

16.14. Waiver

The failure of the City at any time to require performance by Grantee of any provision hereof shall in no way affect the right of the City hereafter to enforce the same, nor shall the waiver by the City of any breach of any provision hereof be taken or held to be a waiver of any

succeeding breach of such provision, or as a waiver of the provision itself or any other provision.

16.15. Notice

Unless otherwise agreed to by the parties, any notice provided for under this Franchise shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

Grantee's address shall be:

Comcast Cable Communications, LLC &
Comcast Cable Communications Management, LLC
4020 Auburn Way N
Auburn, WA 98002
Attention: Franchise Director

With a copy to:

Comcast Cable Communications, LLC &
Comcast Cable Communications Management, LLC
15815 25th Ave W
Lynnwood, WA 98087
Attention: Franchising Department

City's address shall be:

City of Auburn
Community Development and Public Works Department
25 West Main Street
Auburn, WA 98001-4998
Attention: Engineering Aide

With a copy to:

City of Auburn
City Clerk's Office
25 West Main Street
Auburn, WA 98001-4998
Attention: City Clerk

STATEMENT OF ACCEPTANCE

[Grantee]

Date: _____

On this ____ day of _____, 20____, before me the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, _____ personally appeared and executed the foregoing instrument and acknowledged that said execution is performed freely and voluntarily for the uses and purposed described within the instrument, and on oath stated that he/she is authorized to execute said instrument.

Signature _____

MY COMMISSION EXPIRES:



AGENDA BILL APPROVAL FORM

Agenda Subject:

1st Quarter 2019 Financial Report (Coleman) (15 Minutes)

Date:

June 17, 2019

Department:

Finance

Attachments:

[Q1 2019 Report](#)

Budget Impact:**Administrative Recommendation:****Background Summary:**

The quarterly financial report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides the year to date through March 2019 status report based on financial data available as of April 24, 2019 for the period ending March 31, 2019 and sales tax information representing business activity that occurred through January 2019.

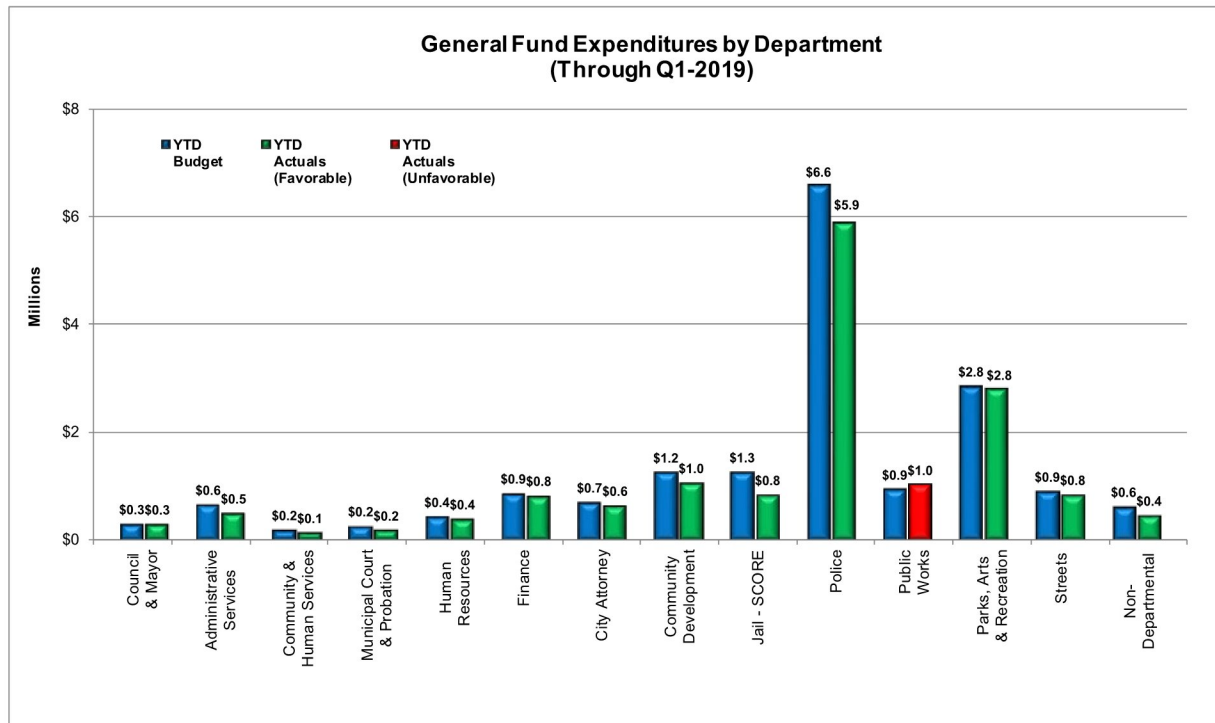
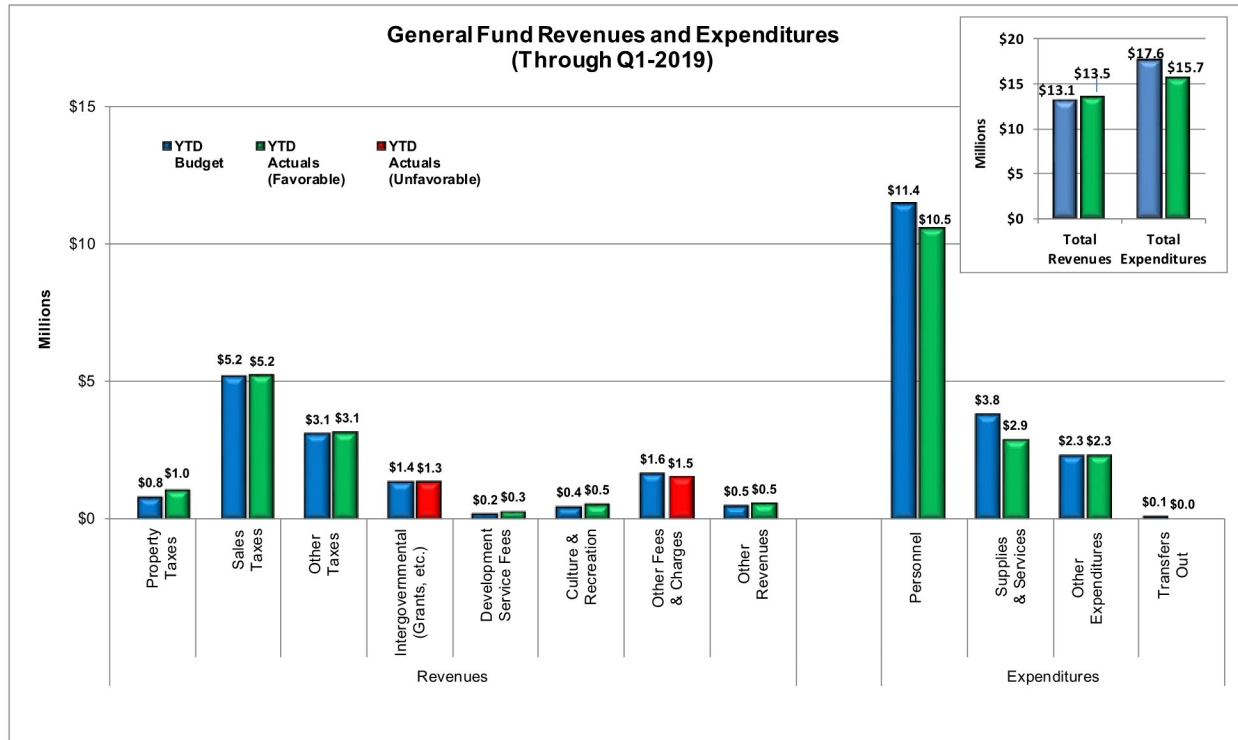
Reviewed by Council Committees:**Councilmember:****Staff:**

Coleman

Meeting Date: June 24, 2019

Item Number:

General Fund Summary



General Fund Summary of Sources and Uses	Page Ref	2019			2018	2019 YTD Budget vs. Actual	
		Annual Budget	YTD Budget	YTD Actual	YTD Actual	Favorable (Unfavorable) Amount Percentage	
Operating Revenues							
Property Tax	6	\$ 21,550,000	\$ 789,300	\$ 1,026,973	\$ 701,388	\$ 237,673	30.1 %
Retail Sales Tax	7-8	18,435,100	4,608,900	4,579,062	4,060,293	(29,838)	(0.6) %
Sales Tax - Pierce County Parks		105,500	25,800	27,327	25,077	1,527	5.9 %
Sales Tax - Annexation Credit		-	-	-	555,453	0	N/A %
Criminal Justice Sales Tax		2,162,000	528,800	596,048	550,711	67,248	12.7 %
Brokered Natural Gas Tax		137,900	43,000	54,596	40,558	11,596	27.0 %
City Utilities Tax	8-9	4,035,600	939,700	964,586	889,631	24,886	2.6 %
Admissions Tax		398,000	99,600	102,303	96,945	2,703	2.7 %
Electric Tax	8-9	3,558,100	870,800	880,133	936,682	9,333	1.1 %
Natural Gas Tax	8-9	1,008,000	212,300	234,053	270,367	21,753	10.2 %
Cable Franchise Fee	10	950,500	244,600	240,214	253,732	(4,386)	(1.8) %
Cable Utility Tax	11	1,020,000	255,000	249,189	266,594	(5,811)	(2.3) %
Cable Franchise Fee - Capital		65,000	16,250	16,235	13,975	(15)	(0.1) %
Telephone Tax	8-9	1,177,900	296,200	228,262	352,969	(67,938)	(22.9) %
Garbage Tax (external)	8-9	134,400	33,600	36,017	32,961	2,417	7.2 %
Leasehold Excise Tax		50,000	12,500	12,952	12,369	452	3.6 %
Gambling Excise Tax		415,500	57,000	92,614	76,612	35,614	62.5 %
Taxes sub-total		\$ 55,203,500	\$ 9,033,350	\$ 9,340,564	\$ 9,136,315	\$ 307,214	3.4 %
Business License Fees	11-12	\$ 210,000	\$ 110,600	\$ 85,514	\$ 180,415	(25,086)	(22.7) %
Building Permits	13	1,070,000	295,000	105,394	268,673	(189,606)	(64.3) %
Other Licenses & Permits		557,900	129,000	158,412	133,653	29,412	22.8 %
Intergovernmental (Grants, etc.)	14	5,782,600	1,350,515	1,321,423	1,468,342	(29,092)	(2.2) %
Charges for Services:	15-18						
General Government Services	15	2,579,200	644,700	647,052	22,144	2,352	0.4 %
Public Safety	16	1,111,000	234,975	257,891	218,947	22,916	9.8 %
Development Services Fees	16-17	805,000	157,400	265,405	152,822	108,005	68.6 %
Culture and Recreation	17-18	2,409,980	436,000	524,314	489,855	88,314	20.3 %
Fines and Penalties	18-19	859,500	229,200	238,267	243,919	9,067	4.0 %
Fees/Charges/Fines sub-total		\$ 15,385,180	\$ 3,587,390	\$ 3,603,672	\$ 3,178,770	\$ 16,282	0.5 %
Interest and Investment Earnings	20	\$ 348,700	\$ 87,000	\$ 91,120	\$ 74,666	4,120	4.7 %
Rents and Leases	20	849,300	219,300	229,036	265,221	9,736	4.4 %
Contributions and Donations	20	25,000	4,600	11,464	9,937	6,864	149.2 %
Other Miscellaneous	20	228,400	75,000	117,736	70,624	42,736	57.0 %
Transfers In		80,906	80,906	80,906	74,000	0	0.0 %
Insurance Recoveries - Capital & Operating		25,000	6,250	17,664	2,732	11,414	182.6 %
Other Revenues sub-total		\$ 1,557,306	\$ 473,056	\$ 547,926	\$ 497,180	\$ 74,870	15.8 %
Total Operating Revenues		\$ 72,145,986	\$ 13,093,796	\$ 13,492,162	\$ 12,812,266	\$ 398,366	3.0 %
Operating Expenditures							
Council & Mayor		\$ 1,150,079	\$ 285,400	\$ 280,848	\$ 269,866	\$ 4,552	1.6 %
Administration		2,580,048	645,000	484,616	348,951	160,384	24.9 %
Community & Human Services (Comm Devel)		1,085,473	174,900	121,182	245,237	53,718	30.7 %
Municipal Court & Probation		2,879,221	246,668	166,747	154,422	79,921	32.4 %
Human Resources		1,626,831	419,500	377,680	307,068	41,820	10.0 %
Finance		3,533,140	855,000	812,297	348,534	42,703	5.0 %
City Attorney		2,795,950	688,500	627,734	537,643	60,766	8.8 %
Community Development		4,774,436	1,244,800	1,049,922	1,077,890	194,878	15.7 %
Jail - SCORE		5,001,000	1,250,250	827,069	999,418	423,181	33.8 %
Police		28,921,479	6,556,700	5,875,472	6,916,183	681,228	10.4 %
Public Works		4,031,925	928,000	1,014,199	830,878	(86,199)	(9.3) %
Parks, Arts & Recreation		12,878,201	2,844,600	2,791,788	2,738,881	52,812	1.9 %
Streets		4,041,472	890,500	829,940	829,513	60,560	6.8 %
Non-Departmental		2,488,910	607,900	443,948	640,052	163,952	27.0 %
Total Operating Expenditures		\$ 77,788,165	\$ 17,637,718	\$ 15,703,441	\$ 16,244,533	\$ 1,934,277	11.0 %

Executive Summary

This Executive Summary provides an overview of the City's overall financial position for the fiscal period ending March 31, 2019, reflecting financial data available as of April 24, 2019.

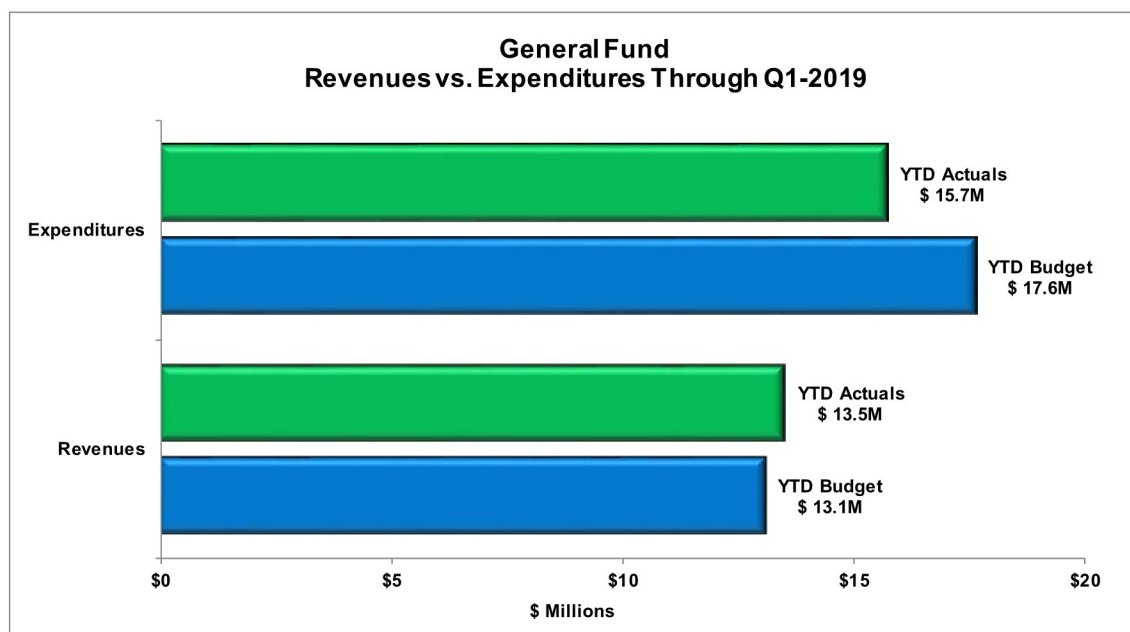
General Fund:

Through March 2019, General Fund revenues totaled \$13.5 million and were \$398,000 (3.0%) higher than budget expectations. They also exceeded collections in Q1-2018 by \$680,000. Some notable variances to budget through March 2019 include:

- Property tax collections in Q1-2019 totaled \$1.0 million, which was \$238,000 higher than budget expectations and exceeded 2018 year-to-date collections by \$326,000. **[page 6]**
- General Fund retail sales tax revenues totaled \$4.6 million, which was \$30,000 under budget expectations. While General Fund sales tax collections in Q1-2019 were \$519,000 higher than what was collected in Q1-2018, this is due to a policy change: between 2013 and 2018, all sales tax dollars collected from sales tax on construction benefitted the Local Street Fund and therefore were not distributed to the General Fund. Effective January 1, 2019, this policy changed and now all sales tax dollars stay in the General Fund to support ongoing operations. **[pages 7-8]**
- The other taxes category performed favorably to budget in Q1-2019. Actual revenues collected totaled \$3.1 million, which was \$31,000, or 1.0% favorable to budget. City utility tax and natural gas tax revenues collected in Q1-2019 exceeded budget by \$25,000 and \$22,000, respectively. These revenues were somewhat offset by unfavorable variances in telephone tax revenues – which was \$68,000 unfavorable to budget. **[pages 8-11]**
- Building permit revenue collected in Q1-2019 totaled \$105,000, compared to budget of \$295,000. The number of building permits issued in Q1-2019 totaled 105, which represents a 16% decline over the number of permits issued in Q1-2018. **[page 13]**
- Intergovernmental revenues collected in Q1-2019 totaled \$1.4 million and ended the quarter \$29,000 under budget expectations. This variance to budget was seen primarily in the streamlined sales tax revenues. While the Marketplace Fairness Act (MFA) was passed in 2017 in order to capture the retail sales tax lost from internet and remote sales, the bill phases out and eliminates the streamlined sales tax mitigation payments to local governments. It was anticipated that 2019 would be the last year that the City of Auburn would receive the streamlined sales tax monies, but when the 2019 legislative session adjourned for the year (in May 2019), they voted to continue funding of the mitigation payments through 2021. The annual revenue historically collected on this revenue stream was approximately \$2.0 million. While the sales tax revenues collected under MFA are receipted in as sales tax revenue, it is deducted from the amount of revenue the City receives for streamlined sales tax revenues. The amount that the City received in Q1-2019 for the Marketplace Fairness Act was \$148,000. **[page 14]**
- Development services revenues collected in Q1-2019 totaled \$265,000 and were \$108,000, or 68.6%, favorable to budget. This variance was due to higher than anticipated revenues received for plan check fees as well as increased revenues for zoning and subdivision fees. **[pages 16-17]**

General Fund expenditures in the first quarter of 2019 totaled \$15.7 million compared to a budget of \$17.6 million, representing an 11.0% favorable variance to budget. It is important to note that although jailing services (SCORE) expenditures appear to be \$423,000 favorable to budget, this is due to a timing issue where the monthly payment for services was made in April versus March. All departments operated within their allocated quarterly budget in Q1-2019 with the exception of the Public Works Department. The Public Works Department's operating expenditures in Q1-2019 totaled \$1.0 million, which was \$86,000 or 9.3% unfavorable to the year-to-date budget. This unfavorable variance was primarily due to unbudgeted repair and maintenance expenditures and traffic control overtime associated with the 15th Street NE/NW street preservation project, which will be partially covered by a budget amendment that added \$36,500 in budget in April.

First quarter General Fund expenditures were \$541,000 less than expenditures in Q1-2018. This was primarily due to the timing of the payment to Valley Communications for 911 services: typically, about one-third of the annual cost for this service is paid in Q1, but this payment – of about \$1.1 million – was not made until April (Q2) in 2019. Partly offsetting that difference was about \$750,000 in salary and benefit cost increases from 2018 to 2019. Note that the Q1 budget for salaries and wages does not include the wage adjustments for the Police and Sergeant Collective Bargaining Agreements (which have since been approved), but does include non-police union represented cost of living increases. In addition, healthcare benefit costs have increased 7% - 12%, on average, over 2018 levels depending on the medical plan.



Year-over-year salary and benefit costs reported in the General Fund in 2019 will be higher than salary and benefit costs in 2018 due not only to wage adjustments noted above but also to a change in the way salary and benefit costs are allocated. Prior to 2019, salary and benefit costs for support departments (Finance, Human Resources and the Legal Department) were directly charged to other General Fund departments as well as to other City funds. Effective January 1, 2019, all salaries and benefit costs for the support departments mentioned above are now charged 100% to the General Fund. In order to recoup the cost of services, the General Fund now charges other funds for these services via an interfund charge, with an associated revenue in the General Fund (for reference, refer to the general government services line item on page 2 of this report and pages 15-16). While this change results in higher salary and benefit costs within the General Fund, the change is actually cost neutral to the bottom line.

Street Funds:

The City's three street funds are special revenue funds wherein the revenue sources and expenditures are legally restricted. These funds are used for street capital construction projects, local street repair, and arterial street repair and preservation projects. Historically, the majority of expenditures in all three street funds occur during the second half of the year when weather conditions are optimal for pavement construction.

In Q1-2019, **Arterial Street Fund** revenues totaled \$161,000 as compared to collections of \$452,000 in Q1-2018, while expenditures totaled \$169,000 as compared to expenditures of \$770,000 during the first quarter of last year. These variances are due to the level of activity on projects in the fund and timing of grant reimbursement and other funding. [pages 24–25]

Local Street Fund revenues of \$606,000 are in line with budget expectations, and compare to collections of \$786,000 in Q1-2018. This variance is due to a change in funding sources – last year, the Local Street Fund received revenue from sales tax on construction. Starting in 2019, the fund will receive a set revenue amount instead from real estate excise tax (REET 2). Expenditures in the first quarter were \$34,000 as compared with \$116,000 in Q1-2018. [pages 26–27]

Lastly, **Arterial Street Preservation Fund** revenues totaled \$495,000 in Q1-2019, which was approximately \$33,000 lower than revenues in Q1-2018 but \$70,000 above budget expectations. Expenditures totaled \$252,000 versus \$166,000 in Q1-2018. These variances are due to the level of activity on projects in the fund and timing of grant reimbursement and other funding. [pages 28–29]

Enterprise Funds:

The City's enterprise funds account for operations with revenues primarily provided from user fees, charges or contracts for services.

All City utilities transitioned from bimonthly to monthly billing starting in January 2019. To achieve standardization in the billing cycles, additional days were added to all billing cycles for December 2018, which brought all customers current through December 31, 2018. This one-time occurrence increased the amount of revenue accrued back from Q1-2019 billings to Q4-2018. This decrease in revenue was largely offset by general increases to utility rates that took effect January 1, 2019 – each utility fund continued to generate operating income in Q1-2019.

The **Water Fund** ended the quarter with operating income before depreciation of \$1.3 million, compared to \$1.2 million during the same period last year. The **Sewer Fund** ended Q1-2019 with operating income before depreciation of \$892,000 versus \$557,000 in Q1-2018. The **Stormwater Fund** ended the first quarter with operating income before depreciation of \$857,000 compared to \$773,000 in Q1-2018. The **Solid Waste Fund** finished Q1-2019 with operating income of \$202,000 compared to \$168,000 in Q1-2018. [pages 31–34]

Internal Service Funds:

Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation and Technology, and Equipment Rental. No significant variances were reported in these funds during the first quarter. [page 35]

Investment Portfolio:

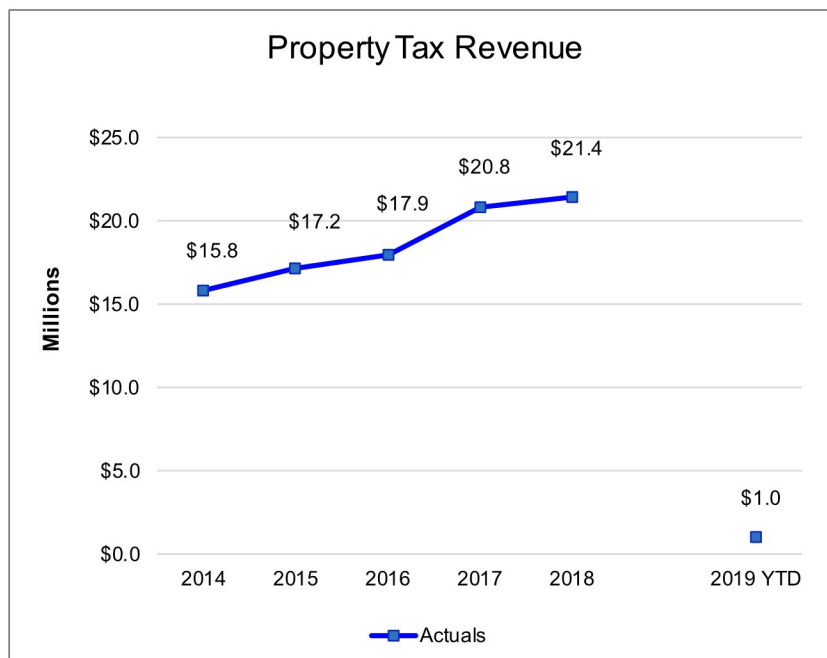
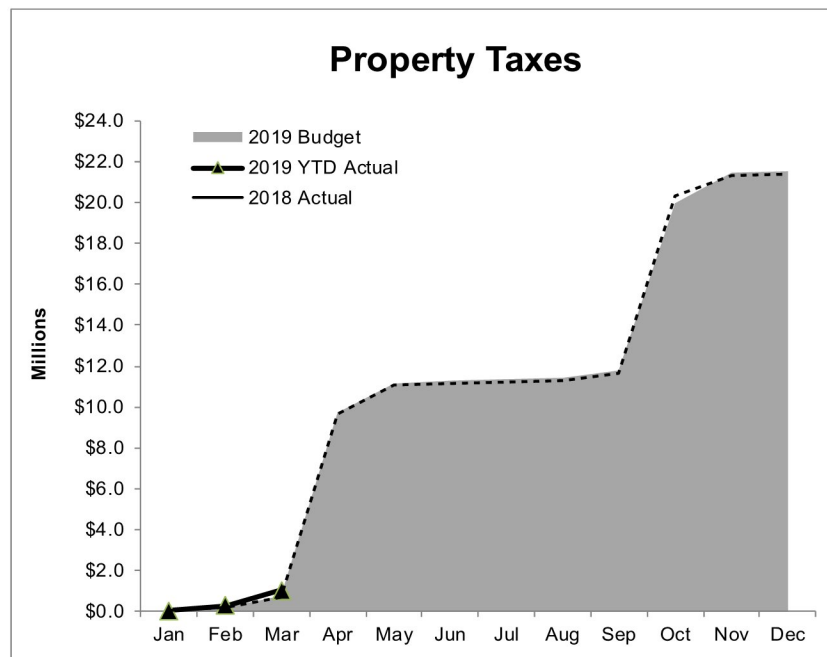
The City's total cash and investments at the end of the Q1-2019 totaled \$140.3 million, and compares to \$141.0 million at the end of Q4-2018. [attachment]

General Fund

Revenues

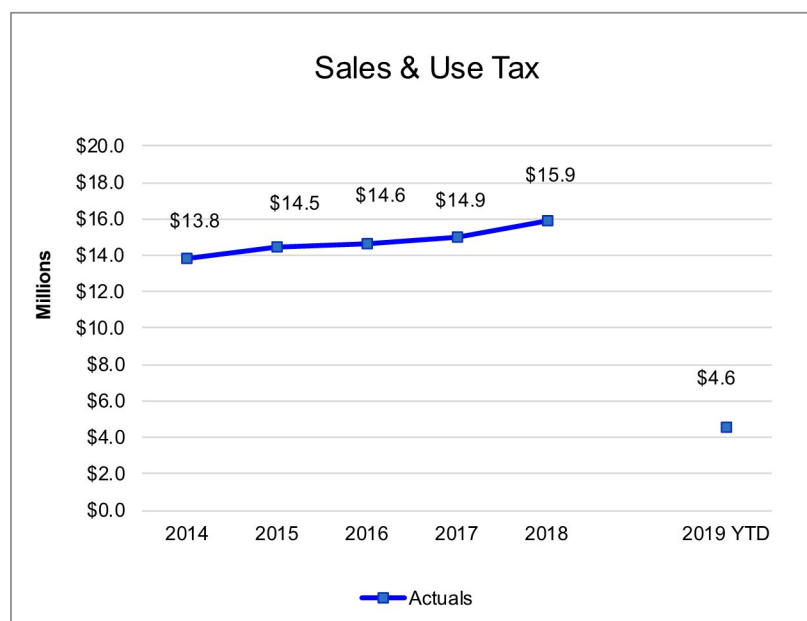
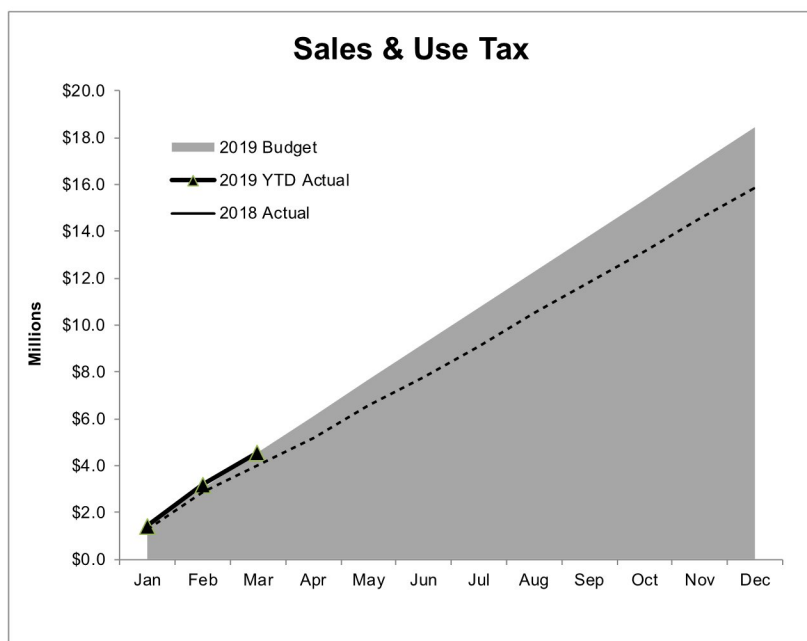
The combined total of property, sales/use, utility, gambling, and admissions taxes provides approximately 80% of all resources supporting general governmental activities. The following section provides additional information on these sources.

Property Tax collections in Q1-2019 totaled \$1.0 million and were \$238,000 higher than budget expectations. As depicted in the graphic below, the majority of property taxes are collected during the months of April and October, coinciding with the due dates for the County property tax billings.



Sales tax collections in Q1-2019 totaled \$4.6 million, which was \$30,000 under budget expectations. While sales tax revenues collected in the General Fund in Q1-2019 were \$519,000 more than collections in Q1-2018, this is primarily due to a policy change that became effective on January 1, 2019. Between 2013 and 2018, all sales tax dollars collected from sales tax on construction benefitted the Local Street Fund and were therefore not distributed to the General Fund; effective January 1, 2019, this policy changed whereby all sales tax dollars stay in the General Fund to support ongoing operations.

Due to the Marketplace Fairness Act (MFA) which became effective on January 1, 2018, retail sales taxes collected in Q1-2019 included \$148,000 from retail sales taxes collected on internet and remote sales. This is collected as retail sales tax revenue and is deducted from the amount the City receives for streamlined sales tax revenue (see page 14 for more information.)

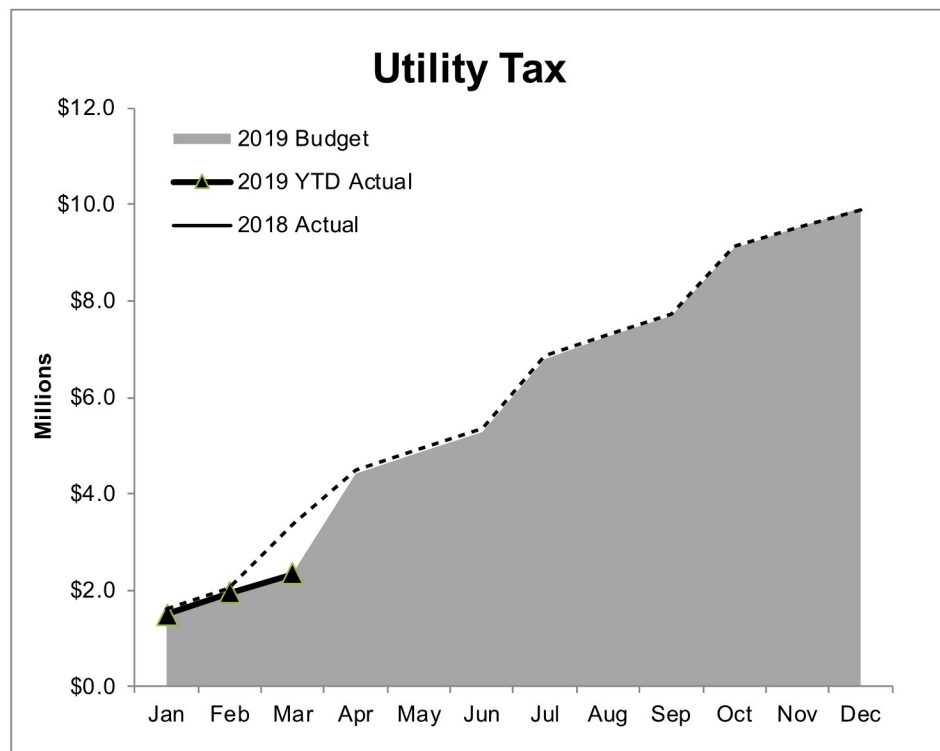


The following table breaks out the City's retail sales taxes by major business sector.

Comparison of Sales Tax Collections by Group Through March				
Component Group	2018 Actual	2019 Actual	Change from 2018	
			Amount	Percentage
Construction	\$ 623,421	\$ 478,627	\$ (144,794)	(23.2) %
Manufacturing	169,053	169,895	842	0.5 %
Transportation & Warehousing	19,879	23,577	3,698	18.6 %
Wholesale Trade	399,133	345,833	(53,300)	(13.4) %
Automotive	1,009,073	978,456	(30,618)	(3.0) %
Retail Trade	1,396,352	1,414,748	18,396	1.3 %
Services	1,043,983	1,108,980	64,997	6.2 %
Miscellaneous	22,820	58,947	36,127	158.3 %
YTD Total	\$ 4,683,713	\$ 4,579,062	\$ (104,651)	(2.2) %

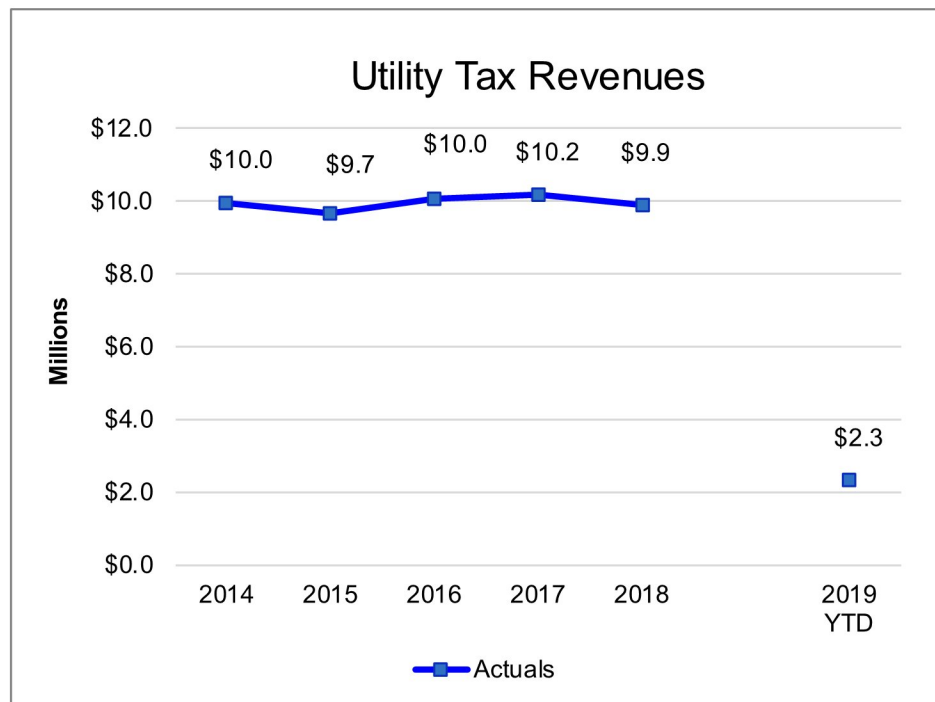
Citywide sales tax revenue collected in Q1-2019 was \$105,000, or 2.2%, less than collections in Q1-2018. The business sector that realized the greatest revenue increase compared to the same period last year was in the services category, while the construction category declined 23.2%, or \$145,000, compared to collections in Q1-2018.

Utility Taxes consist of interfund taxes on City utilities (Water, Sewer, Storm and Solid Waste) and taxes on external utilities (Electric, Natural Gas, Telephone and Solid Waste). Utility taxes collected in Q1-2019 totaled \$2.3 million and were \$10,000, or 0.4%, under budget expectations.

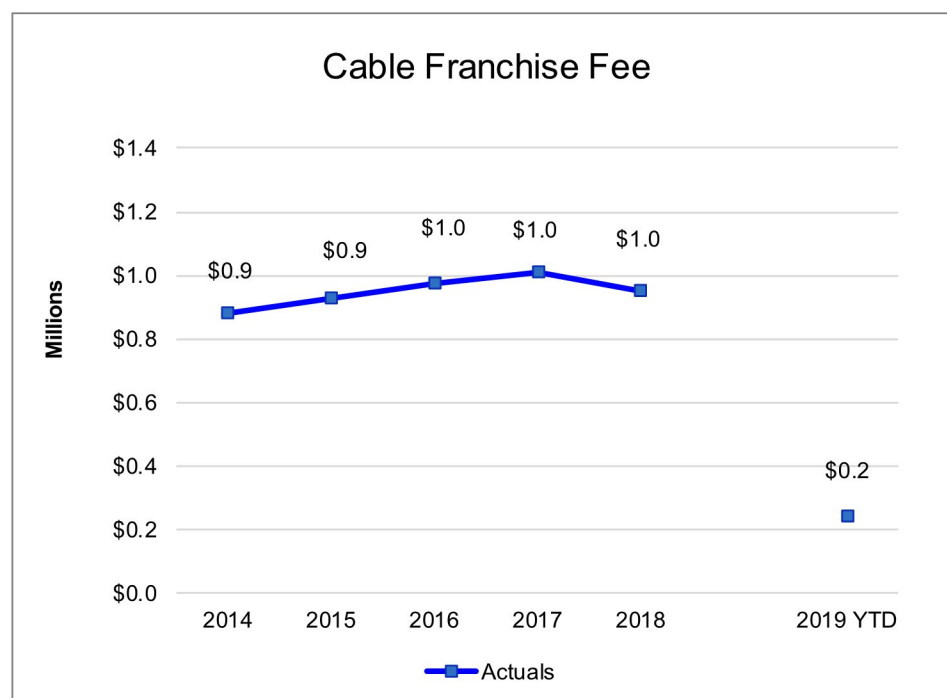
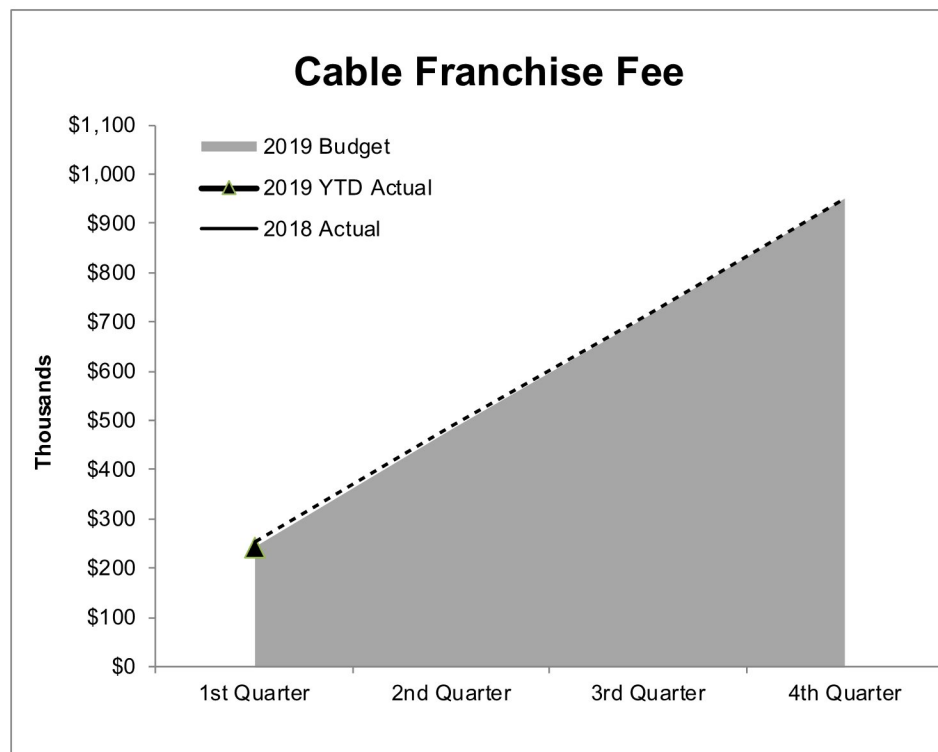


Unfavorable variances in telephone tax revenues during Q1-2019 were partially offset by higher City utility tax revenues and natural gas tax revenues collected during the period.

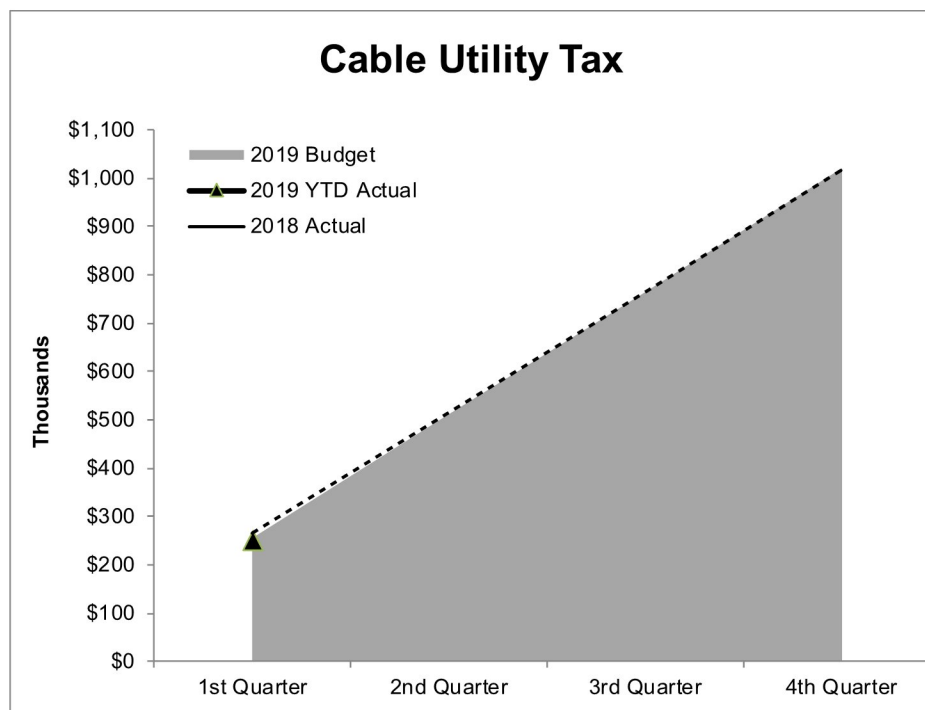
Utility Tax by Type Through March 2019							
Utility Tax Type	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018 Actual		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	\$ 889,631	\$ 939,700	\$ 964,586	\$ 74,955	8.4 %	\$ 24,886	2.6 %
Electric	936,682	870,800	880,133	(56,550)	(6.0) %	9,333	1.1 %
Natural Gas	270,367	212,300	234,053	(36,315)	(13.4) %	21,753	10.2 %
Telephone	352,969	296,200	228,262	(124,708)	(35.3) %	(67,938)	(22.9) %
Solid Waste (external)	32,961	33,600	36,017	3,056	9.3 %	2,417	N/A %
YTD Total	\$ 2,482,611	\$ 2,352,600	\$ 2,343,050	\$ (139,561)	(5.6) %	\$ (9,550)	(0.4) %



Cable Franchise Fees, which are collected quarterly, totaled \$240,000 in Q1-2019 and were \$4,000, or 1.8%, lower than budget expectations.

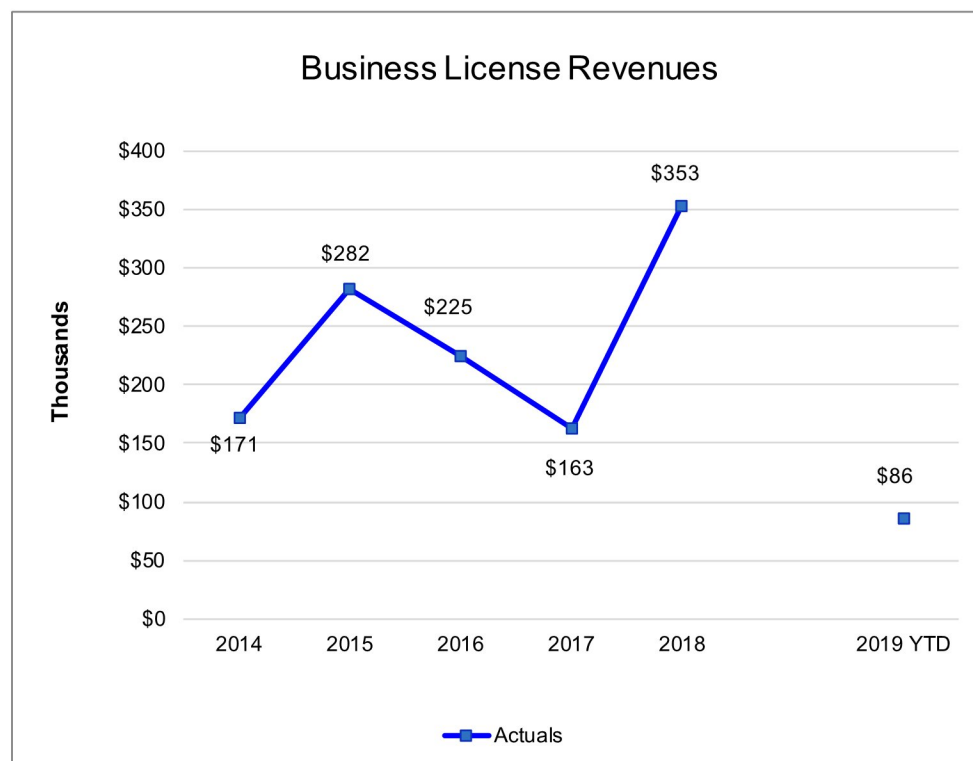
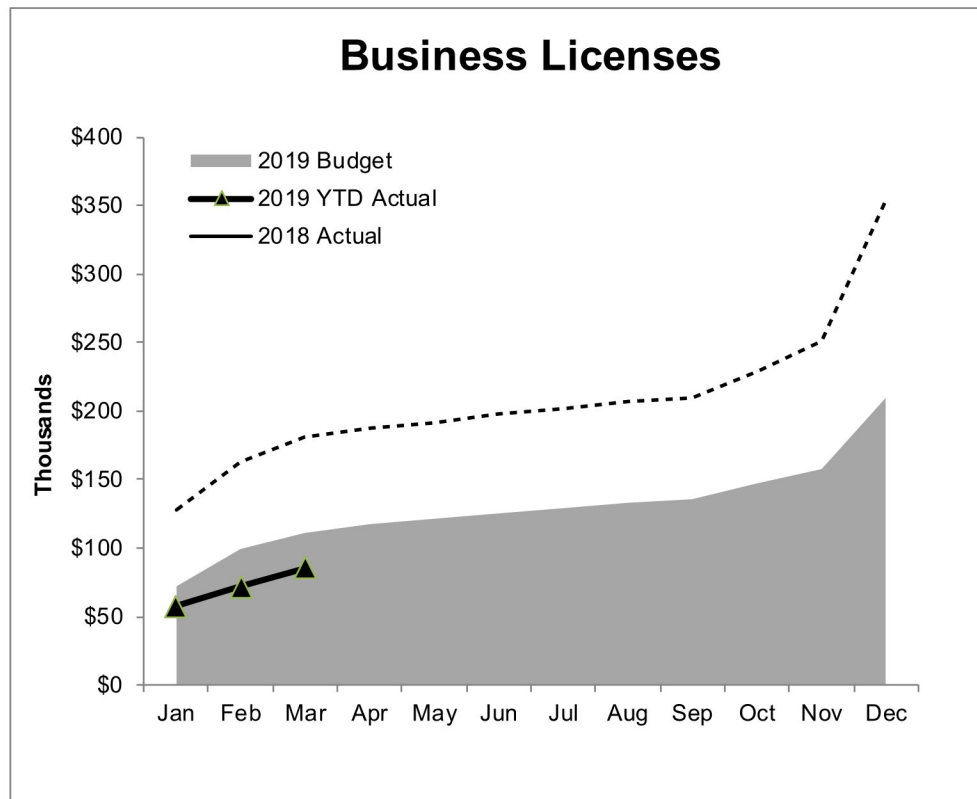


Cable Utility Tax. This tax became effective on January 1, 2017 and is also collected quarterly. Total cable utility tax revenue collected in Q1-2019 totaled \$249,000 and was slightly under budget expectations by \$6,000, or 2.3%.



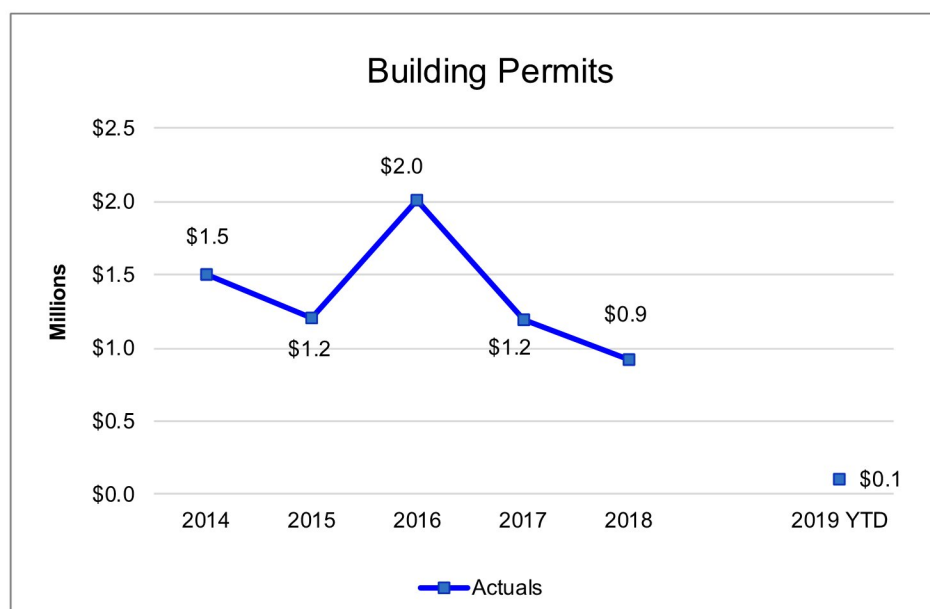
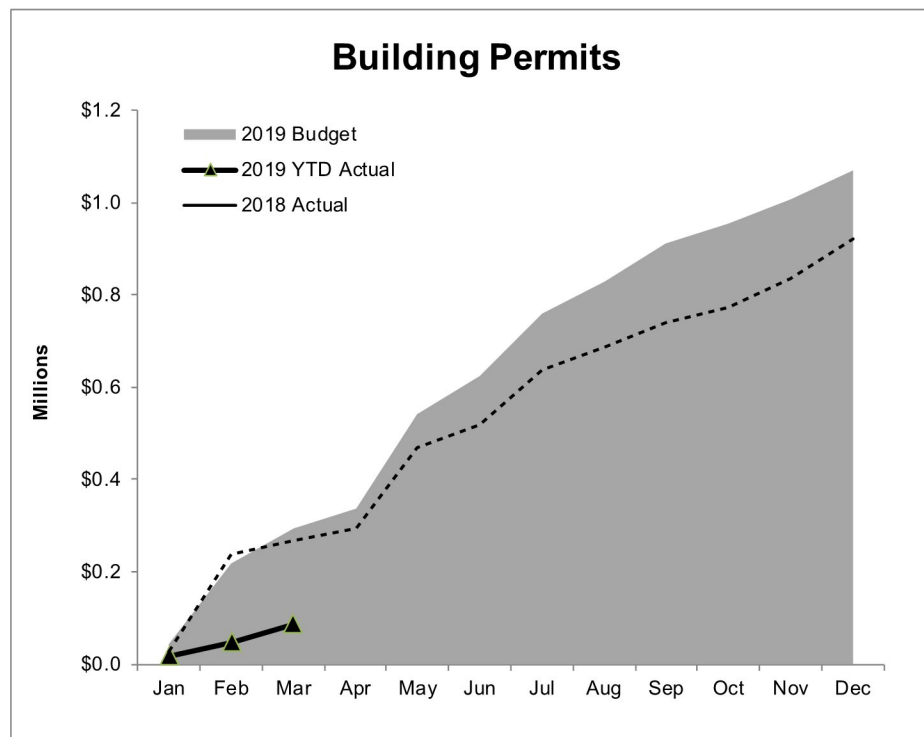
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up about 70% of the annual budgeted revenue in this category.

Business license revenues collected in Q1-2019 totaled \$86,000, and compare to a budget of \$111,000 and to significantly higher collections in Q1-2018 (about \$180,000). The year-over-year decline in revenues is due to the timing of when business license renewal notices are paid: the majority of businesses paid their 2018 business licenses in early 2018 and also paid their 2019 business licenses in late 2018.



Building permit revenues through March 2019 totaled \$105,000 as compared to a year-to-date budget of \$295,000. A total of 105 building permits were issued in Q1-2019 compared to 125 building permits issued in Q1-2018, representing a 16.0% reduction. Of the permit revenues collected in Q1-2019, 53% was attributable to commercial projects and the remaining 47% was predominately single family housing permits.

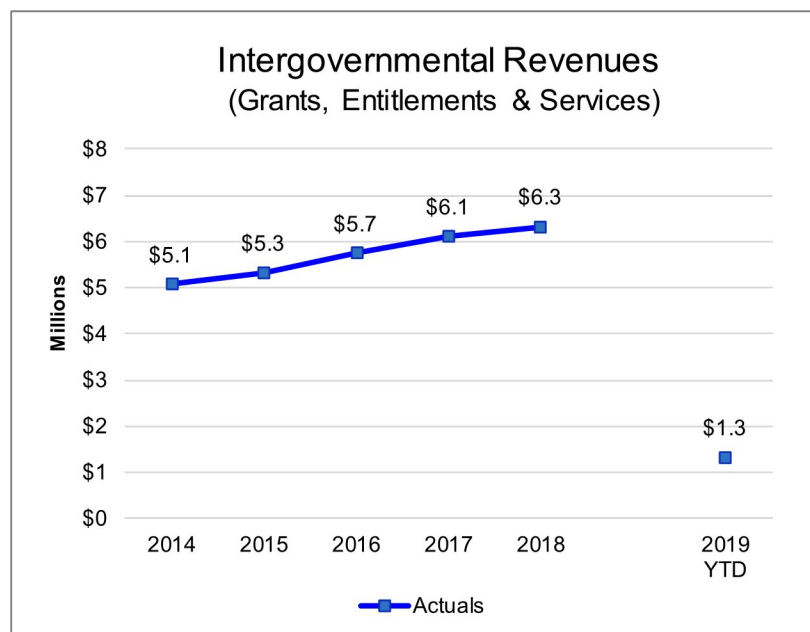
Major projects providing building permit revenues in the first quarter of 2019 include Young's Market and several single family houses in the Hastings housing development.



Intergovernmental revenues include grants (direct and indirect federal, state and local), revenue from the Muckleshoot Indian Tribe (MIT) compact, intergovernmental service revenues, and state shared revenues. Collections in Q1-2019 totaled \$1.3 million and were \$29,000, or 2.2%, under budget expectations.

The majority of the variance to budget was seen in the streamlined sales tax revenue distribution amount as this revenue was reduced by \$148,000 in Q1-2019 due to the Marketplace Fairness Act (MFA), which was implemented in January 2018 to capture the retail sales tax lost on internet and remote sales. MFA revenues are collected as retail sales tax revenues, which then reduces the amount the City receives in streamlined sales taxes. (See also page 7).

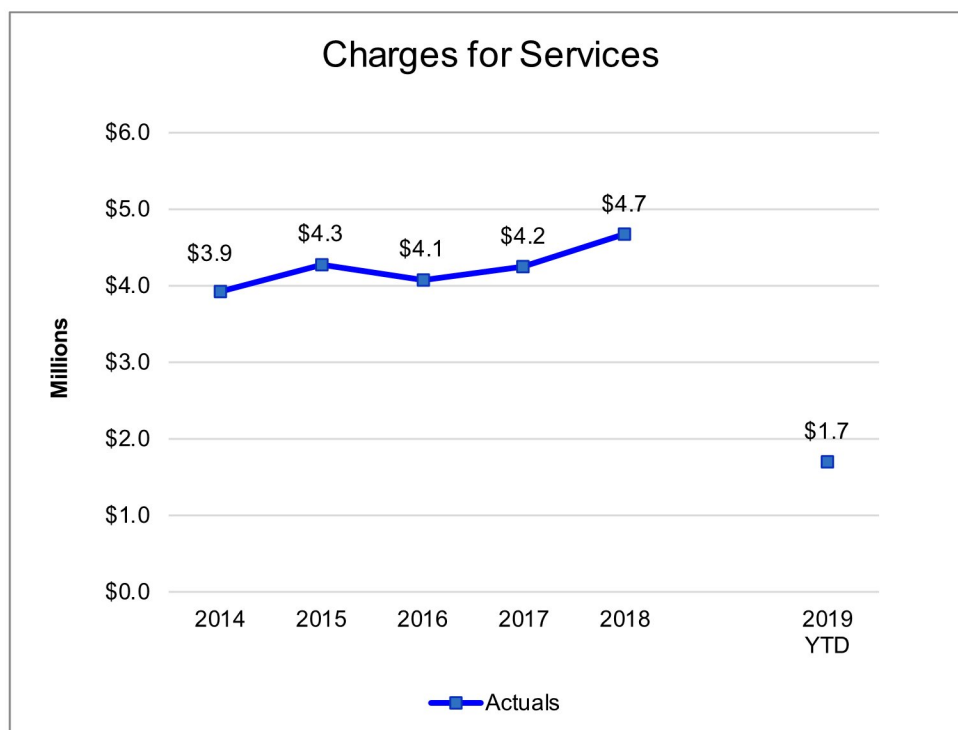
Intergovernmental Revenues (Grants, Entitlements & Services)							
Through March 2019							
Revenue	2018	2019	2019	2019 vs. 2018 Actual		2019 vs. Budget	
	YTD Actual	YTD Budget	YTD Actual	Amount	% Change	Amount	% Change
Federal Grants	\$ -	\$ -	\$ 2,392	\$ 2,392	N/A %	\$ 2,392	N/A %
State Grants	36,988	24,600	36,496	(492)	(1.3) %	11,896	48.4 %
Interlocal Grants	0	0	0	0	0.0 %	0	N/A %
Muckleshoot Casino Services	227,733	269,200	269,242	41,510	18.2 %	42	0.0 %
State Shared Revenues:							
Streamlined Sales Tax	480,641	421,250	335,368	(145,272)	(30.2) %	(85,882)	(20.4) %
Motor Vehicle Fuel Tax	285,947	267,800	280,995	(4,952)	(1.7) %	13,195	4.9 %
Criminal Justice - High Crime	52,488	50,000	57,305	4,817	9.2 %	7,305	14.6 %
Criminal Justice - Population	5,595	5,500	5,880	285	5.1 %	380	6.9 %
Criminal Justice - Special Prog.	20,270	20,100	21,210	940	4.6 %	1,110	5.5 %
Marijuana Revenues	100,310	27,000	45,617	(54,693)	(54.5) %	18,617	69.0 %
State DUI	2,919	2,900	2,932	13	0.5 %	32	1.1 %
Fire Insurance Tax	0	0	0	0	N/A %	0	N/A %
Liquor Excise	91,868	97,440	99,661	7,793	8.5 %	2,221	2.3 %
Liquor Profit	163,585	164,725	164,325	741	0.5 %	(400)	(0.2) %
Total State Shared:	1,203,622	1,056,715	1,013,293	(190,329)	(15.8) %	(43,422)	(4.1) %
YTD Total	\$ 1,468,342	\$ 1,350,515	\$ 1,321,423	\$ (146,919)	(10.0) %	\$ (29,092)	(2.2) %



Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture & recreation fees. Overall, charges for services collected through March 2019 totaled \$1.7 million, which was \$222,000 favorable to budget. The primary areas of increases were seen in both development services and culture and recreation revenues as explained below.

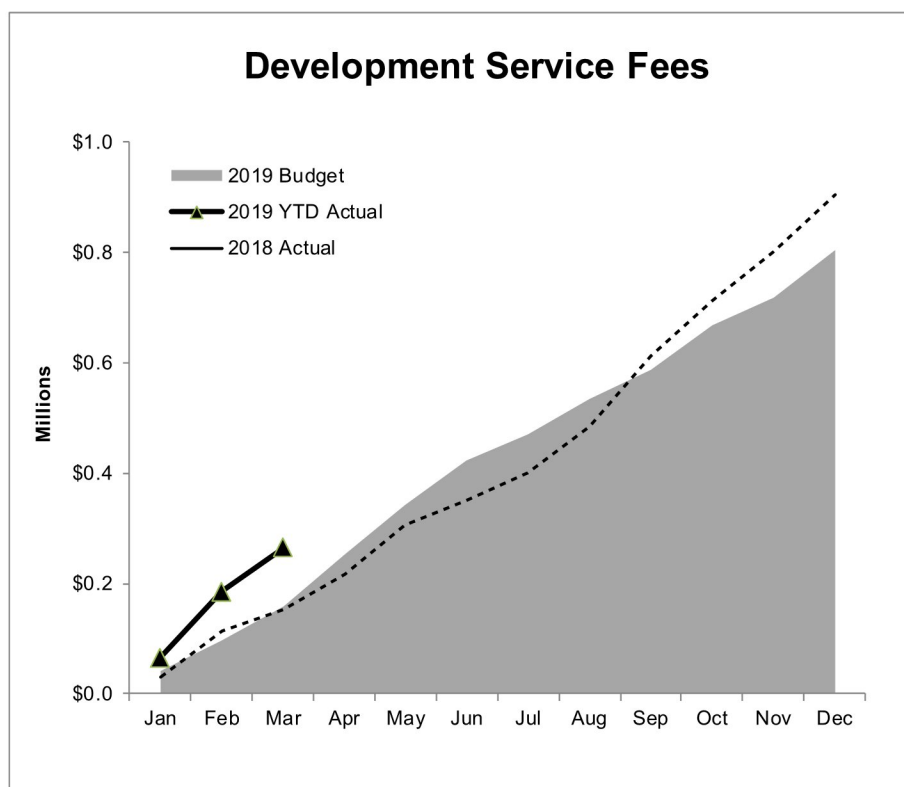
Charges for Services by Type Through March 2019							
Revenue	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018 Actual		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
General Government	\$ 22,144	\$ 644,700	\$ 647,052	\$ 624,908	2,822.0 %	\$ 2,352	0.4 %
Public Safety	218,947	234,975	257,891	38,944	17.8 %	22,916	9.8 %
Development Services	152,822	157,400	265,405	112,583	73.7 %	108,005	68.6 %
Culture & Recreation	489,855	436,000	524,314	34,459	7.0 %	88,314	20.3 %
YTD Total	\$ 883,768	\$ 1,473,075	\$ 1,694,662	\$ 810,894	91.8 %	\$ 221,587	15.0 %

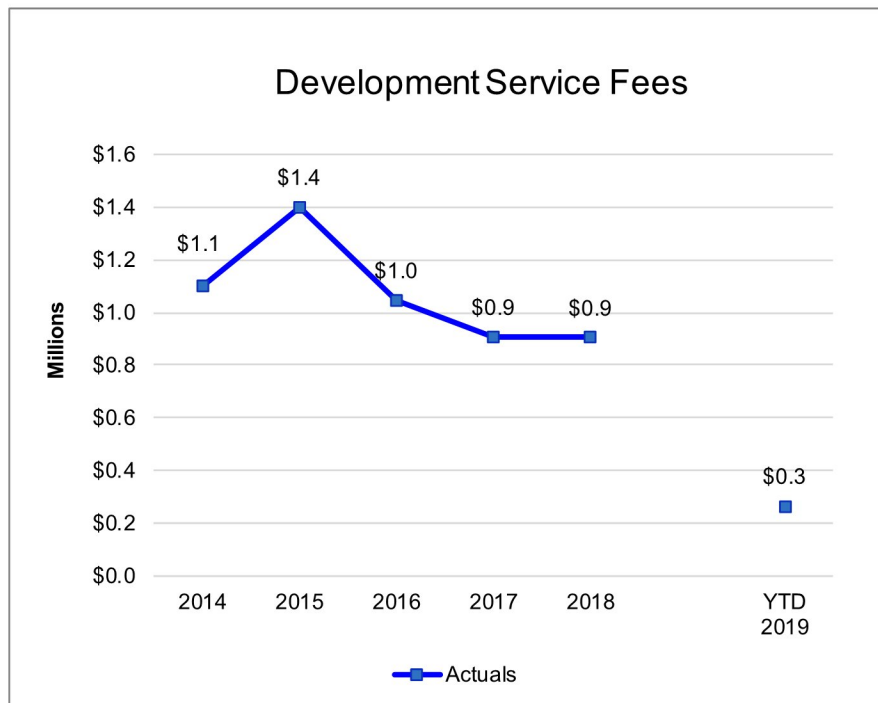
A process change was implemented in 2019 that significantly affects the comparison of year-over-year variances. Prior to 2019, salary and benefit expenditures for support departments (Finance, Human Resources and the Legal Department) were allocated between the General Fund and other City funds. Effective January 1, 2019, all salary and benefit costs for support departments are now fully charged to their respective General Fund department. The General Fund now charges these other funds for these services via an interfund assessment, with a corresponding General Fund revenue shown under "General Government" in the table above (hence the dramatic change from 2018 to 2019 shown in the table). This policy change results in salary and benefit expenditures within the General Fund that appear higher than were previously reported, but the change has a cost-neutral impact on the General Fund due to the revenue offset. Total revenues recouped as general governmental revenues in the General Fund for the salary and benefit interfund charge were \$626,000 in Q1-2019.



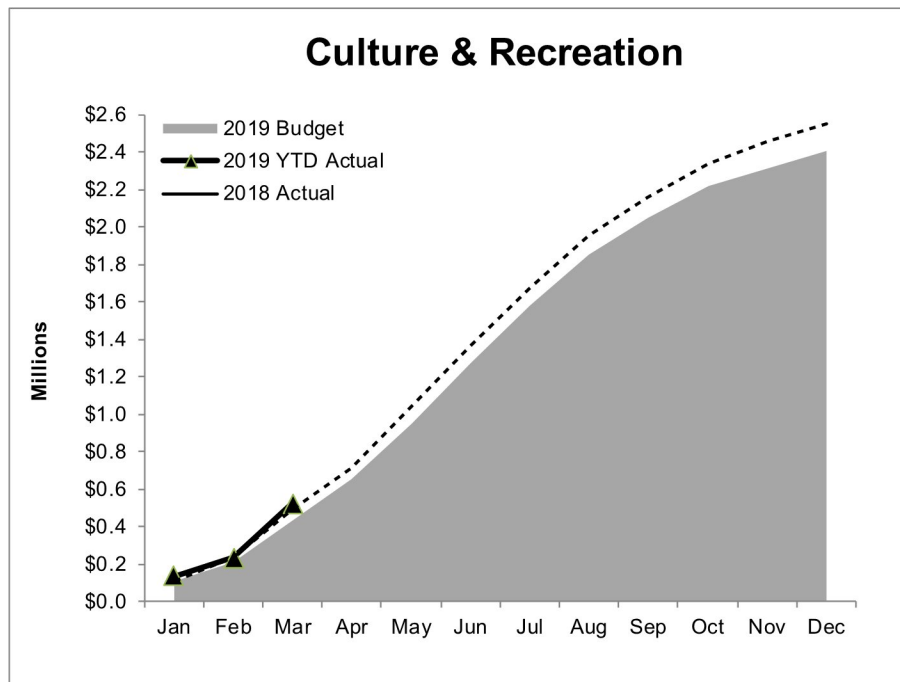
Public safety revenues consist of revenues received for police officer extra duty security services, whereby officers are contracted for and reimbursement is made by the hiring agency. This also includes reimbursements from the Muckleshoot Indian Tribe (MIT) for a full-time dedicated police officer and associated expenditures as well as monies collected from the Auburn School District and the Criminal Justice Training Commission (CJTC) for services rendered. Public safety revenues collected in Q1-2019 totaled \$258,000 and compare to a budget of \$235,000. The majority of the favorability seen in this revenue source is due to extra duty overtime reimbursements exceeding budget expectations resulting from increased requests for police officer security services.

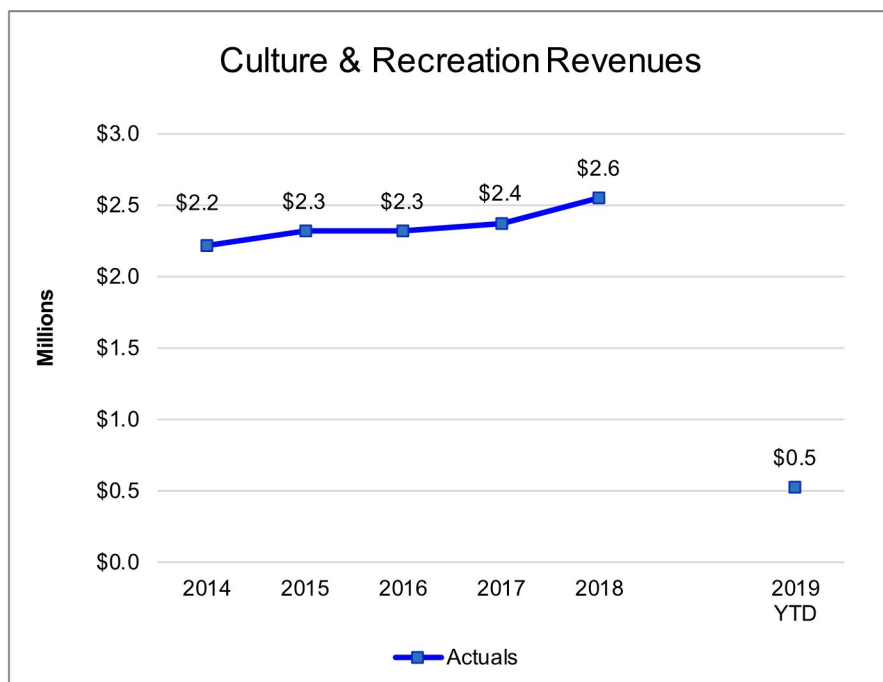
Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. In Q1-2019, development service fees totaled \$265,000 and ended the quarter \$108,000 favorable to budget expectations. Total plan check revenues collected in Q1-2019 totaled \$156,000 compared to \$113,000 collected in Q1-2018 which is a 38.3% increase in revenues. Plan check revenues collected in the first quarter of 2019 were from numerous commercial and residential projects including Auburn Elementary School #15, Young's Market, and projects at the Outlet Collection. In addition to increased plan check revenues collected in Q1-2019, both facility extension fees and zoning fees were higher than anticipated. One of the projects that contributed to these increased revenues is Carbon Trails, a single family subdivision project slated to include 44 houses.





The majority of culture and recreation revenues are derived from green fees and pro shop sales at the Auburn Golf Course, recreational classes, ticket sales at the Auburn Avenue Theatre, special events, and athletic league fees. Culture and recreation revenues collected in Q1-2019 totaled \$524,000, exceeding collections in the same period last year by \$34,000 and exceeding Q1-2019 budget by \$88,000. The majority of the year-over-year increase in revenues was seen in green fee revenues at the Auburn Golf Course and increased ticket sales at the Auburn Avenue Theatre. In Q1-2019, green fee revenues at the Auburn Golf Course increased 15.6% and ticket sales at the Auburn Avenue Theatre increased 43.5% compared to the same period last year.

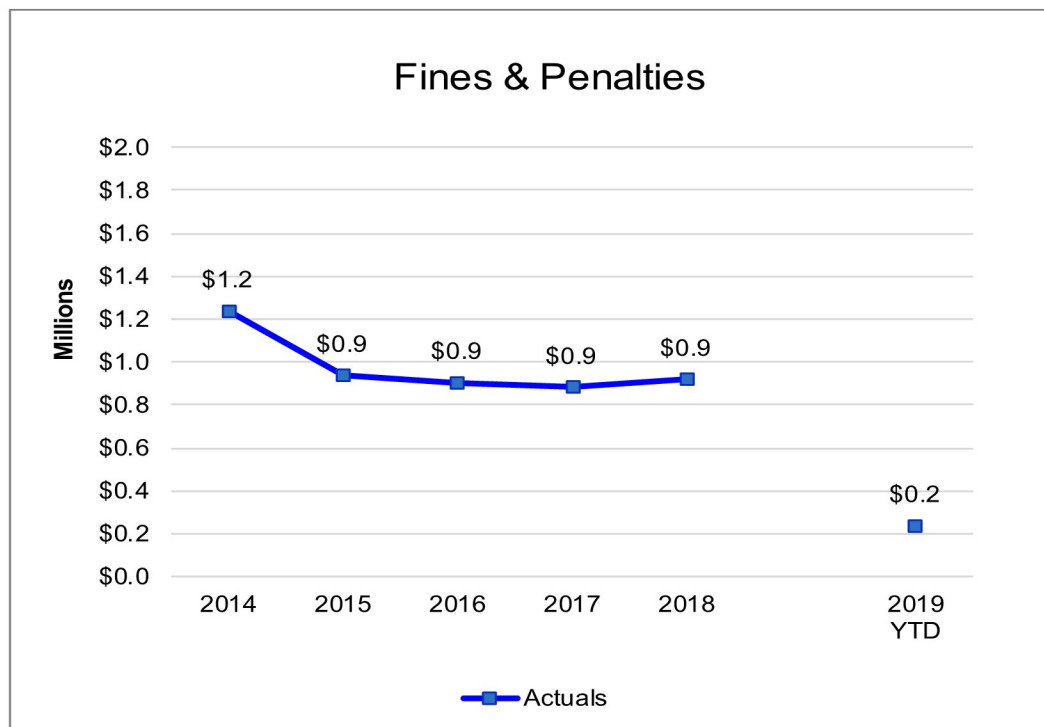
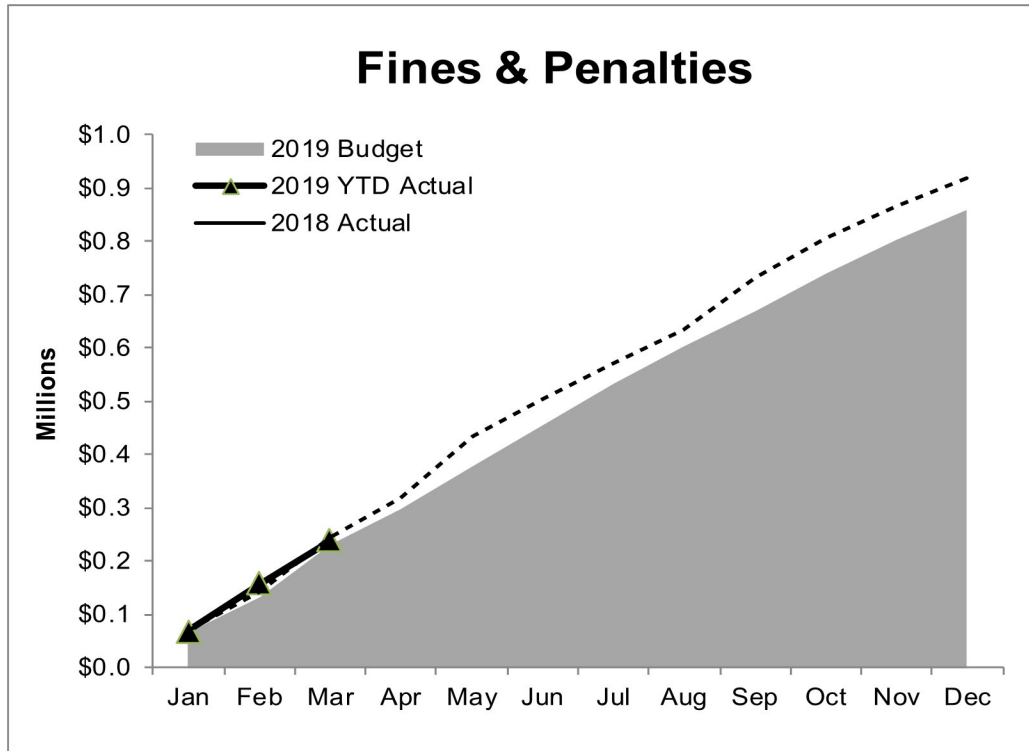




Fines & Penalties include civil penalties (which include code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic and other criminal offenses) as well as non-court fines such as false alarm fines. Total revenues collected in the first quarter of 2019 totaled \$238,000 as compared to a budget of \$229,000.

As seen in the table below, civil penalty revenues collected in Q1-2019 were \$45,000 higher than collections in Q1-2018. This year-over-year increase was due to revenues collected for code compliance penalties, which are largely unbudgeted. Code compliance penalties are revenues collected from banks on vacant bank-owned properties that are neglected and in non-compliance with City code.

Fines & Penalties by Type Through March 2019							
Month	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018 Actual		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
Civil Penalties	\$ 4,178	\$ 800	\$ 48,956	\$ 44,778	1,071.8 %	\$ 48,156	6,019.5 %
Civil Infraction Penalties	130,924	133,800	104,522	(26,402)	(20.2) %	(29,278)	(21.9) %
Redflex Photo Enforcement	2,914	0	754	(2,159)	(74.1) %	754	N/A %
Parking Infractions	35,986	36,500	31,849	(4,137)	(11.5) %	(4,651)	(12.7) %
Criminal Traffic Misdemeanor	17,893	14,700	8,485	(9,408)	(52.6) %	(6,215)	(42.3) %
Criminal Non-Traffic Fines	14,418	9,600	18,795	4,377	30.4 %	9,195	95.8 %
Criminal Costs	15,344	14,700	7,178	(8,166)	(53.2) %	(7,522)	(51.2) %
Non-Court Fines & Penalties	22,264	19,100	17,728	(4,536)	(20.4) %	(1,372)	(7.2) %
YTD Total	\$ 243,919	\$ 229,200	\$ 238,267	\$ (5,652)	(2.3) %	\$ 9,067	4.0 %

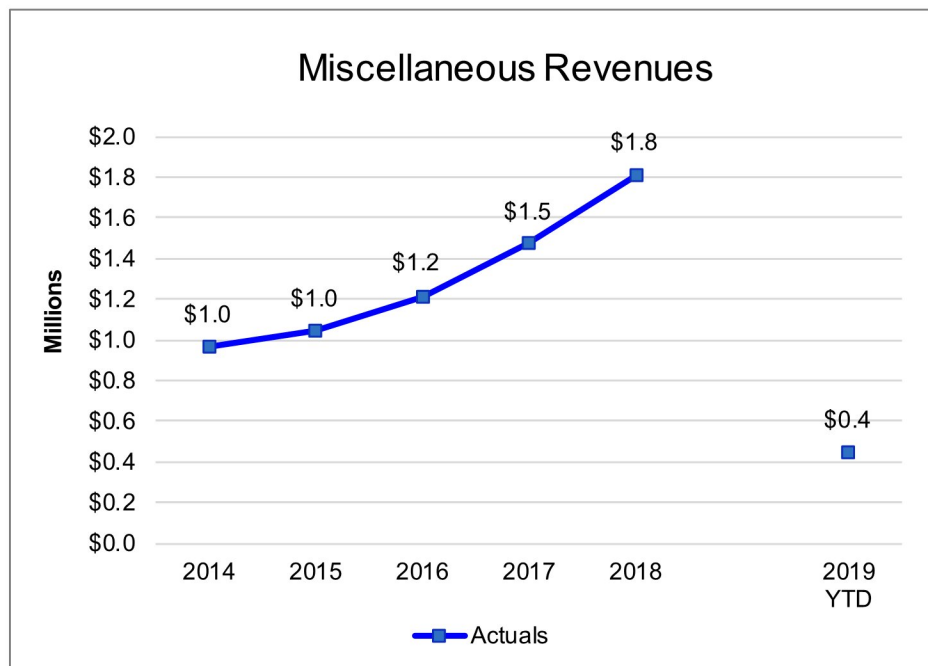


Miscellaneous revenues consist of investment earnings, income from facility rentals, revenue collected on golf cart rentals at the Auburn Golf Course, contributions & donations, and other income including the quarterly purchasing card (P-card) rebate monies. Revenues collected in this category in Q1-2019 totaled \$449,000 and exceeded budget expectations by \$63,000, or 16.4%. The majority of this increase was in the other miscellaneous category and was due to one-time unbudgeted monies.

Miscellaneous Revenues by Type Through March 2019							
Month	2018 YTD Actual	2019 YTD Budget	2019 YTD Actual	2019 vs. 2018		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
Interest & Investments	\$ 74,666	\$ 87,000	\$ 91,120	\$ 16,454	22.0 %	\$ 4,120	4.7 %
Rents & Leases	265,221	219,300	229,036	(36,185)	(13.6) %	9,736	4.4 %
Contributions & Donations	9,937	4,600	11,464	1,527	15.4 %	6,864	149.2 %
Other Miscellaneous Revenue	70,624	75,000	117,736	47,112	66.7 %	42,736	57.0 %
YTD Total	\$ 420,448	\$ 385,900	\$ 449,356	\$ 28,908	6.9 %	\$ 63,456	16.4 %

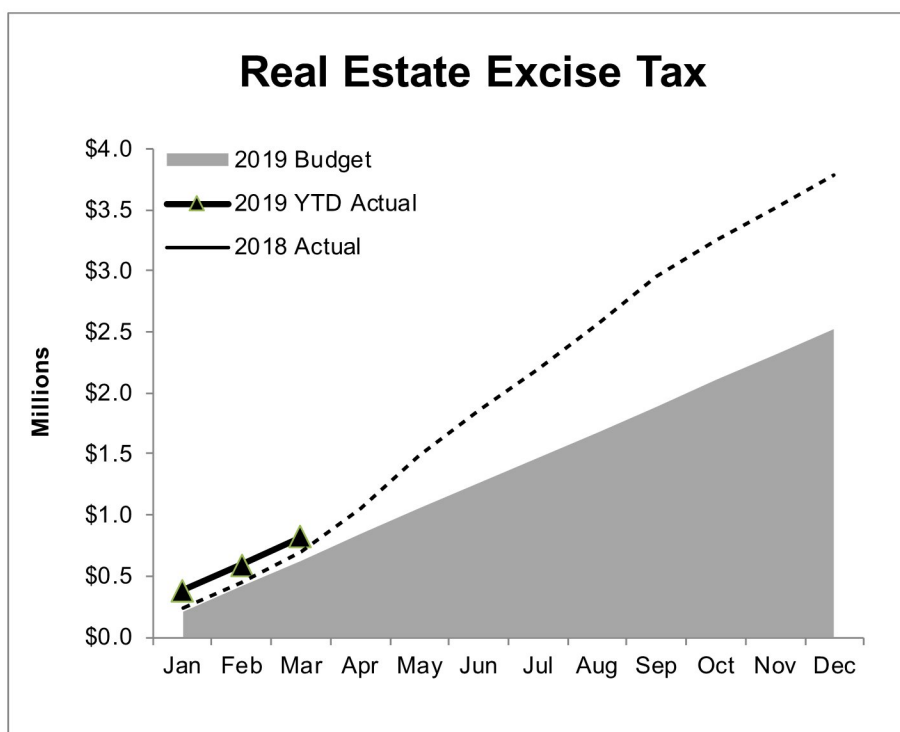
Interest and investments revenue collected in Q1-2019 totaled \$91,000 and exceeded budget expectations by \$4,000, or 4.7%. Interest and investments earnings collected in Q1-2019 were \$16,000 higher than collections in the same period last year. The primary reason for the year-over-year increase in revenues is due to the increase in the State Investment Pool interest rate.

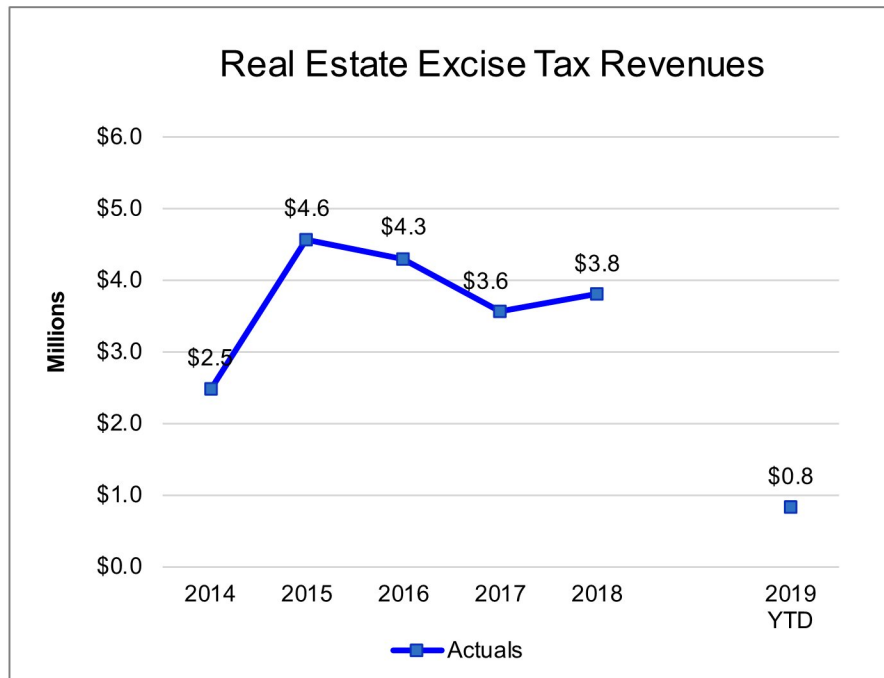
Rents and lease revenue collected in Q1-2019 totaled \$229,000 and compares to \$265,000 collected in Q1-2018. This decline in revenues collected was primarily due to deposits for facility rentals that have declined by \$32,000 in Q1-2019 compared to the same period last year.



Real Estate Excise Tax (REET) revenue is receipted into the Capital Improvement Projects Fund and is used for governmental capital projects. REET revenue represents taxes on the sale of both commercial properties and single-family residences. REET revenues collected in the first quarter of 2019 totaled \$819,000, exceeding budget expectations by \$188,000. Commercial sales in Q1-2019 included the sale of an assisted living facility, an auto dealership, an auto repair business, warehousing space, and several multi-family complexes.

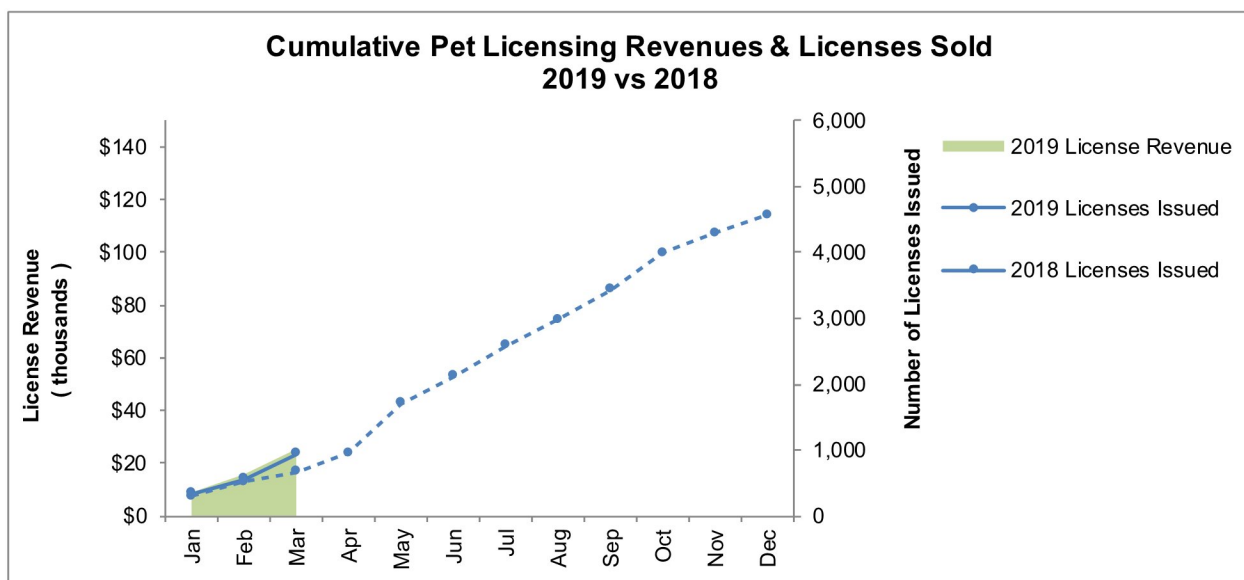
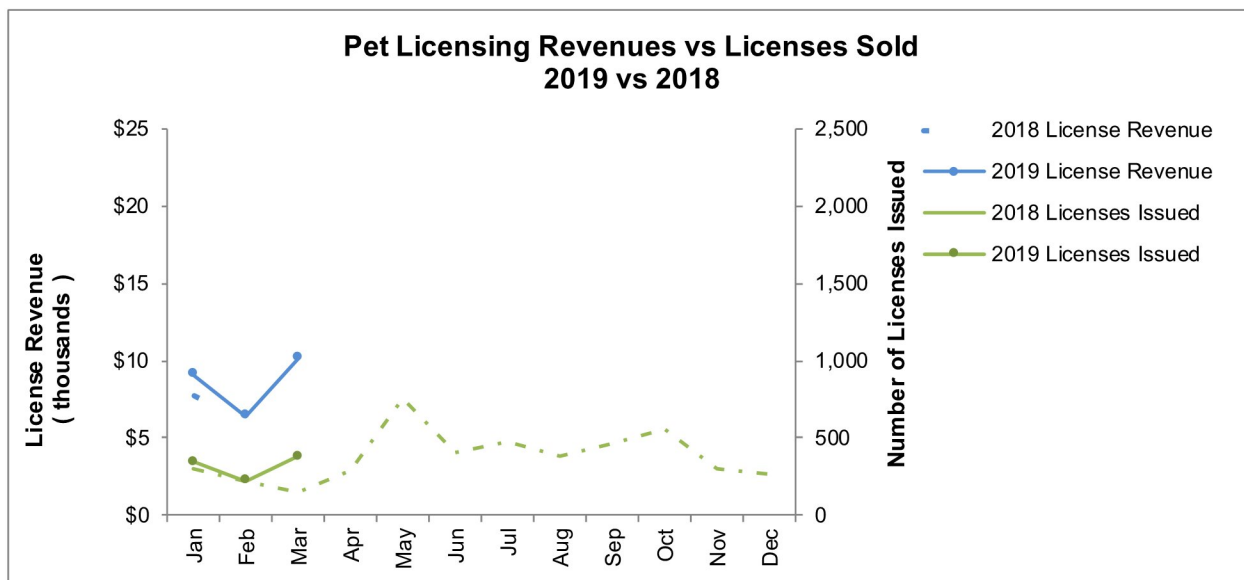
Real Estate Excise Tax Revenues							
March 2019							
Month	2018 Actual	2019 Budget	2019 Actual	2019 vs. 2018		2019 vs. Budget	
				Amount	Percentage	Amount	Percentage
Jan	\$ 240,414	\$ 210,100	\$ 383,547	\$ 143,132	59.5 %	\$ 173,447	82.6 %
Feb	200,783	210,100	206,022	5,239	2.6 %	(4,078)	(1.9) %
Mar	255,218	210,100	229,181	(26,037)	(10.2) %	19,081	9.1 %
Apr	362,999	210,100					
May	427,054	210,100					
Jun	371,816	210,100					
Jul	342,006	210,100					
Aug	373,889	210,100					
Sep	387,673	210,100					
Oct	285,967	210,100					
Nov	272,195	210,100					
Dec	270,161	209,800					
YTD Total	\$ 696,416	\$ 630,300	\$ 818,750	\$ 122,334	17.6 %	\$ 188,450	29.9 %





Pet Licensing

Pet licensing services are provided by the Auburn Valley Humane Society. In Q1-2019, 939 pet licenses were sold, resulting in \$25,635 in revenue. In Q1-2018, 662 licenses were sold, resulting in \$17,570 in revenue.



Street Funds

This section provides a financial overview of the City's three street funds for the quarter ending March 31, 2019. The City's three street funds include the Arterial Street Fund (Fund 102), the Local Street Fund (Fund 103), and the Arterial Street Preservation Fund (Fund 105).

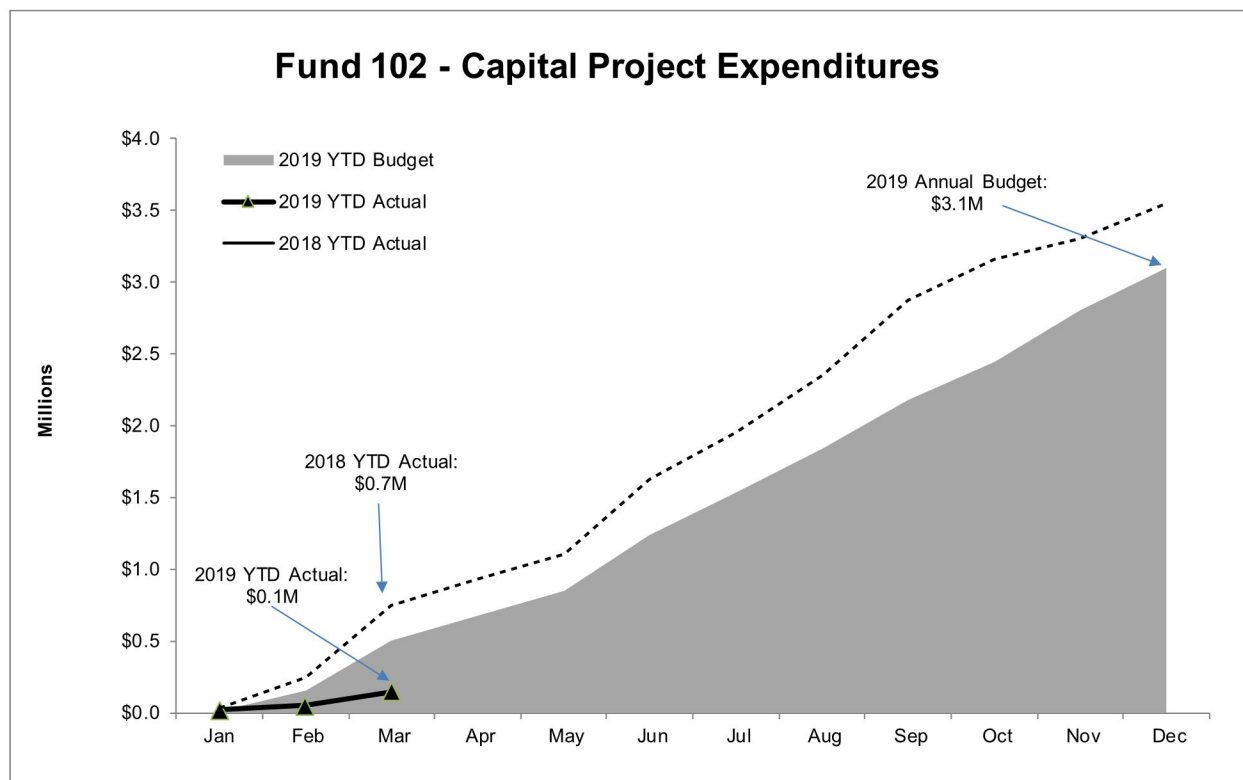
Fund 102 – Arterial Street Fund

The Arterial Street Fund is a special revenue fund that is funded by transportation grants, traffic impact fees, a portion of the City's gas tax receipts, Public Works Trust Fund loans, developer contributions, and other sources. As of March 31, 2019 there were 30 separate street projects budgeted in this fund.

In Q1-2019, revenues collected totaled \$161,000 as compared to collections of \$452,000 in Q1-2018. Total expenditures in Q1-2019 were \$169,000 as compared to \$770,000 expended in Q1-2018. Variances in revenues and expenditures are largely due to the timing of capital expenditures and any subsequent reimbursement via grants and/or operating transfers. Expenditure timing is generally determined by the current phase of each individual capital project; expenditures tend to increase as projects move from design phase into construction. In addition, several inclement weather situations during Q1-2019 were not conducive to street construction.

Fund 102 - Arterial Street Summary of Sources and Uses Report Period: March 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019 Budget	2019 YTD Budget	2019 YTD Actual	2018 YTD Actual	Favorable (Unfavorable) Amount Percentage	
Revenues						
Federal Grants	\$ 1,001,381	\$ -	\$ -	\$ -	\$ -	
State Grants	-	-	-	-	-	
Motor Vehicle Fuel and Multimodal Taxes	620,000	141,388	148,617	150,077	7,229	5.1 %
Developer Contributions	-	-	-	-	-	
Miscellaneous Revenue	-	-	-	-	-	
Operating Transfer In	1,367,060	88,609	1,504	295,929	(87,105)	(98.3) %
Investment Income	28,300	5,317	10,986	6,294	5,669	106.6 %
Total Revenues	\$ 3,016,741	\$ 235,314	\$ 161,106	\$ 452,300	\$ (74,207)	(31.5) %
Expenditures						
Salary and Benefits	\$ 132,000	\$ 34,435	\$ 66,721	\$ 96,095	\$ (32,286)	(93.8) %
Capital Outlay	2,964,858	151,539	83,127	648,226	68,412	45.1 %
Subtotal - Capital Project Expenditures	3,096,858	185,974	149,848	744,320	36,126	19.4 %
Services and Charges	400,000	22,840	-	1,778	22,840	100.0 %
Interfund Payments for Services	78,100	19,525	19,525	19,716	(0)	(0.0) %
Debt Service Principal and Interest	208,300	-	-	-	-	
Operating Transfer Out	68,196	-	-	4,272	-	
Total Expenditures	\$ 3,851,454	\$ 228,339	\$ 169,373	\$ 770,087	\$ 58,966	25.8 %
Net Change in Fund Balance	\$ (834,713)	\$ 6,975	\$ (8,267)	\$ (317,787)	\$ (15,241)	(218.5) %

Beg. Fund Balance, January 2019	\$ 2,104,190
Net Change in Fund Balance, March 2019	(8,267)
Ending Fund Balance, March 2019	<u>\$ 2,095,923</u>
2019 Budgeted Ending Fund Balance	\$ 1,269,477



This table presents the status of the projects with the most significant budget impact on the fund:

Fund 102 - Arterial Street			
Capital Projects Status *			
Name	2019 Budget	YTD Actual	Remaining
A St SE Corridor Signal Safety & Op. Imp.	\$0.4M	\$0.1M	\$0.3M
37th and A Street Traffic Signal	\$0.2M	\$0.0M	\$0.2M
F Street SE Non-Motorized Improvements	\$0.2M	\$0.0M	\$0.2M
All Other Projects (27 Others Budgeted)	\$2.3M	\$0.1M	\$2.2M
Total	\$3.1M	\$0.1M	\$2.9M

*Components may not sum to total due to rounding.

Notes:

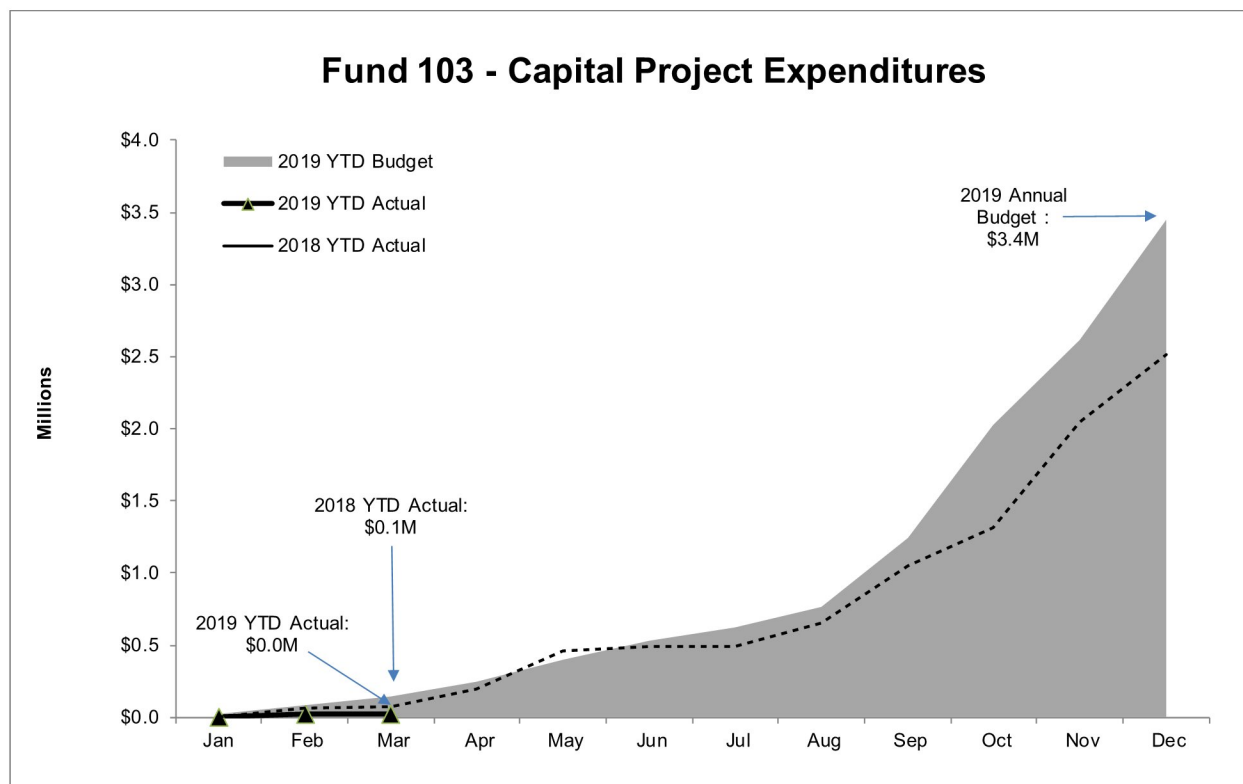
- Several large multi-year projects are reaching completion of construction in 2019 and several large projects are beginning design, with construction anticipated in 2020.

Fund 103 – Local Street Fund

The Local Street Fund is a special revenue fund used for local street repair. Effective January 1, 2019 this fund is funded at a specific amount by real estate excise tax (REET 2). Previously, the funding source was sales tax on construction. In Q1-2019, revenues in this fund totaled \$606,000, which is in line with budget expectations. This compares to collections of \$786,000 in Q1-2018. Expenditures in Q1-2019 were \$34,000 and compare to expenditures of \$116,000 in Q1-2018. Historically, well over half of this fund's annual expenditures occur in the final four months of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). Highlighted in the table below and shown in the following graph are the fund's total expenditures related to capital projects. In addition, several inclement weather situations during Q1-2019 were not conducive to street construction.

Fund 103 - Local Street Fund Summary of Sources and Uses Report Period: March 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019 Budget	2019 YTD Budget	2019 YTD Actual	2018 YTD Actual	Favorable (Unfavorable) Amount Percentage	
Revenues						
Sales Tax on Construction	\$ -	\$ -	\$ -	\$ 623,421	\$ -	
Operating Transfer In	1,900,000	587,500	587,500	150,000	-	0.0 %
Interest Earnings	12,000	1,956	18,196	12,426	16,241	830.3 %
Total Revenues	\$ 1,912,000	\$ 589,456	\$ 605,696	\$ 785,847	\$ 16,241	2.8 %
Expenditures						
Capital Salary and Benefits	231,616	59,558	3,840	-	55,718	93.6 %
Capital Services and Charges	-	-	-	1,778	-	
Capital Outlay	3,217,860	59,973	21,736	77,103	38,238	63.8 %
Subtotal - Capital Project Expenditures	3,449,476	119,531	25,575	78,881	93,956	78.6 %
Admin Salary and Benefits	-	-	4,228	33,371	\$ (4,228)	
Admin Services and Charges	40,700	13,533	119	178	13,414	99.1 %
Interfund Payments for Services	15,200	3,800	3,800	3,060	(0)	(0.0) %
Operating Transfer Out	-	-	-	74	-	
Total Expenditures	\$ 3,505,376	\$ 136,864	\$ 33,722	\$ 115,564	\$ 103,142	75.4 %
Net Change in Fund Balance	\$ (1,593,376)	\$ 452,592	\$ 571,974	\$ 670,282	\$ 119,382	26.4 %

Beg. Fund Balance, January 2019	\$ 2,550,256
Net Change in Fund Balance, March 2019	571,974
Ending Fund Balance, March 2019	\$ 3,122,230
2019 Budgeted Ending Fund Balance	\$ 956,880



This table presents the status of the projects with the most significant budget impact on the fund:

Fund 103 - Local Street			
Capital Projects Status*			
Name	2019 Budget	YTD Actual	Remaining
2019 Local Street Reconstruction	\$2.6M	\$0.0M	\$2.6M
2018 Citywide Pavement Patch and Overlay	\$0.5M	\$0.0M	\$0.5M
2018 Local Street Pavement Reconstruction	\$0.3M	\$0.0M	\$0.2M
All Other Projects (1 Other Budgeted)	\$0.2M	\$0.0M	\$0.2M
Total	\$3.4M	\$0.0M	\$3.4M

*Components may not sum to total due to rounding.

Notes:

- The 2018 Citywide Pavement Patch and Overlay project is nearing completion of construction.
- The 2018 Local Street Pavement Reconstruction project is nearing completion of construction.

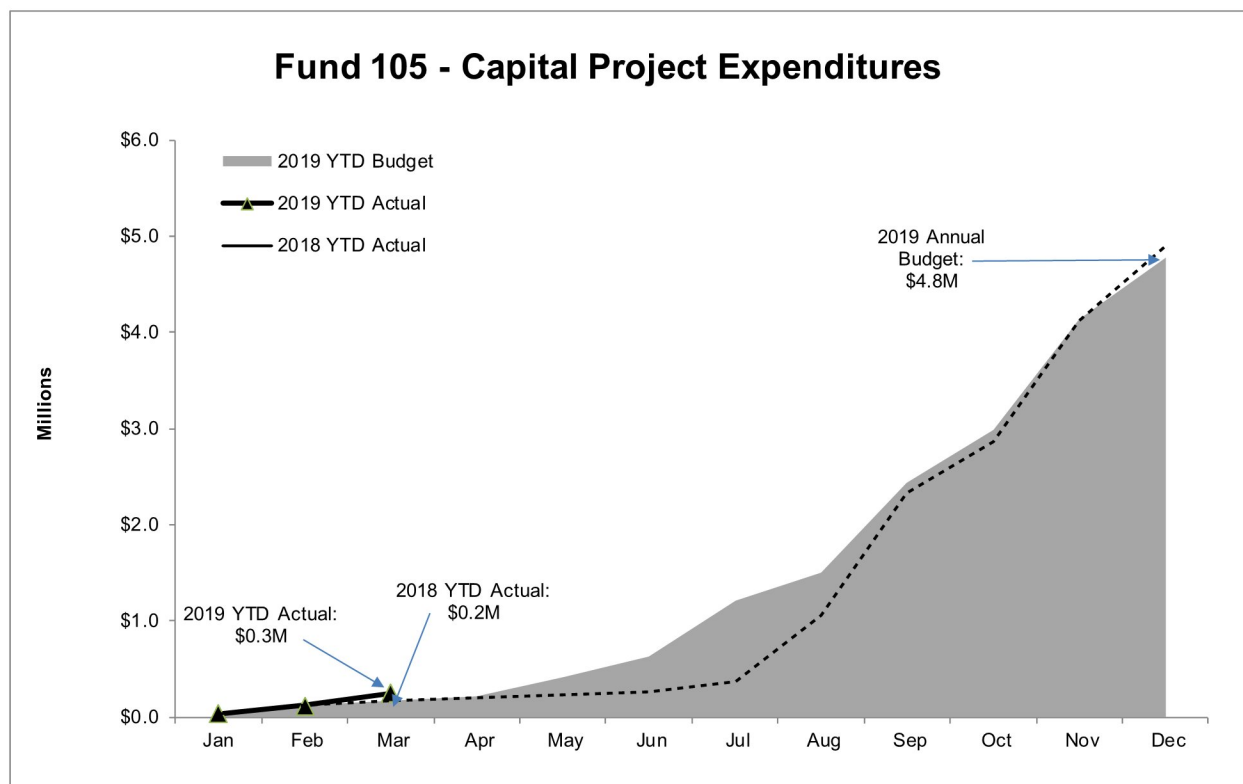
Fund 105 – Arterial Street Preservation Fund

The Arterial Street Preservation Fund is a special revenue fund that is primarily funded by a 1.0% utility tax that was adopted by Council in 2008; these utility tax revenues are restricted for arterial street repair and preservation projects. Major projects budgeted within the Arterial Street Preservation Fund in 2019 include A Street SE Preservation, 2019 Citywide Pavement Patching & Overlay, and 2018 Citywide Pavement Patching & Overlay. In Q1-2019 revenues totaled \$495,000, which is approximately \$33,000 lower than the same period last year, but \$70,000 higher than budget expectations.

Expenditures in Q1-2019 were \$252,000 as compared to \$166,000 in Q1-2018. Historically, the majority of this fund's expenditures occur in the second half of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). Highlighted in the table below and shown in the following graph are the fund's total expenditures related to capital projects. In addition, several inclement weather situations during Q1-2019 were not conducive to street construction.

Fund 105 - Arterial Street Preservation Summary of Sources and Uses Report Period: March 2019	2019			2018	2019 YTD Budget vs. Actual	
	2019	2019 YTD	2019 YTD	2018 YTD	Favorable (Unfavorable)	
	Budget	Budget	Actual	Actual	Amount	Percentage
Revenues						
City Utility Tax	\$ 674,600	\$ 157,154	\$ 160,764	\$ 148,272	\$ 3,611	2.3 %
Electric Utility Tax	711,600	140,250	176,027	187,336	35,777	25.5 %
Natural Gas Utility Tax	201,600	42,059	46,811	54,073	4,752	11.3 %
Cable TV Tax	190,100	23,020	49,838	53,319	26,818	116.5 %
Telephone Utility Tax	235,600	48,689	45,652	58,633	(3,037)	(6.2) %
Garbage Utility Tax (External Haulers)	22,400	5,600	6,003	5,122	403	7.2 %
Grants	940,511	-	-	-	-	
Operating Transfer In	746,279	-	-	13,063	-	
Interest Earnings	29,800	7,450	9,431	7,531	1,981	26.6 %
Total Revenues	\$ 3,752,490	\$ 424,221	\$ 494,525	\$ 527,350	\$ 70,303	16.6 %
Expenditures						
Salary and Benefits	\$ 241,000	\$ 49,791	\$ 92,601	\$ 87,465	\$ (42,810)	(86.0) %
Capital Outlay	4,530,722	74,302	158,981	78,743	(84,679)	(114.0) %
Subtotal - Capital Project Expenditures	4,771,722	124,094	251,582	166,209	(127,489)	(102.7) %
Supplies	-	-	-	-	-	
Services and Charges	165,000	-	-	-	-	
Operating Transfer Out	26,831	-	-	-	-	
Total Expenditures	\$ 4,963,553	\$ 124,094	\$ 251,582	\$ 166,209	\$ (127,489)	(102.7) %
Net Change in Fund Balance	\$ (1,211,063)	\$ 300,128	\$ 242,942	\$ 361,141	\$ (57,185)	(19.1) %

Beg. Fund Balance, January 2019	\$ 2,580,480
Net Change in Fund Balance, March 2019	242,942
Ending Fund Balance, March 2019	<u>\$ 2,823,422</u>
2019 Budgeted Ending Fund Balance	\$ 1,369,417



This table presents the status of the projects with the most significant impacts on the fund:

Fund 105 - Arterial Street Preservation			
Capital Projects Status*			
Name	2019 Budget	YTD Actual	Remaining
A Street SE Preservation	\$1.7M	\$0.0M	\$1.7M
2019 Citywide Pavement Patching & Overlay	\$1.0M	\$0.0M	\$1.0M
2018 Citywide Pavement and Patching Overlay	\$0.9M	\$0.0M	\$0.9M
All Other Projects (7 Others Budgeted)	\$1.2M	\$0.2M	\$1.0M
Total	\$4.8M	\$0.3M	\$4.5M

*Components may not sum to total due to rounding.

Notes:

The A Street SE Preservation project is anticipated to be awarded in June 2019.

Fund 124 – Mitigation Fees

The Mitigation Fees fund is a special revenue fund funded from revenues from fees for new development that are assessed at the time applications are received for development activity. These revenues are used to address costs associated with City growth.

The fund houses two types of revenues: mitigation fees and impact fees. Mitigation fees are variable charges collected as a result of State Environmental Policy Act (SEPA) reviews and the City's determination that a project must pay additional fees to compensate for a unique effect that it has on the community. Impact fees are set charges collected automatically for a variety of projects. These fees are adopted annually by the City Council based on projects anticipated in the Capital Facilities plan over the next six years.

About \$141,000, or 11.8%, of annual budgeted revenues were received in Q1-2019. While lower than budget expectations, this still represents a \$51,000 increase over Q1-2018. Revenue performance this quarter is driven by lower than expected transportation impact fees; this is expected to change significantly in April due to the receipt of nearly \$600,000 in traffic impact fee revenue from the Young's Market truck warehouse and distribution center. Additionally, a transfer-in of approximately \$400,000 is expected in May to pay for traffic mitigations fees related to the Legacy Senior Housing Project and the Auburn Town Center.

Expenditures were significantly below budget due to the timing of capital projects funded by these revenues. Parks impact fees are planned to fund three projects with at least \$500,000 of budgeted expenditures (Game Farm Park Improvements, Downtown Auburn Arts Center, and 104th Avenue Master Plan).

Fund 124 - Mitigation Fees Summary of Sources and Uses Report Period Through: March 2019	BUDGET			YTD ACTUALS		
	Revenues	Expenditures	Ending Fund Balance	Revenues	Expenditures	Ending Fund Balance
Transportation Impact Fees	\$ 800,000	\$ 545,350	\$ 5,381,801	\$ 50,130	\$ 1,504	\$ 5,175,778
Transportation Mitigation Fees	-	-	67,905	-	-	67,905
Fire Impact Fees	100,000	75,000	212,773	1,451	-	189,224
Fire Mitigation Fees	-	-	81	-	-	81
Parks Impact Fees	100,000	2,055,000	3,086,936	17,500	-	5,059,436
Parks Mitigation Fees	-	300,000	40,702	-	-	340,702
School Impact Admin Fees	1,200	-	58,515	282	-	57,597
Wetland Mitigation Fees	-	5,000	33,861	-	-	38,861
Interest and Investment Income	195,000	-	195,000	71,613	-	71,613
Fees in Lieu of Improvements	-	-	24,413	-	-	24,413
Operating Transfers-In	-	-	-	-	-	-
Total	\$ 1,196,200	\$ 2,980,350	\$ 9,101,987	\$ 140,976	\$ 1,504	\$ 11,025,609

Beginning Fund Balance, January 2019	\$ 10,886,137
Net Change in Fund Balance, March 2019	139,472
Ending Fund Balance, March 2019	\$ 11,025,609
2019 Budgeted Ending Fund Balance	\$ 9,101,987

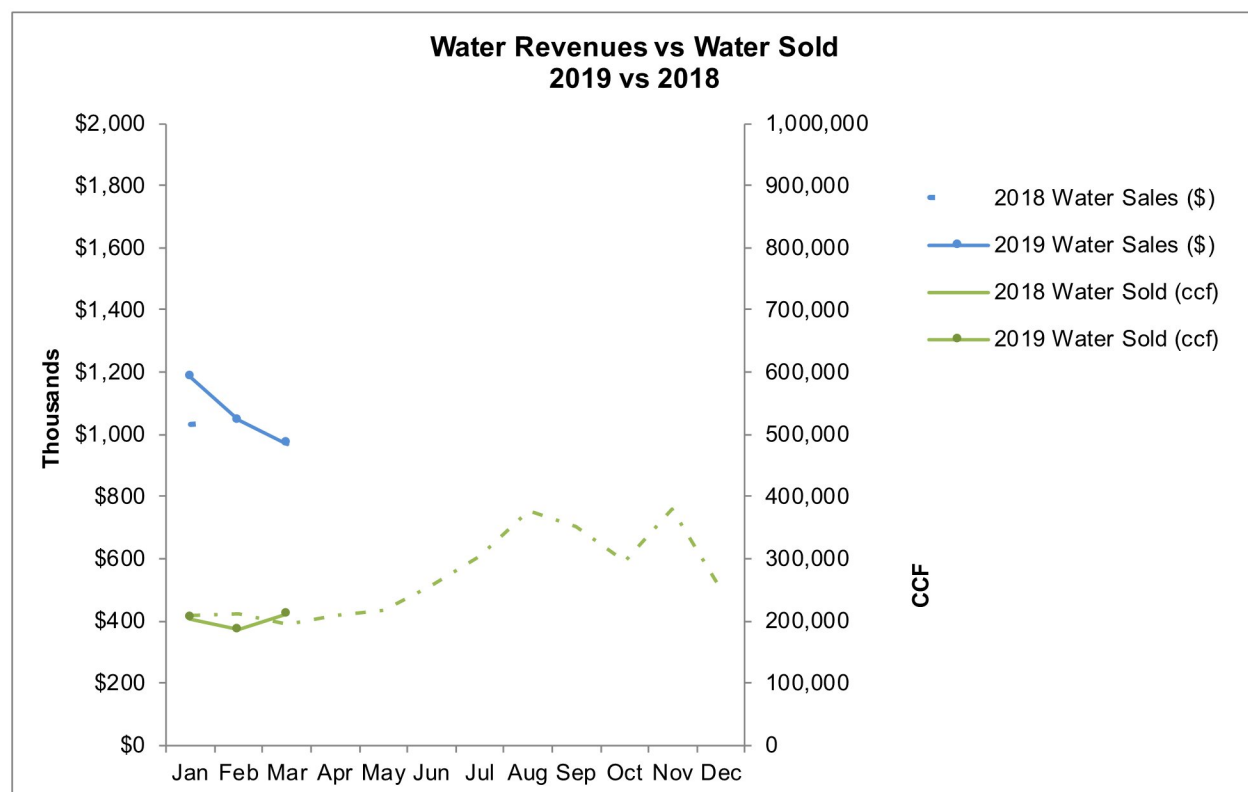
Enterprise Funds

Detailed income and expense statements for Enterprise and Internal Service funds can be found in an attachment at the end of this report. The attachment provides operating and – as applicable – capital fund reports for these funds showing budget, actuals, and variances. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working capital balance. This approach isolates those funds available for capital and cash flow needs for daily operations, and project managers will know exactly how much working capital is available for current and planned projects.

Starting in January 2019, all City utilities transitioned to a monthly usage billing schedule; previously, usage was only included in bimonthly billings for most customers. In order to facilitate this change, utility billing for services provided through December 2018 occurred in January 2019 and included additional days in most billing cycles. This resulted in higher than normal fourth quarter billings, and also a larger than usual proportion of billing revenue being accrued back to 2018 from January 2019 billings. Therefore, Q1-2019 revenues are lower than they would have been had the billing cycles remained unmodified. This is expected to be a one-time variance, and is generally offset by the changes to utility rates effective January 1, 2019.

In Q1-2019 the **Water Utility** had operating income before depreciation of \$1.3 million as compared with \$1.2 million during Q1-2018. Total Water Fund operating revenues are \$76,000 higher than in Q1-2018, mainly due to strong performance in water sales and interest income. Water sales revenue is directly impacted by the rate changes, which implemented rate increases across all water consumption categories. Operating expenditures in Q1-2019 are tracking closely with Q1-2018 expenditures, having increased by only \$33,000 or 1.7% across the entire fund.

Water sales by volume in Q1-2019 totaled 600,000 hundred cubic feet (ccf), as compared to 616,000 ccf in Q1-2018. Although Water revenue is up due to changes in rate structures, billable water consumption is down by 2.6%. For many years, the Water utility has seen a general trend of decreased year-over-year consumption per account due largely to conservation efforts and appliance efficiency improvements. Additionally, the City has not provided water to Water District #111 since its take-or-pay agreement expired and the Interlocal Agreement was amended at the end of 2016. And as noted above, the Q4-2018 billings saw increased consumption amounts due to additional days being included in the billing cycle. Some of this billing would previously have been included in the Q1-2019 amounts; since these were instead included in Q4-2018, consumption for Q1-2019 is commensurately lower.



The **Sewer Utility** finished Q1-2019 with operating income before depreciation of \$892,000 as compared to operating income of \$557,000 in Q1-2018. Operating revenues were higher than projected due to increased charges for City sewer service following the rate adjustment, as well as a \$203,000 refund from the Department of Revenue for overpayment of excise tax.

Expenditures in the Sewer Utility have increased by \$46,000 over Q1-2018, largely due to increased costs for employee benefits as well as tax payments. Although the dollar amount of expenditures has increased, the percentage of annual expenditure budget used is less than 1% different from Q1-2018 (19.88% of budget used, versus 19.17% in Q1-2018). First quarter budget usage has remained consistent for the last several years with the exception of Q1-2017, which saw a large spike due to a transfer of cash from the Sewer Operations fund to the Sewer Capital fund.

In Q1-2019, the **Stormwater Utility** had operating income before depreciation of \$857,000 compared with \$773,000 in Q1-2018. Overall revenues are up \$63,000 due to charges for City storm service, as well as strong investment income performance.

Expenditures in the Stormwater Utility are down \$51,000 from Q1-2018, contributing to the higher operating income noted above. Expenses for supplies are down \$9,000, while services and intergovernmental payments combined are down \$31,000 from Q1-2018.

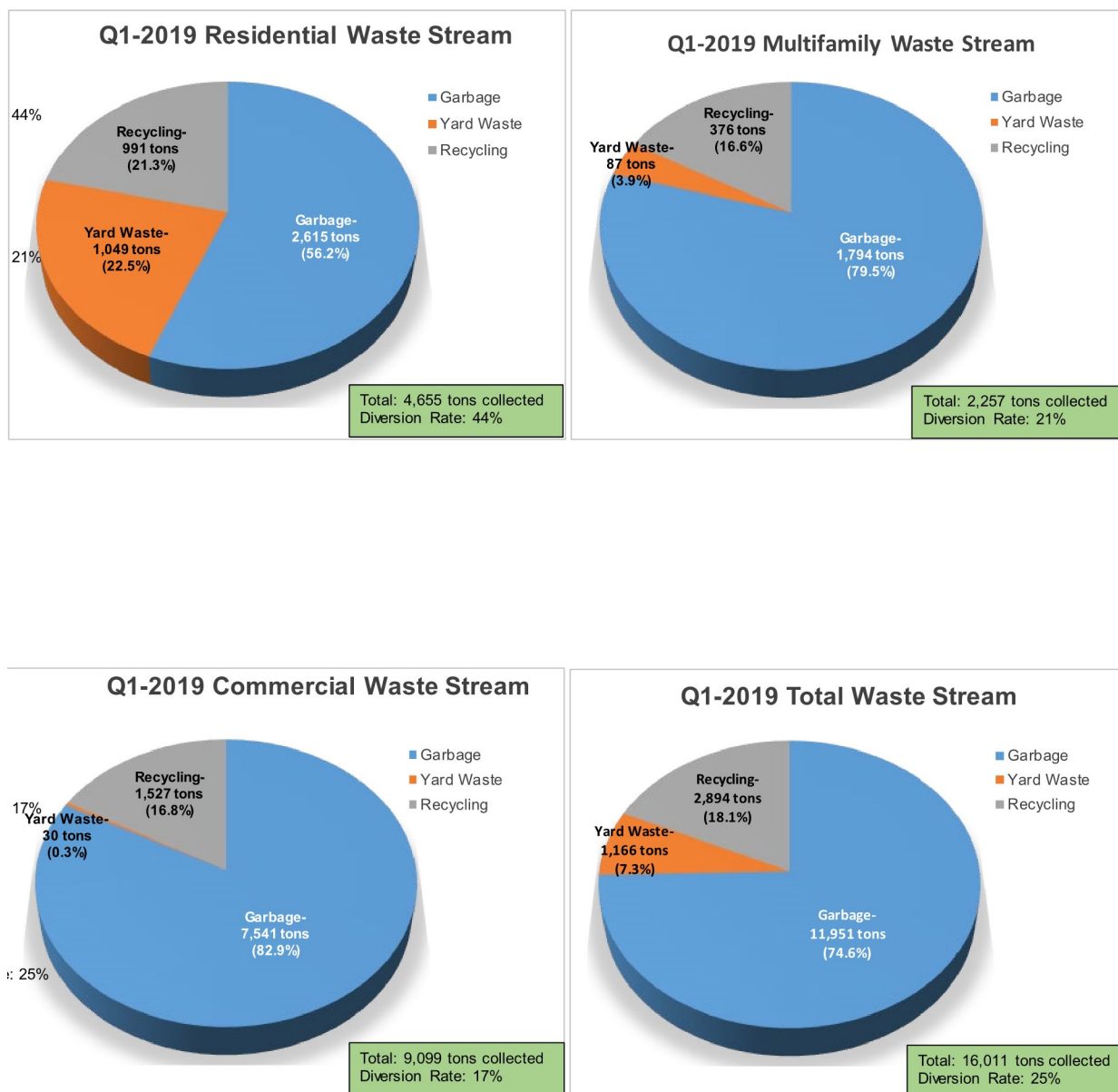
In Q1-2019 the **Solid Waste Utility** Fund had \$3.9 million in operating revenues, compared to \$3.7 million in operating expenditures. The City of Auburn's Solid Waste services are outsourced to Waste Management and to Republic Services, who manages the contract for the annexed areas. As of March 2019, Waste Management serviced 15,493 customers (79% of customers) and Republic Services serviced 4,128 customers (21% of customers).

The current mix of solid waste customer account types is:

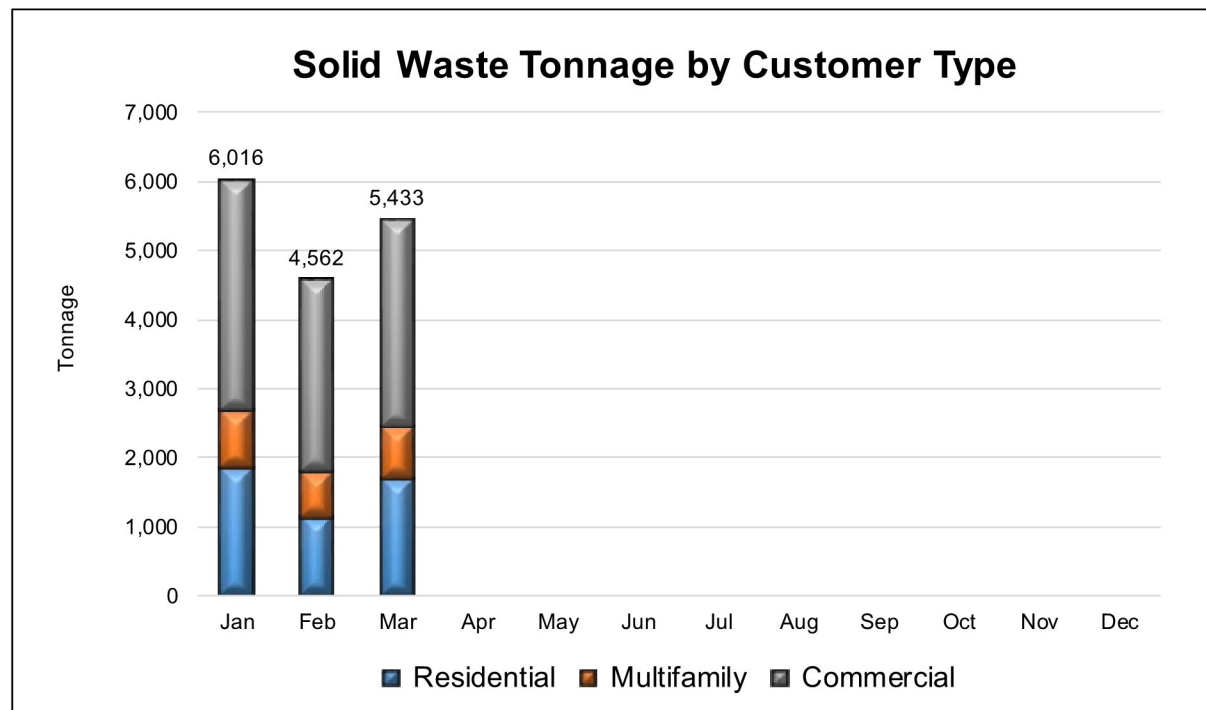
- 90% Residential
- 8% Commercial
- 2% Multifamily

The “diversion rate” is a measure of how much generated waste is not sent to the landfill; i.e., waste that is either recycled or collected yard waste. In Q1-2019, the total diversion rate was 25.4%, which represents a total of 4,100 tons of waste that was diverted from landfills.

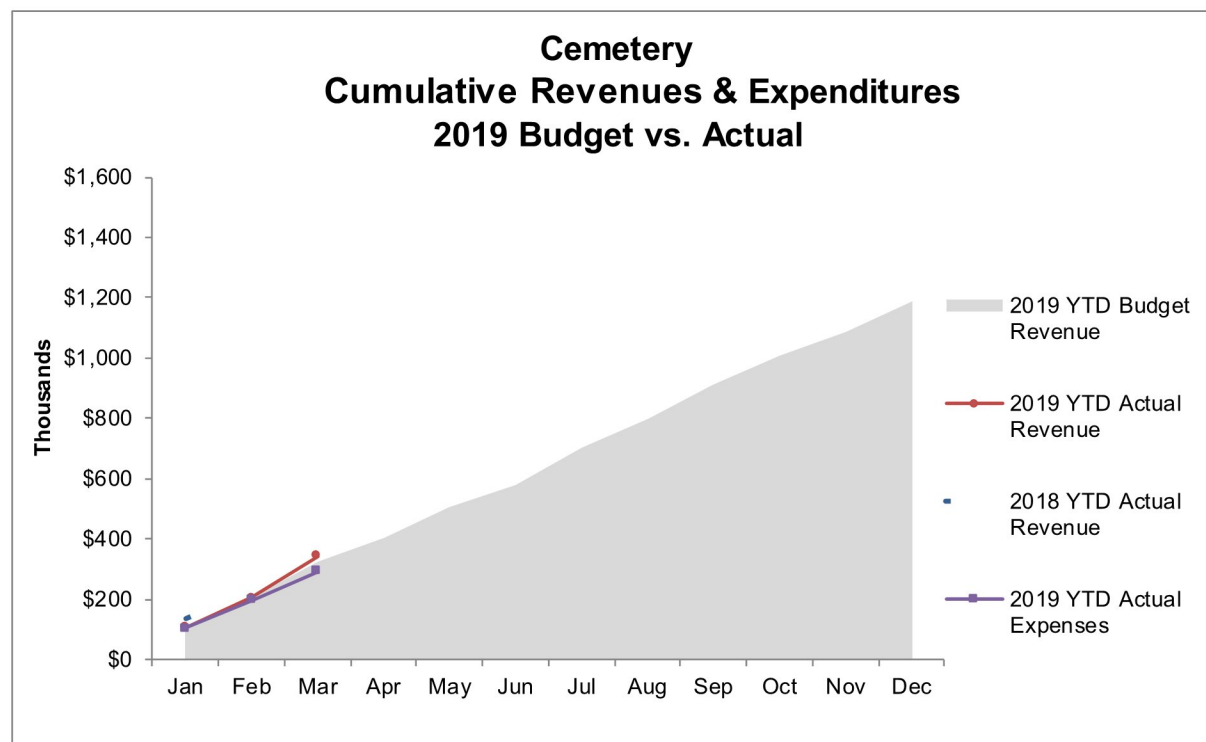
2019 Tons Collected and Diversion Rates:



Of the total tonnage collected in Q1-2019, 29% was collected from residential customers, 14% from multifamily customers, and 57% from commercial customers, as shown in the following graph.



In Q1-2019, the **Cemetery Fund** experienced operating income of \$51,000 as compared with an operating income of \$134,000 in Q1-2018. This variance is mainly due to decreased lot and marker sales thus far in 2019.



Internal Service Funds

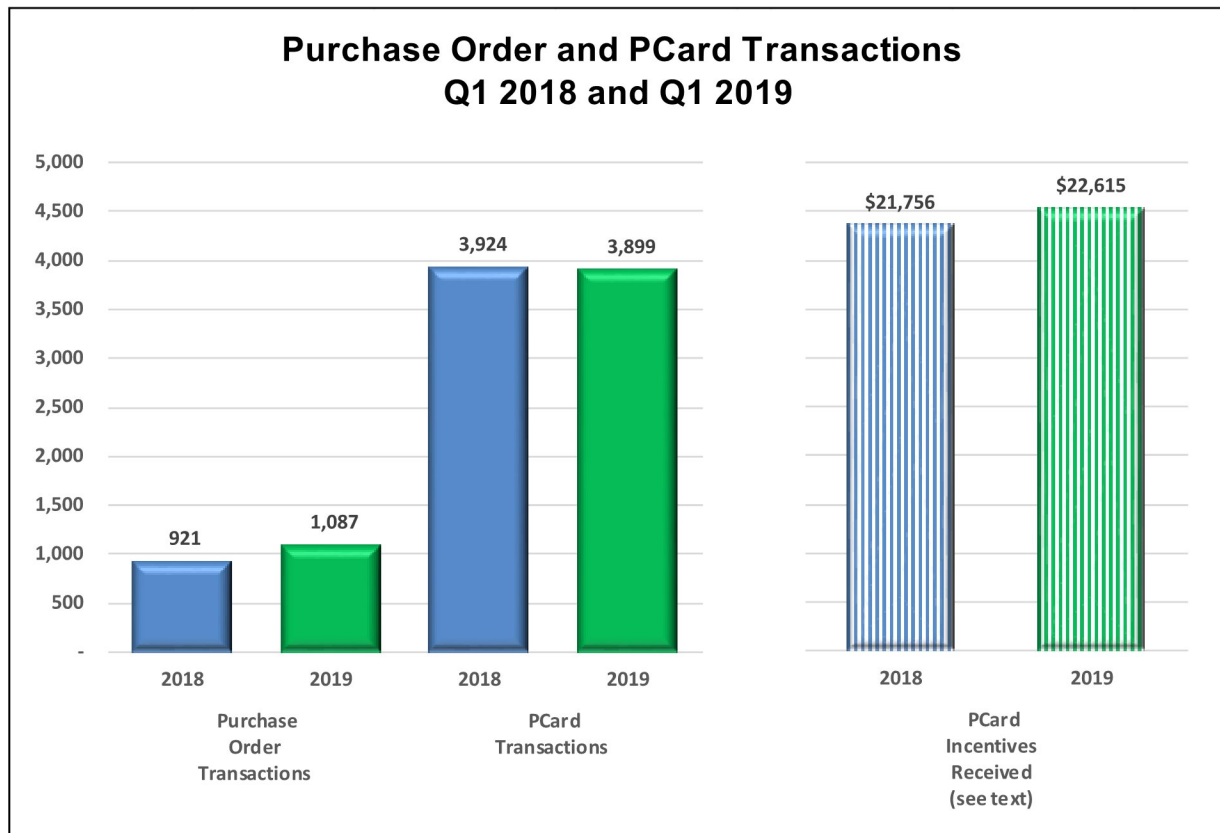
Operating expenditures within the **Insurance** Fund represent the premium cost pool that will be allocated monthly to other City funds over the course of 2019. As a result, the expenditure balance gradually diminishes each month throughout the year.

No significant variances are reported in the **Workers' Compensation, Facilities, Innovation & Technology**, or **Equipment Rental** Funds.

P-Card Statistics

The City has been actively promoting the use of P-Cards in lieu of purchase orders to minimize effort and maximize incentive payments from the vendor and the State. In Q1-2019, 3,899 P-Card transactions were processed as compared with 1,087 purchase order transactions.

Total incentive payments received from US Bank in Q1-2019 totaled \$22,615. These are estimated payments since the quarterly rebate checks are not actually received until the next quarter. Additionally, there is an annual incentive payment from the State that is received in Q2 of each year. The annual State incentive payment for 2018 was \$27,723 and was received in April of 2019.



Contact Information

This report is prepared by the Finance Department. Additional financial information can also be viewed at our website: <http://www.auburnwa.gov/>. For any questions about this report please contact Shelley Coleman at scoleman@auburnwa.gov.

City of Auburn
Investment Portfolio Summary
March 31, 2019

Investment Type	Purchase Date	Book Value	Maturity Date	Yield to Maturity
State Investment Pool	Various	\$ 97,428,352	Various	2.52%
KeyBank Money Market	Various	5,805,963	Various	0.15%
OpusBank Public Interest Acct	Various	10,281,141	Various	2.59%
FHLB	2/28/2018	2,001,840	2/28/2023	2.65%
FFCB	5/21/2018	1,997,160	10/21/2019	2.48%
FAMCA	6/27/2018	1,999,940	7/16/2020	2.50%
FFCB	7/16/2018	2,000,620	7/16/2020	2.60%
TX ST-BABs-A	8/8/2018	1,761,620	4/1/2020	2.68%
FFCB	8/27/2018	2,004,660	2/23/2021	2.70%
RFCSP	10/5/2018	5,032,674	10/15/2019	2.69%
RFCSP	12/14/2018	5,012,902	7/15/2020	2.73%
RFCSP	2/19/2019	4,999,824	1/15/2021	2.52%
Total Cash & Investments		<u>\$ 140,326,695</u>		<u>2.449%</u>

Investment Mix	% of Total	Summary	
State Investment Pool	69.4%	Current 6-month treasury rate	2.51%
KeyBank Money Market	4.1%	Current State Pool rate	2.52%
OpusBank Public Interest Acct	7.3%	KeyBank Money Market	0.15%
FHLB	1.4%	OpusBank Public Interest Acct	2.59%
FFCB	4.3%	Blended Auburn rate	2.45%
FAMCA	1.4%		
TX ST-BABs-A	1.3%		
RFCSP	10.7%		
	<u>100.0%</u>		

NAICS	CONSTRUCTION	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan '18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
236	Construction of Buildings	1,257,918	370,471	229,057	-38.2%
237	Heavy and Civil Construction	170,543	31,653	30,833	-2.6%
238	Specialty Trade Contractors	881,157	221,297	218,736	-1.2%
	TOTAL CONSTRUCTION	\$ 2,309,617	\$ 623,421	\$ 478,627	-23.2%
	<i>Overall Change from Previous Year</i>			<i>\$ (144,794)</i>	

NAICS	MANUFACTURING	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
311	Food Manufacturing	7,745	1,138	1,332	17.0%
312	Beverage and Tobacco Products	12,379	3,579	3,255	-9.1%
313	Textile Mills	559	195	111	-43.2%
314	Textile Product Mills	1,860	239	1,049	338.8%
315	Apparel Manufacturing	347	45	149	231.3%
316	Leather and Allied Products	221	17	81	366.3%
321	Wood Product Manufacturing	16,224	3,981	2,113	-46.9%
322	Paper Manufacturing	12,982	1,901	3,569	87.7%
323	Printing and Related Support	46,020	14,284	10,605	-25.8%
324	Petroleum and Coal Products	9,780	3,827	1,934	-49.5%
325	Chemical Manufacturing	12,512	1,932	1,696	-12.2%
326	Plastics and Rubber Products	8,844	2,251	1,611	-28.4%
327	Nonmetallic Mineral Products	21,776	3,678	4,797	30.4%
331	Primary Metal Manufacturing	4,065	374	2,902	676.7%
332	Fabricated Metal Product Manuf	26,115	6,065	8,490	40.0%
333	Machinery Manufacturing	24,283	5,733	6,473	12.9%
334	Computer and Electronic Product	7,184	1,415	1,179	-16.7%
335	Electric Equipment, Appliances	791	289	111	-61.6%
336	Transportation Equipment Man	488,093	103,628	101,977	-1.6%
337	Furniture and Related Products	19,899	4,798	6,622	38.0%
339	Miscellaneous Manufacturing	32,607	9,683	9,837	1.6%
	TOTAL MANUFACTURING	\$ 754,285	\$ 169,053	\$ 169,895	0.5%
	<i>Overall Change from Previous Year</i>			<i>\$ 842</i>	

NAICS	TRANSPORTATION AND WAREHOUSING	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
481	Air Transportation	3	0	0	N/A
482	Rail Transportation	25,453	3,058	6,359	108.0%
484	Truck Transportation	26,564	676	4,238	526.6%
485	Transit and Ground Passengers	56	34	18	-45.5%
488	Transportation Support	52,211	11,143	9,593	-13.9%
491	Postal Service	1,007	81	201	147.9%
492	Couriers and Messengers	1,359	731	125	-82.9%
493	Warehousing and Storage	13,554	4,156	3,042	-26.8%
	TOTAL TRANSPORTATION	\$ 120,208	\$ 19,879	\$ 23,577	18.6%
	<i>Overall Change from Previous Year</i>			<i>\$ 3,698</i>	

NAICS	WHOLESALE TRADE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
423	Wholesale Trade, Durable Goods	1,147,872	326,801	269,095	-17.7%
424	Wholesale Trade, Nondurable	315,956	71,759	75,464	5.2%
425	Wholesale Electronic Markets	5,189	573	1,274	122.2%
	TOTAL WHOLESALE	\$ 1,469,017	\$ 399,133	\$ 345,833	-13.4%
	<i>Overall Change from Previous Year</i>			<i>\$(53,300)</i>	

NAICS	AUTOMOTIVE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
441	Motor Vehicle and Parts Dealer	3,843,704	937,343	909,857	-2.9%
447	Gasoline Stations	278,087	71,731	68,599	-4.4%
	TOTAL AUTOMOTIVE	\$ 4,121,791	\$ 1,009,073	\$ 978,456	-3.0%
	<i>Overall Change from Previous Year</i>			<i>\$(30,618)</i>	

NAICS	RETAIL TRADE	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
442	Furniture and Home Furnishings	209,879	58,930	58,187	-1.3%
443	Electronics and Appliances	229,028	62,268	73,485	18.0%
444	Building Material and Garden	576,468	120,424	135,866	12.8%
445	Food and Beverage Stores	387,928	95,309	97,453	2.2%
446	Health and Personal Care Store	420,087	104,997	117,213	11.6%
448	Clothing and Accessories	1,170,083	335,926	328,620	-2.2%
451	Sporting Goods, Hobby, Books	220,869	59,356	72,412	22.0%
452	General Merchandise Stores	870,096	303,944	238,772	-21.4%
453	Miscellaneous Store Retailers	689,386	156,904	229,538	46.3%
454	Nonstore Retailers	267,088	98,293	63,201	-35.7%
	TOTAL RETAIL TRADE	\$ 5,040,912	\$ 1,396,352	\$ 1,414,748	1.3%
	<i>Overall Change from Previous Year</i>			<i>\$ 18,396</i>	

NAICS	SERVICES	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
51*	Information	637,625	171,971	180,270	a 4.8%
52*	Finance and Insurance	140,135	36,056	34,212	-5.1%
53*	Real Estate, Rental, Leasing	367,824	101,573	128,624	26.6%
541	Professional, Scientific, Tech	253,684	66,138	77,320	16.9%
551	Company Management	16	2	12	473.5%
56*	Admin. Supp., Remed Svcs	423,760	86,053	131,909	53.3%
611	Educational Services	47,224	11,299	9,872	-12.6%
62*	Health Care Social Assistance	93,420	23,734	26,617	12.1%
71*	Arts and Entertainment	119,180	27,058	21,318	-21.2%
72*	Accommodation and Food Svcs	1,435,327	339,042	351,514	3.7%
81*	Other Services	560,054	137,544	146,829	6.8%
92*	Public Administration	150,574	43,513	485	-98.9%
	TOTAL SERVICES	\$ 4,228,822	\$ 1,043,983	\$ 1,108,980	6.2%
	<i>Overall Change from Previous Year</i>			<i>\$ 64,997</i>	

NAICS	MISCELLANEOUS	2018 Annual Total (Nov '17-Oct '18)	2018 YTD (Nov '17-Jan -18)	2019 YTD (Nov '18-Jan 19)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	3,656	1,117	1,694	51.7%
211-221	Mining & Utilities	26,370	5,167	5,659	9.5%
999	Unclassifiable Establishments	123,605	16,536	51,593	212.0%
	TOTAL SERVICES	\$ 153,632	\$ 22,820	\$ 58,947	158.3%
	<i>Overall Change from Previous Year</i>			<i>\$ 36,127</i>	

GRAND TOTAL	\$	18,198,285	\$	4,683,713	\$	4,579,062	
Overall Change from Previous Year					\$	(104,651)	-2.2%

Total March 2019 Sales Tax Distributions	\$	1,374,764
Dollar Increase from March 2018	\$	5,437
Percent Increase from March 2018		0.4%
Comparisons:		
March 2018	\$	1,369,327
March 2017	\$	1,335,792

Includes Adjustments in excess of +/- \$10,000.

a. WA State Department of Revenue audit adjustment to sales tax returns for February 2019 Reporting (adjustment: \$14,165).

OPERATING & CAPITAL FUNDS				ENTERPRISE FUNDS								
Cash Basis through March 2019	WATER			SEWER			SEWER METRO			STORM		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	15,471,500	3,193,584	(12,277,916)	9,014,200	2,213,908	(6,800,292)	18,370,000	4,485,856	(13,884,144)	10,085,900	2,498,290	(7,587,610)
Grants			-			-			-	-	-	-
Interest Earnings	20,000	54,249	34,249	20,000	32,827	12,827	2,500	8,438	5,938	15,000	30,737	15,737
Rents, Leases, Concessions, & Other	187,000	7,891	(179,109)	70,000	202,632	132,632	-	-	-	56,000	476	(55,524)
TOTAL OPERATING REVENUES	15,678,500	3,255,724	(12,422,776)	9,104,200	2,449,367	(6,654,833)	18,372,500	4,494,294	(13,878,206)	10,156,900	2,529,503	(7,627,397)
OPERATING EXPENSES												
Salaries & Wages	2,472,136	588,864	1,883,272	1,478,205	358,642	1,119,563	-	-	-	2,511,990	568,754	1,943,236
Benefits	1,335,528	306,434	1,029,094	783,349	186,202	597,147	-	-	-	1,329,580	296,072	1,033,508
Supplies	364,244	61,153	303,091	164,550	27,120	137,430	-	-	-	84,550	24,896	59,654
Other Service Charges	4,355,849	592,217	3,763,632	2,912,150	637,428	2,274,722	18,215,600	4,339,510	13,876,090	1,994,100	327,684	1,666,416
Intergovernmental Services (Less Transfers Out)				-	-	-				-	-	-
Waste Management Payments See Note												
Sewer Metro Services							-	-	-			
Debt Service Interest	1,092,600	-	1,092,600	245,500	-	245,500	-	-	-	311,100	-	311,100
Interfund Operating Rentals & Supplies	1,773,617	443,404	1,330,213	1,391,917	347,979	1,043,938	-	-	-	1,818,400	454,600	1,363,800
TOTAL OPERATING EXPENSES	11,393,974	1,992,072	9,401,902	6,975,671	1,557,372	5,418,299	18,215,600	4,339,510	13,876,090	8,049,720	1,672,006	6,377,714
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	4,284,526	1,263,652	(3,020,874)	2,128,529	891,995	(1,236,534)	156,900	154,784	(2,116)	2,107,180	857,497	(1,249,683)
NON-OPERATING REVENUES												
Operating Transfers-in	-	-	-									
Intergovernmental Loan	-	16,633	(16,633)									
Other Non-Operating Revenues					-							
NON-OPERATING EXPENSES												
Transfer to Capital Subfund	811,400	16,633	794,767	-	-	-				-	-	-
Other Operating Transfers-out	353,291	2,125	351,166	303,592	2,125	301,467				377,592	76,125	301,467
Debt Service Principal	1,775,400	-	1,775,400	563,400	-	563,400				438,000	-	438,000
Net Change in Restricted Net Assets	-	44,513	44,513	-	1,777	1,777				-	-	-
Interfund Loan Repayment												
BEGINNING WORKING CAPITAL - January 1, 2019	3,787,175	3,787,175	-	4,267,149	4,267,149	-	3,184,467	3,184,467	-	2,859,814	2,859,814	-
ENDING WORKING CAPITAL - March 31, 2019	5,131,610	5,004,189	(127,421)	5,528,686	5,155,242	(373,444)	3,341,367	3,339,251	(2,116)	4,151,402	3,641,186	(510,216)
NET CHANGE IN WORKING CAPITAL (see Note)	1,344,435	1,217,014	(127,421)	1,261,537	888,093	(373,444)	156,900	154,784	(2,116)	1,291,588	781,372	(510,216)
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue	10,000	11,936	1,936	80,000	81,238	1,238				80,000	35,400	(44,600)
Grants	100,000	-	(100,000)							-	-	-
Contributions			-	-	-	-				-	-	-
Other Non-Operating Revenue	-	-	-	-	-	-				-	-	-
Increase In Contributions - System Development	937,700	116,691	(821,009)	654,700	394,427	(260,273)				489,900	38,923	(450,977)
Interfund Revenues	-	-	-	-	-	-				-	-	-
Increase In Contributions - FAA	-	-	-	-	-	-				-	-	-
Proceeds of Debt Activity	7,178,300	-	(7,178,300)	-	-	-				-	-	-
Transfers In from Operating Sub-Fund	811,400	16,633	(794,767)	-	-	-				-	-	-
Transfer In from Other Funds	-	-	-	-	-	-				-	-	-
TOTAL CAPITAL REVENUES	9,037,400	145,260	(8,892,141)	734,700	475,666	(259,034)				569,900	74,324	(495,576)
CAPITAL EXPENSES												
Other Non-Operating Expense	-	-	-	-	-	-				-	-	-
Increase In Fixed Assets - Salaries	424,300	57,751	366,549	182,900	10,560	172,340				202,900	13,911	188,989
Increase In Fixed Assets - Benefits	169,700	27,306	142,394	73,100	5,405	67,695				81,100	6,501	74,599
Increase In Fixed Assets - Services	300	-	300	1,900	-	1,900				1,900	-	1,900
Increase In Fixed Assets - Site Improvements	-	1,085	(1,085)	-	-	-				-	-	-
Increase In Fixed Assets - Equipment	-	-	-	-	-	-				-	-	-
Increase In Fixed Assets - Construction	5,968,386	32,831	5,935,555	2,588,000	2,805	2,585,195				2,861,000	48,204	2,812,796
Operating Transfers Out	50,000	50,000	-	50,000	50,000	-				50,000	50,000	-
TOTAL CAPITAL EXPENSES	6,612,686	168,973	6,443,713	2,895,900	68,770	2,827,130				3,196,900	118,616	3,078,284
BEGINNING WORKING CAPITAL - January 1, 2019	138,010	138,010	-	11,210,691	11,210,691	-				13,328,488	13,328,488	-
ENDING WORKING CAPITAL - March 31, 2019	2,562,724	114,296	(2,448,428)	9,049,491	11,617,587	2,568,096				10,701,488	13,284,196	2,582,708
NET CHANGE IN WORKING CAPITAL (see Note)	2,424,714	(23,714)	(2,448,428)	(2,161,200)	406,896	2,568,096				(2,627,000)	(44,292)	2,582,708
Total Change in Working Capital	3,769,149	1,193,300	(2,575,849)	(899,663)	1,294,988	2,194,651	156,900	154,784	(2,116)	(1,335,412)	737,080	2,072,492
(*) Depreciation	3,612,800	992,049		2,333,400	571,854		-	-		2,184,100	526,865	
Working Capital = Current Assets minus Current Liabilities												

OPERATING & CAPITAL FUNDS	ENTERPRISE FUNDS									INTERNAL SERVICE FUNDS		
Cash Basis through March 2019	SOLID WASTE			AIRPORT			CEMETERY			INSURANCE		
	YTD			YTD			YTD			YTD		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	16,071,700	3,869,022	(12,202,678)	1,205,700	325,156	(880,544)	1,086,000	339,098	(746,902)	-	-	-
Grants	88,600	-	(88,600)	-	-	-	-	-	-	-	-	-
Interest Earnings	88,800	27,926	(60,874)	6,900	5,839	(1,061)	1,000	4,601	3,601	21,000	5,434	(15,566)
Rents, Leases, Concessions, & Other	-	2,753	2,753	6,000	2,281	(3,719)	-	-	-	-	-	-
TOTAL OPERATING REVENUES	16,249,100	3,899,702	(12,349,399)	1,218,600	333,276	(885,324)	1,087,000	343,699	(743,301)	21,000	5,434	(15,566)
OPERATING EXPENSES												
Salaries & Wages	-	-	-	207,803	52,798	155,005	464,932	107,345	357,587	-	-	-
Benefits	-	-	-	149,490	33,816	115,674	269,930	64,554	205,376	175,000	15,581	159,419
Supplies	53,400	183	53,217	202,200	79,930	122,270	221,700	61,106	160,594	-	-	-
Other Service Charges	2,123,775	326,658	1,797,117	173,800	46,144	127,656	151,500	20,484	131,016	5,600	918,240	(912,640)
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management Payments See Note	13,485,300	3,217,403	10,267,897	-	-	-	-	-	-	-	-	-
Sewer Metro Services	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Interest	-	-	-	3,700	312	3,388	-	-	-	-	-	-
Interfund Operating Rentals & Supplies	612,000	153,000	459,000	70,000	9,650	60,350	155,900	38,975	116,925	-	-	-
TOTAL OPERATING EXPENSES	16,274,475	3,697,244	12,577,231	806,993	222,651	584,342	1,263,962	292,464	971,498	180,600	933,821	(753,221)
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	(25,375)	202,458	227,833	411,607	110,626	(300,981)	(176,962)	51,235	228,197	(159,600)	(928,386)	(768,786)
NON-OPERATING REVENUES												
Operating Transfers-in							100,000	-	(100,000)	-	-	-
Intergovernmental Loan												
Other Non-Operating Revenues												
NON-OPERATING EXPENSES												
Transfer to Capital Subfund							100,000	-				
Other Operating Transfers-out	21,831	531	21,300	360,000	-	360,000	-	-	-			
Debt Service Principal				186,500	-	186,500	-	-	-			
Net Change in Restricted Net Assets				-	2,137	2,137	-	-	-			
Interfund Loan Repayment				42,100	10,339	31,761						
BEGINNING WORKING CAPITAL - January 1, 2019	5,556,175	5,556,175	-	434,633	434,633	-	441,060	441,060	-	1,928,070	1,928,070	-
ENDING WORKING CAPITAL - March 31, 2019	5,508,969	5,758,102	249,133	257,640	532,783	275,143	264,098	492,295	228,197	1,768,470	999,684	(768,786)
NET CHANGE IN WORKING CAPITAL (see Note)	(47,206)	201,927	249,133	(176,993)	98,150	275,143	(176,962)	51,235	228,197	(159,600)	(928,386)	(768,786)
CAPITAL FUND:	see Note											
CAPITAL REVENUES												
Interest Revenue				2,000	943	(1,057)	-	1,520	1,520			
Grants												
Contributions				91,700	(6)	(91,706)	-	-	-			
Other Non-Operating Revenue				-	-	-	-	-	-			
Increase In Contributions - System Development				-	-	-	-	-	-			
Interfund Revenues				-	-	-	-	-	-			
Increase In Contributions - FAA				1,650,000	-	(1,650,000)	-	-	-			
Proceeds of Debt Activity				-	-	-	-	-	-			
Transfers In from Operating Sub-Fund				-	-	-	100,000	-	(100,000)			
Transfer In from Other Funds				350,000	-	(350,000)	33,000	-	(33,000)			
TOTAL CAPITAL REVENUES				2,093,700	937	(2,092,763)	133,000	1,520	(131,480)			
CAPITAL EXPENSES												
Other Non-Operating Expense				-	-	-	-	-	-			
Increase In Fixed Assets - Salaries				4,300	57	4,243	-	-	-			
Increase In Fixed Assets - Benefits				1,700	41	1,659	-	-	-			
Increase In Fixed Assets - Services				100	-	100	100	-	100			
Increase In Fixed Assets - Site Improvements						-	-	-	-			
Increase In Fixed Assets - Equipment						-	-	-	-			
Increase In Fixed Assets - Construction				2,097,400	62,766	2,034,634	358,000	-	358,000			
Operating Transfers Out				37,000	-	37,000	-	-	-			
TOTAL CAPITAL EXPENSES				2,140,500	62,864	2,077,636	358,100	-	358,100			
BEGINNING WORKING CAPITAL - January 1, 2019				146,405	146,405	-	261,037	261,037	-			
ENDING WORKING CAPITAL - March 31, 2019				99,605	84,478	(15,127)	35,937	262,557	226,620			
NET CHANGE IN WORKING CAPITAL (see Note)				(46,800)	(61,927)	(15,127)	(225,100)	1,520	226,620			
Total Change in Working Capital	(47,206)	201,927		(223,793)	36,223	260,016	(402,062)	52,755	454,817	(159,600)	(928,386)	(768,786)

(*) Depreciation

Note: Includes March's Waste Management
payment (\$1,100,356), which will be made in April.

Working Capital = Current Assets
minus Current Liabilities

OPERATING & CAPITAL FUNDS	INTERNAL SERVICE FUNDS											
Cash Basis through March 2019	WORKER'S COMPENSATION			FACILITIES			INNOVATION & TECHNOLOGY			EQUIPMENT RENTAL		
	YTD			YTD			YTD			YTD		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	1,075,200	254,795	(820,406)	3,467,900	868,772	(2,599,128)	6,269,100	1,570,431	(4,698,669)	2,007,606	501,902	(1,505,704)
Grants			-	-	-	-			-			-
Interest Earnings	46,000	13,246	(32,754)	24,600	12,054	(12,546)	8,000	16,608	8,608	-	19,197	19,197
Rents, Leases, Concessions, & Other	50,000	3,424	(46,576)	-	-	-	-	-	-	-	3,350	3,350
TOTAL OPERATING REVENUES	1,171,200	271,465	(899,735)	3,492,500	880,826	(2,611,674)	6,277,100	1,587,038	(4,690,062)	2,007,606	524,449	(1,483,157)
OPERATING EXPENSES												
Salaries & Wages	-	-	-	728,510	165,530	562,980	2,070,555	482,153	1,588,402	604,034	159,796	444,238
Benefits	250,000	38,633	211,367	424,233	95,587	328,646	1,072,035	233,919	838,116	324,807	77,639	247,168
Supplies	-	-	-	140,220	27,245	112,975	463,150	61,454	401,696	987,400	198,949	788,451
Other Service Charges	448,315	113,758	334,557	1,761,950	299,508	1,462,442	2,648,900	754,533	1,894,367	493,050	98,622	394,428
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management Payments See Note												
Sewer Metro Services												
Debt Service Interest	-	-	-	-	-	-	-	-	-	2,700	487	2,213
Interfund Operating Rentals & Supplies	119,800	29,950	89,850	159,700	39,925	119,775	183,000	45,750	137,250	291,600	72,900	218,700
TOTAL OPERATING EXPENSES	818,115	182,341	635,774	3,214,613	627,794	2,586,819	6,437,640	1,577,809	4,859,831	2,703,591	608,394	2,095,197
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION	353,085	89,124	(263,961)	277,887	253,032	(24,855)	(160,540)	9,230	169,770	(695,985)	(83,945)	612,040
NON-OPERATING REVENUES												
Operating Transfers-in				40,000	-	(40,000)	152,010	-	(152,010)	-	-	-
Intergovernmental Loan												
Other Non-Operating Revenues												
NON-OPERATING EXPENSES												
Transfer to Capital Subfund												
Other Operating Transfers-out				679,950	-	679,950	-	-	-	-	-	-
Debt Service Principal												
Net Change in Restricted Net Assets				-	-	-	-	-	-	-	-	-
Interfund Loan Repayment												
BEGINNING WORKING CAPITAL - January 1, 2019	2,128,988	2,128,988	-	1,412,874	1,412,874	-	2,573,504	2,573,504	-	3,091,626	3,091,626	-
ENDING WORKING CAPITAL - March 31, 2019	2,482,073	2,218,112	(263,961)	1,050,811	1,665,906	615,095	2,564,974	2,582,734	17,760	2,395,641	3,007,681	612,040
NET CHANGE IN WORKING CAPITAL (see Note)	353,085	89,124	(263,961)	(362,063)	253,032	615,095	(8,530)	9,230	17,760	(695,985)	(83,945)	612,040
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue							-	9,185	9,185	-	24,027	24,027
Grants												
Contributions							-	-	-	-	-	-
Other Non-Operating Revenue							-	-	-	-	-	-
Increase In Contributions - System Development							-	-	-	-	-	-
Interfund Revenues							-	-	-	1,771,194	442,799	(1,328,395)
Increase In Contributions - FAA							-	-	-	-	-	-
Proceeds of Debt Activity							-	-	-	-	-	-
Transfers In from Operating Sub-Fund							-	-	-	-	-	-
Transfer In from Other Funds							-	-	-	970,800	-	(970,800)
TOTAL CAPITAL REVENUES							-	9,185	9,185	2,741,994	466,826	(2,275,168)
CAPITAL EXPENSES												
Other Non-Operating Expense							-	-	-	-	-	-
Increase In Fixed Assets - Salaries							-	1,642	(1,642)	-	-	-
Increase In Fixed Assets - Benefits							-	616	(616)	-	-	-
Increase In Fixed Assets - Services							300	-	300	500	-	500
Increase In Fixed Assets - Site Improvements												
Increase In Fixed Assets - Equipment							849,000	-	849,000	2,013,950	58,320	1,955,630
Increase In Fixed Assets - Construction							20,000	-	20,000	1,088,000	-	1,088,000
Operating Transfers Out							-	-	-	-	-	-
TOTAL CAPITAL EXPENSES							869,300	2,258	867,042	3,102,450	58,320	3,044,130
BEGINNING WORKING CAPITAL - January 1, 2019							1,169,997	1,169,997	-	3,663,110	3,663,110	-
ENDING WORKING CAPITAL - March 31, 2019							300,697	1,176,925	876,228	3,302,654	4,071,616	768,962
NET CHANGE IN WORKING CAPITAL (see Note)							(869,300)	6,928	876,228	(360,456)	408,506	768,962
Total Change in Working Capital	353,085	89,124	(263,961)	(362,063)	253,032	615,095	(877,830)	16,157	893,987	(1,056,441)	324,561	1,381,002

(*) Depreciation

Working Capital = Current Assets
minus Current Liabilities



AGENDA BILL APPROVAL FORM

Agenda Subject:

Ordinance No. 6720 (Coleman) (15 Minutes)

Date:

June 18, 2019

Department:

Finance

Attachments:

[Memo](#)

[Ordinance No. 6720](#)

[Schedule A](#)

[Schedule B](#)

Budget Impact:**Administrative Recommendation:**

City Council to introduce and adopt Ordinance No. 6720.

Background Summary:

Ordinance No. 6720 (Budget Amendment #3) amends the 2019-2020 Revised Budget as presented in the attached transmittal memorandum and supporting attachments.

The proposed budget amendment has been revised to reflect updated working capital balance adjustments for enterprise and internal service funds.

Reviewed by Council Committees:**Councilmember:****Staff:**

Coleman

Meeting Date: June 24, 2019

Item Number:



Interoffice Memorandum

To: City Council
From: Shelley Coleman, Finance Director
CC: Nancy Backus, Mayor
Date: June 19, 2019
Re: Ordinance #6720 – 2019-2020 Budget Amendment #3

Budget Amendment #3 is the third amendment of the City of Auburn's 2019-2020 biennial budget. The main purpose of this budget amendment is to adjust budgeted 2019 beginning fund balances to match actual 2018 ending fund balances per accounting records. Additional items included in this amendment are recognition of new revenue, either grants or transfers in from other supporting funds, requests for additional budget authority for projects and removal of discontinued programs. To identify requested changes to each fund, please refer to the accompanying ***Schedule A, Summary of 2019 Budget Adjustments by Fund***.

This budget amendment has been revised to reflect updated working capital balance adjustments for enterprise and internal service funds.

Fund Balance Adjustments: This amendment adjusts City-wide 2019 budgeted beginning fund balances to reflect actual ending balances as of the end of 2018. City-wide beginning fund balances are adjusted by a net increase of \$10.4 million.

Revenue Adjustments: This amendment recognizes new grants and updated revenue projections, including:

• Federal grant for Auburn Way South widening project (cp1622)	\$ 1,297,500
• Increase in projected property tax revenues	275,000
• Increase MIT casino emergency service revenues	370,000
• Interlocal grant funding for a third school resource officer (from ASD)	60,000
• WSDOE grant to complete the City's shoreline master plan	15,400
• WA Assoc. of Sheriffs & Police Chiefs grant for a speed feedback sign	3,500
• Geocaching Event grant (from Fund 104)	1,100
TOTAL	\$ 2,022,500

Funding Adjustments: Funding adjustment requests included in this budget amendment increase or decrease spending authority for existing programs. Significant funding adjustment requests include:

- Funding to replace lead service lines: Due to the availability of a low-interest loan from the Drinking Water State Revolving Fund (DWSRF), the City can accelerate its plan to replace lead service lines and associated water mains. The authorized loan amount is \$3,000,000. The availability of these funds also means a planned \$100,000 State grant and \$50,000 in Water capital fund balance will not be utilized for this project.
- Budget for DWSRF loan: In 2018, the City was awarded a DWSRF loan for \$1,340,000 for the Coal Creek Springs transmission replacement project. During design, it was determined that the current approach was infeasible, and the loan was converted to pre-construction costs only in the amount of \$300,000. The change also affects \$347,000 in interfund loans and \$1,030,200 in Water capital fund balance that are no longer needed.
- LEOFF1 benefits (General Fund): This amendment reduces the 2019 budget for LEOFF1 benefits by \$628,300 to better reflect historical actual expenditure levels. The adjustment results in a higher General Fund ending fund balance.
- Salaries and Benefits for Second School Resource Officer (General Fund): This amendment provides budget of \$114,300 in 2019 for salaries and benefits associated with the school resource officer that was added in 2018 in Budget Amendment #6 (Ordinance No. 6684). The offsetting revenue from the Auburn School District is already incorporated into the 2019 budget.
- Budget for repairs to traffic signals caused by vehicular accidents: The City typically pays for these repairs and is then reimbursed by insurance companies. This budget amendment request, in the amount of \$100,000, is offset by additional revenues.
- Budget for East Auburn access project. Through an agreement, the Muckleshoot Indian Tribe (MIT) will reimburse the City's cost of \$100,000 to provide technical guidance and support to MIT for this project, which is funded by WSDOT and led by MIT. The additional budget requested includes \$20,000 in consultant support costs and \$80,000 in City labor and benefit costs.
- Revised estimates for aviation fuel sales at the Auburn Airport: This amendment would update the preliminary estimates made during budget development for expenditures and revenues associated with the sale of aviation fuel (AVGas), increasing both revenues and expenditures by \$80,000.
- Funding for sidewalks on Auburn Way South: This requested budget amendment would provide \$75,000 in additional budget for the project that is needed to cover the cost of additional design and construction elements being required by WSDOT and anticipated increases due to a regional increase in construction bids.

New Requests: Significant new funding requests include:

• 2020 Arterial Street Preservation project (Fund 105)	\$ 699,400
• Replace two message boards (Fund 560)	72,000
• Add third School Resource Officer (70% funded by ASD)	67,200
• Purchase a man-lift and trailer (Fund 560)	<u>22,000</u>
TOTAL	\$ 896,600

The following table summarizes the current and revised budget as a result of this amendment.

Table 1: 2019 Budget as Amended

2019 Budget as Amended (through BA#2)	\$ 333,333,982
Budget Amendment #3 (Ord #6720)	<u>18,829,533</u>
Budget as Amended	\$ 352,163,515

Attachments:

- ❖ 1. Proposed Ordinance #6720 (Budget Amendment #3)
- ❖ 2. Summary of proposed 2019 budget adjustments by fund and department (Schedule A)
- ❖ 3. Summary of proposed changes to adopted 2019 budget by fund (Schedule B)

ORDINANCE NO. 6720

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AMENDING ORDINANCE NO. 6693, THE 2019-2020 BIENNIAL OPERATING BUDGET ORDINANCE, AS AMENDED BY ORDINANCE NO. 6712, AUTHORIZING AMENDMENT TO THE CITY OF AUBURN 2019-2020 BUDGET AS SET FORTH IN SCHEDULE "A" AND SCHEDULE "B"

WHEREAS, the Auburn City Council at its regular meeting of December 3, 2018, adopted Ordinance No. 6693 which adopted the City of Auburn 2019-2020 Biennial budget; and

WHEREAS, the Auburn City Council at its regular meeting of April 1, 2019, adopted Ordinance No. 6712 (BA#1) which amended Ordinance No. 6693 which adopted the City of Auburn 2019-2020 Biennial budget; and

WHEREAS, the Auburn City Council at its regular meeting of May 20, 2019, adopted Ordinance No. 6719 (BA#2) which amended Ordinance No. 6712 which amended the City of Auburn 2019-2020 Biennial budget; and

WHEREAS, the City of Auburn deems it necessary to appropriate additional funds to the various funds of the 2019 budget as outlined in this Ordinance (BA#3); and

WHEREAS, this Ordinance has been approved by one more than the majority of all councilpersons in accordance with RCW 35A.34.200.

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

Section 1. **Amendment of the 2019-2020 Biennial Budget.** The 2019-2020 Biennial Budget of the City of Auburn is amended pursuant to Chapter 35A.34 RCW, to reflect the revenues and expenditures as shown on Schedule “A” attached hereto and incorporated herein by reference. The Mayor of the City of Auburn, Washington is hereby authorized to utilize revenue and expenditure amounts shown on said Schedule “A” and Schedule “B”. A copy of said Schedule “A” and Schedule “B” is on file with the City Clerk and available for public inspection.

Section 2. **Implementation.** The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

Section 3. **Severability.** The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application of it to any person or circumstance, will not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 4. **Effective date.** This Ordinance will take effect and be in force five days from and after its passage, approval, and publication as provided by law.

INTRODUCED: _____

PASSED: _____

APPROVED: _____

NANCY BACKUS, MAYOR

ATTEST:

Shawn Campbell, MMC, City Clerk

APPROVED AS TO FORM:

Steven L. Gross, City Attorney

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
General Fund (#001)				
2019 Adopted Budget	18,037,042	72,145,986	77,788,165	12,394,863
Previous Budget Amendments	539,000	(27,700)	538,400	(27,100)
2019 Amended Budget	18,576,042	72,118,286	78,326,565	12,367,763
BA#3 (Ordinance #6720, Proposed):	3,074,234	941,000	1,147,900	2,867,334
General Fund Revenues:				
Increase budgeted property tax receipts to match long-term financial forecast	-	275,000	-	275,000
Increase budgeted revenue from MIT for casino emergency services	-	370,000	-	370,000
Community Development Department:				
WSDOE grant to complete the City's shoreline master plan	-	15,400	15,400	-
Budget for Crime Prevention Through Environ. Design training (w/ revenue offset)	-	8,800	8,800	-
Police Department:				
Continue funding for the second SRO (from 2018 BA#6; revenue already budgeted)	-	-	114,300	(114,300)
Budget for a third School Resource Officer 70% funded by ASD (no new FTEs)	-	67,200	14,200	53,000
New grant from WA Assoc. of Sheriffs & Police Chiefs for a speed feedback sign	-	3,500	3,500	-
Public Works Department:				
Incr. budget to cover repairs to traffic signals damaged by vehicular accidents	-	100,000	100,000	-
Add budget for East Auburn Access Project, to be funded by MIT	-	100,000	20,000	80,000
Administration Department:				
LTAC Board-approved grant to the City of Auburn for 2019 Geocaching Event	-	1,100	-	1,100
Non-Departmental:				
Reduce estimated LEOFF1 benefit expenditures to better reflect historical actuals	-	-	(628,300)	628,300
Adjust beginning fund balance / eliminate contra account (underexpenditures)	3,074,234	-	1,500,000	1,574,234
Revised 2019 Budget - Fund 001	21,650,276	73,059,286	79,474,465	15,235,097

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Arterial Street Fund (#102)				
2019 Adopted Budget	1,492,777	1,633,100	1,781,400	1,344,477
Previous Budget Amendments and CIP Carry-Forwards	611,413	1,383,641	2,070,054	(75,000)
2019 Amended Budget	2,104,190	3,016,741	3,851,454	1,269,477
BA#3 (Ordinance #6720, Proposed):	(41,819)	1,526,400	1,575,000	(90,419)
Adjust beginning fund balance	(41,819)	-	-	(41,819)
Incr funding for sidewalks on AWS (cp1705) due to WSDOT req'ts and cost incr	-	-	75,000	(75,000)
Funding for AWS widening proj. (cp1622; funded by grant and traffic impact fees)	-	1,500,000	1,500,000	-
Correct contractor payment from 2018 (entered in F460 should have been F102)	-	26,400	-	26,400
Revised 2019 Budget - Fund 102	2,062,371	4,543,141	5,426,454	1,179,058
Local Street Fund (#103)				
2019 Adopted Budget	1,650,780	1,912,000	2,605,900	956,880
Previous Budget Amendments and CIP Carry-Forwards	899,476	-	899,476	-
2019 Amended Budget	2,550,256	1,912,000	3,505,376	956,880
BA#3 (Ordinance #6720, Proposed):	249,701	-	-	249,701
Adjust beginning fund balance	249,701	-	-	249,701
Revised 2019 Budget - Fund 103	2,799,957	1,912,000	3,505,376	1,206,581
Hotel/Motel Tax Fund (#104)				
2019 Adopted Budget	108,571	153,600	160,050	102,121
Previous Budget Amendments	6,650	-	41,650	(35,000)
2019 Amended Budget	115,221	153,600	201,700	67,121
BA#3 (Ordinance #6720, Proposed):	82,454	-	-	82,454
Adjust beginning fund balance	82,454	-	-	82,454
LTAC Board-approved grant to the City of Auburn for 2019 Geocaching Event	-	-	-	-
104.00.557.300.41 PROFESSIONAL SERVICES			(1,100)	
104.00.597.300.55 OPERATING TRANSFERS OUT			1,100	
Revised 2019 Budget - Fund 104	197,675	153,600	201,700	149,575

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Arterial Street Preservation Fund (#105)				
2019 Adopted Budget	1,582,337	2,959,320	3,172,240	1,369,417
Previous Budget Amendments and CIP Carry-Forwards	998,143	793,170	1,791,313	-
2019 Amended Budget	2,580,480	3,752,490	4,963,553	1,369,417
BA#3 (Ordinance #6720, Proposed):	(536,021)	699,400	699,400	(536,021)
Adjust beginning fund balance	(536,021)	-	-	(536,021)
Transfer reserved REET funds for arterial street preservation projects (cp1926)	-	699,400	699,400	-
Revised 2019 Budget - Fund 105	2,044,459	4,451,890	5,662,953	833,396
Drug Forfeiture Fund (#117)				
2019 Adopted Budget	376,497	155,000	298,037	233,460
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	376,497	155,000	298,037	233,460
BA#3 (Ordinance #6720, Proposed):	80,697	-	9,400	71,297
Adjust beginning fund balance	80,697	-	-	80,697
Increase salaries and benefits in the Drug Forfeiture Fund to reflect Police CBA	-	-	9,400	(9,400)
Revised 2019 Budget - Fund 117	457,194	155,000	307,437	304,757
Housing & Comm Develop Fund (#119)				
2019 Adopted Budget	36,458	590,000	590,000	36,458
Previous Budget Amendments	-	269,900	269,900	-
2019 Amended Budget	36,458	859,900	859,900	36,458
BA#3 (Ordinance #6720, Proposed):	6,446	-	-	6,446
Adjust beginning fund balance	6,446	-	-	6,446
Revised 2019 Budget - Fund 119	42,904	859,900	859,900	42,904

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Recreation Trails Fund (#120)				
2019 Adopted Budget	64,326	7,100	-	71,426
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	64,326	7,100	-	71,426
BA#3 (Ordinance #6720, Proposed):	1,550	-	-	1,550
Adjust beginning fund balance	1,550	-	-	1,550
Revised 2019 Budget - Fund 120	65,876	7,100	-	72,976
BIA Fund (#121)				
2019 Adopted Budget	109,473	55,200	90,000	74,673
Previous Budget Amendments	5,400	-	5,400	-
2019 Amended Budget	114,873	55,200	95,400	74,673
BA#3 (Ordinance #6720, Proposed):	940	-	-	940
Adjust beginning fund balance	940	-	-	940
Revised 2019 Budget - Fund 121	115,813	55,200	95,400	75,613
Cumulative Reserve Fund (#122)				
2019 Adopted Budget	10,124,312	180,200	142,200	10,162,312
Previous Budget Amendments and CIP Carry-Forwards	-	-	-	-
2019 Amended Budget	10,124,312	180,200	142,200	10,162,312
BA#3 (Ordinance #6720, Proposed):	33,754	-	-	33,754
Adjust beginning fund balance	33,754	-	-	33,754
Revised 2019 Budget - Fund 122	10,158,066	180,200	142,200	10,196,066

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Mitigation Fees Fund (#124)				
2019 Adopted Budget	10,886,137	1,196,200	2,980,350	9,101,987
Previous Budget Amendments and CIP Carry-Forwards	962,356	416,200	1,228,556	150,000
2019 Amended Budget	11,848,493	1,612,400	4,208,906	9,251,987
BA#3 (Ordinance #6720, Proposed):	33,289	-	252,500	(219,211)
Adjust beginning fund balance	33,289	-	-	33,289
Funding for AWS widening proj. (cp1622; funded by grant and traffic impact fees)	-	-	202,500	(202,500)
Increase budget for Brannan Park synthetic infield project (cp1817)	-	-	50,000	(50,000)
Revised 2019 Budget - Fund 124	11,881,782	1,612,400	4,461,406	9,032,776
Local Revitalization 2010 C&D Bond Fund (#231)				
2019 Adopted Budget	11,396	590,300	589,800	11,896
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	11,396	590,300	589,800	11,896
BA#3 (Ordinance #6720, Proposed):	3,436	-	-	3,436
Adjust beginning fund balance	3,436	-	-	3,436
Revised 2019 Budget - Fund 231	14,832	590,300	589,800	15,332
LID Guarantee Fund (#249)				
2019 Adopted Budget	1,618	30	-	1,648
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	1,618	30	-	1,648
BA#3 (Ordinance #6720, Proposed):	15	-	-	15
Adjust beginning fund balance	15	-	-	15
Revised 2019 Budget - Fund 249	1,633	30	-	1,663

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
LID 350 Fund (#275)				
2019 Adopted Budget	8,709	7,350	7,400	8,659
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	8,709	7,350	7,400	8,659
BA#3 (Ordinance #6720, Proposed):	(4,956)	-	-	(4,956)
Adjust beginning fund balance	(4,956)	-	-	(4,956)
Revised 2019 Budget - Fund 275	3,753	7,350	7,400	3,703
Golf/Cemetery 2016 Refunding Fund (#276)				
2019 Adopted Budget	-	374,100	374,100	-
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	-	374,100	374,100	-
BA#3 (Ordinance #6720, Proposed):	19	-	-	19
Adjust beginning fund balance	19	-	-	19
Revised 2019 Budget - Fund 276	19	374,100	374,100	19
Parks Construction Fund (#321)				
2019 Adopted Budget	310,222	2,070,550	2,015,000	365,772
Previous Budget Amendments and CIP Carry-Forwards	184,924	1,100,085	1,285,009	-
2019 Amended Budget	495,146	3,170,635	3,300,009	365,772
BA#3 (Ordinance #6720, Proposed):	120,757	50,000	50,000	120,757
Adjust beginning fund balance	120,757	-	-	120,757
Increase budget for Brannan Park synthetic infield project (cp1817)	-	50,000	50,000	-
Revised 2019 Budget - Fund 321	615,903	3,220,635	3,350,009	486,529

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Capital Improvements Fund (#328)				
2019 Adopted Budget	10,404,627	5,775,300	8,500,550	7,679,377
Previous Budget Amendments and CIP Carry-Forwards	1,709,627	839,333	2,698,960	(150,000)
2019 Amended Budget	12,114,254	6,614,633	11,199,510	7,529,377
BA#3 (Ordinance #6720, Proposed):	1,211,410	75,000	774,400	512,010
Adjust beginning fund balance	1,211,410	-	-	1,211,410
Incr funding for sidewalks on AWS (cp1705) due to WSDOT req'ts and cost incr	-	75,000	75,000	-
Transfer reserved REET funds for arterial street preservation projects (cp1926)	-	-	699,400	(699,400)
Revised 2019 Budget - Fund 328	13,325,664	6,689,633	11,973,910	8,041,387
Local Revitalization Fund (#330)				
2019 Adopted Budget	380,500	104,000	484,500	-
Previous Budget Amendments and CIP Carry-Forwards	6,000	-	6,000	-
2019 Amended Budget	386,500	104,000	490,500	-
BA#3 (Ordinance #6720, Proposed):	(4,512)	-	(4,512)	-
Adjust beginning fund balance	(4,512)	-	(4,512)	-
Revised 2019 Budget - Fund 330	381,988	104,000	485,988	-
Water Fund (#430)				
2019 Adopted Budget	3,787,175	15,678,500	14,334,065	5,131,610
Previous Budget Amendments and CIP Carry-Forwards	128,200	-	128,200	-
2019 Amended Budget	3,915,375	15,678,500	14,462,265	5,131,610
BA#3 (Ordinance #6720, Proposed):	4,052,091	3,135,100	2,323,700	4,863,491
Adjust beginning fund balance	4,052,091	-	-	4,052,091
Adjust budget for Drinking Water Revolving Fund loan to pre-construction only	-	135,100	(676,300)	811,400
Incr funding to replace lead service lines due to new DWSRF loan (cp1922)	-	3,000,000	3,000,000	-
Revised 2019 Budget - Fund 430	7,967,466	18,813,600	16,785,965	9,995,101

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Sewer Fund (#431)				
2019 Adopted Budget	4,267,149	9,104,200	7,842,663	5,528,686
Previous Budget Amendments and CIP Carry-Forwards	25,100	-	25,100	-
2019 Amended Budget	4,292,249	9,104,200	7,867,763	5,528,686
BA#3 (Ordinance #6720, Proposed):	1,085,922	-	-	1,085,922
Adjust beginning fund balance	1,085,922	-	-	1,085,922
Revised 2019 Budget - Fund 431	5,378,171	9,104,200	7,867,763	6,614,608
Storm Drainage Fund (#432)				
2019 Adopted Budget	2,859,814	10,156,900	8,865,312	4,151,402
Previous Budget Amendments and CIP Carry-Forwards	26,800	-	26,800	-
2019 Amended Budget	2,886,614	10,156,900	8,892,112	4,151,402
BA#3 (Ordinance #6720, Proposed):	2,080,595	-	-	2,080,595
Adjust beginning fund balance	2,080,595	-	-	2,080,595
Revised 2019 Budget - Fund 432	4,967,209	10,156,900	8,892,112	6,231,997
Sewer Metro Sub Fund (#433)				
2019 Adopted Budget	3,184,467	18,372,500	18,215,600	3,341,367
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	3,184,467	18,372,500	18,215,600	3,341,367
BA#3 (Ordinance #6720, Proposed):	383,462	-	-	383,462
Adjust beginning fund balance	383,462	-	-	383,462
Revised 2019 Budget - Fund 433	3,567,929	18,372,500	18,215,600	3,724,829

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Solid Waste Fund (#434)				
2019 Adopted Budget	5,556,175	16,249,100	16,296,306	5,508,969
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	5,556,175	16,249,100	16,296,306	5,508,969
BA#3 (Ordinance #6720, Proposed):	126,864	-	-	126,864
Adjust beginning fund balance	126,864	-	-	126,864
Revised 2019 Budget - Fund 434	5,683,039	16,249,100	16,296,306	5,635,833
Airport Fund (#435)				
2019 Adopted Budget	434,633	1,218,600	1,353,493	299,740
Previous Budget Amendments	40,000	-	53,200	(13,200)
2019 Amended Budget	474,633	1,218,600	1,406,693	286,540
BA#3 (Ordinance #6720, Proposed):	116,285	80,000	80,000	116,285
Adjust beginning fund balance	116,285	-	-	116,285
Revise budgeted revenues and expenditures for aviation fuel sales	-	80,000	80,000	-
Revised 2019 Budget - Fund 435	590,918	1,298,600	1,486,693	402,825
Cemetery Fund (#436)				
2019 Adopted Budget	441,060	1,187,000	1,363,962	264,098
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	441,060	1,187,000	1,363,962	264,098
BA#3 (Ordinance #6720, Proposed):	309,598	-	-	309,598
Adjust beginning fund balance	309,598	-	-	309,598
Revised 2019 Budget - Fund 436	750,658	1,187,000	1,363,962	573,696

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Water Capital Fund (#460)				
2019 Adopted Budget	138,010	9,037,400	6,612,686	2,562,724
Previous Budget Amendments and CIP Carry-Forwards	2,710,441	697,616	3,928,057	(520,000)
2019 Amended Budget	2,848,451	9,735,016	10,540,743	2,042,724
BA#3 (Ordinance #6720, Proposed):	(879,957)	1,876,700	796,500	200,243
Adjust beginning fund balance	(879,957)	-	-	(879,957)
Adjust budget for Drinking Water Revolving Fund loan to pre-construction only	-	(1,023,300)	(2,053,500)	1,030,200
Correct contractor payment from 2018 (entered in F460 should have been F102)	-	-	-	-
460.00.590.100.65 CONSTRUCTION PROJECTS			(26,400)	
460.00.597.100.55 OPERATING TRANSFER OUT			26,400	
Incr funding to replace lead service lines due to new DWSRF loan (cp1922)	-	2,900,000	2,850,000	50,000
Revised 2019 Budget - Fund 460	1,968,494	11,611,716	11,337,243	2,242,967
Sewer Capital Fund (#461)				
2019 Adopted Budget	11,210,691	734,700	2,895,900	9,049,491
Previous Budget Amendments and CIP Carry-Forwards	1,029,608	-	1,029,608	-
2019 Amended Budget	12,240,299	734,700	3,925,508	9,049,491
BA#3 (Ordinance #6720, Proposed):	146,047	-	-	146,047
Adjust beginning fund balance	146,047	-	-	146,047
Revised 2019 Budget - Fund 461	12,386,346	734,700	3,925,508	9,195,538
Storm Drainage Capital Fund (#462)				
2019 Adopted Budget	13,328,488	569,900	3,196,900	10,701,488
Previous Budget Amendments	464,293	181,965	646,258	-
2019 Amended Budget	13,792,781	751,865	3,843,158	10,701,488
BA#3 (Ordinance #6720, Proposed):	(1,496,283)	-	-	(1,496,283)
Adjust beginning fund balance	(1,496,283)	-	-	(1,496,283)
Revised 2019 Budget - Fund 462	12,296,498	751,865	3,843,158	9,205,205

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Airport Capital Fund (#465)				
2019 Adopted Budget	146,405	2,093,700	2,140,500	99,605
Previous Budget Amendments and CIP Carry-Forwards	100,562	730,346	867,108	(36,200)
2019 Amended Budget	246,967	2,824,046	3,007,608	63,405
BA#3 (Ordinance #6720, Proposed):	(35,086)	-	-	(35,086)
Adjust beginning fund balance	(35,086)	-	-	(35,086)
Revised 2019 Budget - Fund 465	211,881	2,824,046	3,007,608	28,319
Cemetery Capital Fund (#466)				
2019 Adopted Budget	261,037	133,000	358,100	35,937
Previous Budget Amendments and CIP Carry-Forwards	-	22,442	22,442	-
2019 Amended Budget	261,037	155,442	380,542	35,937
BA#3 (Ordinance #6720, Proposed):	(7,685)	-	-	(7,685)
Adjust beginning fund balance	(7,685)	-	-	(7,685)
Revised 2019 Budget - Fund 466	253,352	155,442	380,542	28,252
Insurance Fund (#501)				
2019 Adopted Budget	1,928,070	21,000	180,600	1,768,470
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	1,928,070	21,000	180,600	1,768,470
BA#3 (Ordinance #6720, Proposed):	4,456	-	-	4,456
Adjust beginning fund balance	4,456	-	-	4,456
Revised 2019 Budget - Fund 501	1,932,526	21,000	180,600	1,772,926

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Workers' Comp Fund (#503)				
2019 Adopted Budget	2,128,988	1,171,200	818,115	2,482,073
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	2,128,988	1,171,200	818,115	2,482,073
BA#3 (Ordinance #6720, Proposed):	(956,046)	-	-	(956,046)
Adjust beginning fund balance	(956,046)	-	-	(956,046)
Revised 2019 Budget - Fund 503	1,172,942	1,171,200	818,115	1,526,027
Facilities Fund (#505)				
2019 Adopted Budget	1,412,874	3,532,500	3,894,563	1,050,811
Previous Budget Amendments	136,000	(31,400)	288,000	(183,400)
2019 Amended Budget	1,548,874	3,501,100	4,182,563	867,411
BA#3 (Ordinance #6720, Proposed):	285,123	-	-	285,123
Adjust beginning fund balance	285,123	-	-	285,123
Revised 2019 Budget - Fund 505	1,833,997	3,501,100	4,182,563	1,152,534
Innovation & Technology Fund (#518)				
2019 Adopted Budget	2,573,504	6,429,110	6,437,640	2,564,974
Previous Budget Amendments	124,500	118,200	242,700	-
2019 Amended Budget	2,698,004	6,547,310	6,680,340	2,564,974
BA#3 (Ordinance #6720, Proposed):	96,070	-	-	96,070
Adjust beginning fund balance	96,070	-	-	96,070
Revised 2019 Budget - Fund 518	2,794,074	6,547,310	6,680,340	2,661,044

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Equipment Rental Fund (#550)				
2019 Adopted Budget	3,091,626	2,007,606	2,746,591	2,352,641
Previous Budget Amendments	-	-	104,600	(104,600)
2019 Amended Budget	3,091,626	2,007,606	2,851,191	2,248,041
BA#3 (Ordinance #6720, Proposed):	331,225	-	-	331,225
Adjust beginning fund balance	331,225	-	-	331,225
Revised 2019 Budget - Fund 550	3,422,851	2,007,606	2,851,191	2,579,266
Equipment Rental Capital Fund (#560)				
2019 Adopted Budget	3,663,110	2,741,994	3,102,450	3,302,654
Previous Budget Amendments and CIP Carry-Forwards	46,400	75,200	371,500	(249,900)
2019 Amended Budget	3,709,510	2,817,194	3,473,950	3,052,754
BA#3 (Ordinance #6720, Proposed):	60,622	62,000	156,000	(33,378)
Replace two message board units that are past their useful lives (fully paid in)	-	-	72,000	(72,000)
Vehicle for third School Resource Officer (incl. \$60k in funding from ASD)	-	62,000	62,000	-
Adjust beginning fund balance	60,622	-	-	60,622
Purchase man-lift and trailer for Facilities Dept (funding in 2019 adopted budget)	-	-	22,000	(22,000)
Revised 2019 Budget - Fund 560	3,770,132	2,879,194	3,629,950	3,019,376
IT Capital Fund (#568)				
2019 Adopted Budget	1,169,997	-	869,300	300,697
Previous Budget Amendments and CIP Carry-Forwards	-	22,500	22,500	-
2019 Amended Budget	1,169,997	22,500	891,800	300,697
BA#3 (Ordinance #6720, Proposed):	356,536	12,200	12,200	356,536
Adjust beginning fund balance	356,536	-	-	356,536
Vehicle electronics for third School Resource Officer	-	12,200	12,200	-
Revised 2019 Budget - Fund 568	1,526,533	34,700	904,000	657,233

Schedule A
Summary of 2019 Budget Adjustments by Fund
Budget Amendment #3 (Ordinance #6720)

	Beg. Fund Balance	2019 Revenues	2019 Expenditures	Ending Fund Balance
Fire Pension Fund (#611)				
2019 Adopted Budget	2,205,369	120,900	215,120	2,111,149
Previous Budget Amendments	-	-	-	-
2019 Amended Budget	2,205,369	120,900	215,120	2,111,149
BA#3 (Ordinance #6720, Proposed):	27,922	-	5,000	22,922
Increase budget for actuarial services	-	-	5,000	(5,000)
Adjust beginning fund balance	27,922	-	-	27,922
Revised 2019 Budget - Fund 611	2,233,291	120,900	220,120	2,134,071
Cemetery Endowment Fund (#701)				
2019 Adopted Budget	1,817,409	45,000	33,000	1,829,409
Previous Budget Amendments and CIP Carry-Forwards	22,442	-	22,442	-
2019 Amended Budget	1,839,851	45,000	55,442	1,829,409
BA#3 (Ordinance #6720, Proposed):	56,978	-	-	56,978
Adjust beginning fund balance	56,978	-	-	56,978
Revised 2019 Budget - Fund 701	1,896,829	45,000	55,442	1,886,387
Grand Total - All Funds				
2019 Adopted Budget	121,191,833	194,308,846	207,147,258	108,353,421
Previous Budget Amendments	10,777,335	6,591,498	18,613,233	(1,244,400)
2019 Amended Budget	131,969,168	200,900,344	225,760,491	107,109,021
TOTAL BA#3 (Ordinance #6720, Proposed)	10,456,133	8,457,800	7,877,488	11,036,445
Revised 2019 Budget	142,425,301	209,358,144	233,637,979	118,145,466
		351,783,445		351,783,445

Schedule B

2019 Appropriations by Fund

Fund	2019 Adopted Budget	BA#1 (Ord #6712)	CIP CFs	BA#2 (Ord #6719)	BA#3 (Ord #6720)	Total Amendments	Revised Budget
General Fund (#001)	90,183,028	511,300	-	141,910	4,015,234	4,668,444	94,851,472
Arterial Street Fund (#102)	3,125,877	-	1,995,054	-	1,484,581	3,479,635	6,605,512
Local Street Fund (#103)	3,562,780	-	899,476	-	249,701	1,149,177	4,711,957
Hotel/Motel Tax Fund (#104)	262,171	6,650	-	-	82,454	89,104	351,275
Arterial Street Preservation Fund (#105)	4,541,657	-	1,791,313	-	163,379	1,954,692	6,496,349
Drug Forfeiture Fund (#117)	531,497	-	-	-	80,697	80,697	612,194
Housing & Comm Develop Fund (#119)	626,458	269,900	-	-	6,446	276,346	902,804
Recreation Trails Fund (#120)	71,426	-	-	-	1,550	1,550	72,976
BIA Fund (#121)	164,673	5,400	-	-	940	6,340	171,013
Cumulative Reserve Fund (#122)	10,304,512	-	84,400	-	33,754	118,154	10,422,666
Mitigation Fees Fund (#124)	12,082,337	150,000	1,228,556	-	33,289	1,411,845	13,494,182
1998 GO Library Bond Fund (#229)	-	-	-	-	-	-	-
City Hall Annex 2010 A&B Bond Fund (#230)	1,664,900	-	-	-	-	-	1,664,900
Local Revitalization 2010 C&D Bond Fund (#231)	601,696	-	-	-	3,436	3,436	605,132
SCORE Debt Service Fund (#238)	2,129,800	-	-	-	-	-	2,129,800
LID Guarantee Fund (#249)	1,648	-	-	-	15	15	1,663
LID 350 Fund (#275)	16,059	-	-	-	(4,956)	(4,956)	11,103
Golf/Cemetery 2016 Refunding Fund (#276)	374,100	-	-	-	19	19	374,119
Parks Construction Fund (#321)	2,380,772	-	1,285,009	-	170,757	1,455,766	3,836,538
Capital Improvements Fund (#328)	16,179,927	54,000	2,494,960	-	1,286,410	3,835,370	20,015,297
Local Revitalization Fund (#330)	484,500	-	6,000	-	(4,512)	1,488	485,988
Water Fund (#430)	19,465,675	115,200	13,000	-	7,187,191	7,315,391	26,781,066
Sewer Fund (#431)	13,371,349	12,100	13,000	-	1,085,922	1,111,022	14,482,371
Storm Drainage Fund (#432)	13,016,714	13,800	13,000	-	2,080,595	2,107,395	15,124,109
Sewer Metro Sub Fund (#433)	21,556,967	-	-	-	383,462	383,462	21,940,429
Solid Waste Fund (#434)	21,805,275	-	-	-	126,864	126,864	21,932,139
Airport Fund (#435)	1,653,233	40,000	-	-	196,285	236,285	1,889,518
Cemetery Fund (#436)	1,628,060	-	-	-	309,598	309,598	1,937,658
Water Capital Fund (#460)	9,175,410	-	3,408,057	-	996,743	4,404,800	13,580,210
Sewer Capital Fund (#461)	11,945,391	-	1,029,608	-	146,047	1,175,655	13,121,046
Storm Drainage Capital Fund (#462)	13,898,388	-	646,258	-	(1,496,283)	(850,025)	13,048,363
Airport Capital Fund (#465)	2,240,105	-	830,908	-	(35,086)	795,822	3,035,927
Cemetery Capital Fund (#466)	394,037	-	22,442	-	(7,685)	14,757	408,794
Insurance Fund (#501)	1,949,070	-	-	-	4,456	4,456	1,953,526
Workers' Comp Fund (#503)	3,300,188	-	-	-	(956,046)	(956,046)	2,344,142
Facilities Fund (#505)	4,945,374	104,600	-	4,500	285,123	394,223	5,339,597
Innovation & Technology Fund (#518)	9,002,614	242,700	-	13,500	96,070	352,270	9,354,884
Equipment Rental Fund (#550)	5,099,232	-	-	-	331,225	331,225	5,430,457
Equipment Rental Capital Fund (#560)	6,405,104	82,600	39,000	-	122,622	244,222	6,649,326
IT Capital Fund (#568)	1,169,997	22,500	-	-	368,736	391,236	1,561,233
Fire Pension Fund (#611)	2,326,269	-	-	-	27,922	27,922	2,354,191
SKHHP Fund (#654)	-	-	-	220,160	-	220,160	220,160
Cemetery Endowment Fund (#701)	1,862,409	-	22,442	-	56,978	79,420	1,941,829
Total	315,500,679	1,630,750	15,822,483	380,070	18,913,933	36,747,236	352,247,915



AGENDA BILL APPROVAL FORM

Agenda Subject:

Cyber Security Update (Travis) (20 Minutes)

Department:

City Council

Attachments:

[Innovation Technology Cyber Security
Presentation](#)

Date:

June 20, 2019

Budget Impact:

Current Budget: \$0

Proposed Revision: \$0

Revised Budget: \$0

Administrative Recommendation:**Background Summary:****Reviewed by Council Committees:****Councilmember:**

Meeting Date: June 24, 2019

Staff:

Travis

Item Number:



Innovation & Technology Cybersecurity



What is Cybersecurity?



Merriam-Webster

: measures taken to protect a computer or computer system against unauthorized access or attack

A smartphone is shown at an angle, displaying a photograph of a modern, multi-story building with a glass facade. The phone is positioned in the lower-left quadrant of the slide. The background of the entire slide is a blurred image of server racks, with the left side being a dark, vertical band and the right side being a lighter, horizontal band.

Top Threats

- Malware
- Web-based Attacks
- Denial-of-Service
- Malicious Insiders
- Social-Engineering

\$13.0m

**Average cost of cybercrime
in 2018**

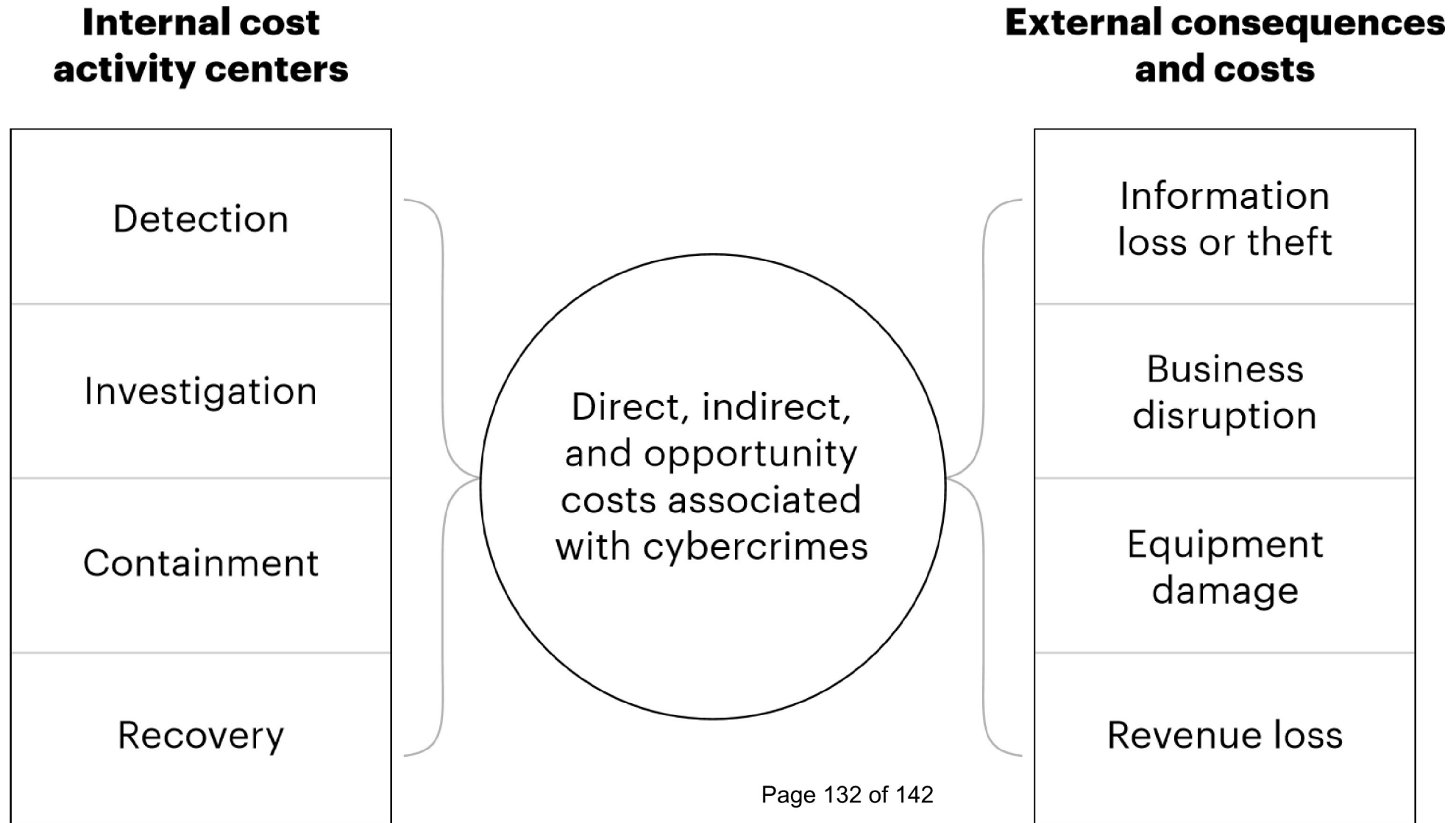
+12%

Increase in the last year

=72%

Increase in the last 5 years

COST FRAMEWORK FOR CYBERCRIME





Email Threat



Mitigation Strategy



Partners

- State Auditors Office
- Emergency Management
- Homeland Security
- WCIA

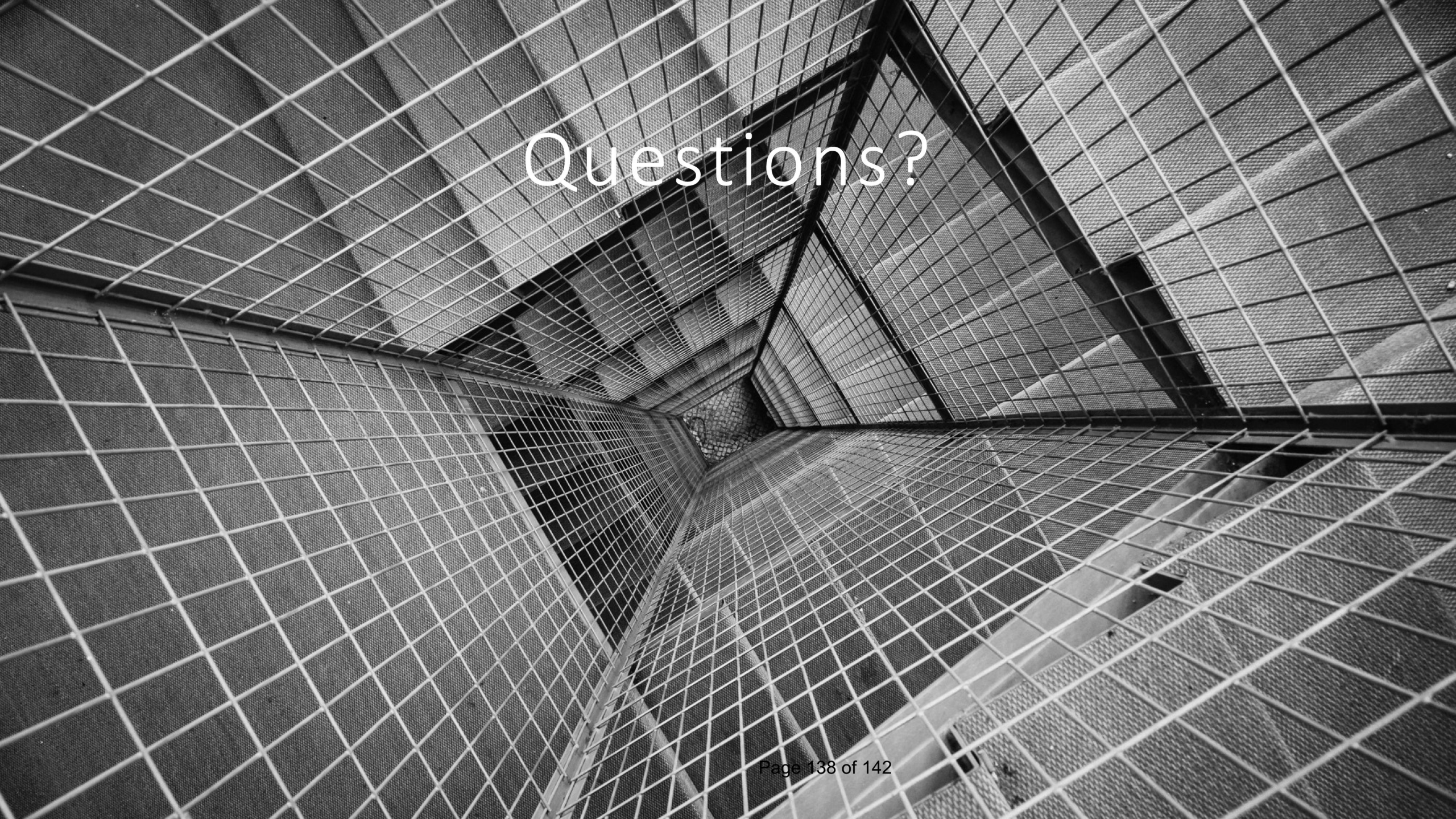


Practices

- Infrastructure Analysis
- Internal Security Reviews
- Data Protection / Encryption
- Artificial Intelligence
- Whitelisting / Blacklisting



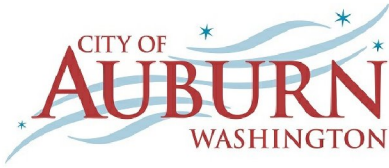
Wrap up



Questions?



THANK YOU



AGENDA BILL APPROVAL FORM

Agenda Subject:

Matrix

Date:

June 20, 2019

Department:

City Council

Attachments:

[Special Focus Area](#)

[Matrix](#)

Budget Impact:

Current Budget: \$0

Proposed Revision: \$0

Revised Budget: \$0

Administrative Recommendation:**Background Summary:****Reviewed by Council Committees:****Councilmember:**

Meeting Date: June 24, 2019

Staff:

Item Number:

SPECIAL FOCUS AREAS

COMMUNITY WELLNESS	FINANCE, TECHNOLOGY, & ECONOMIC DEVELOPMENT	PUBLIC WORKS & COMMUNITY DEVELOPMENT	MUNICIPAL SERVICES
PUBLIC HEALTH AND WELLNESS COMMUNITY & NEIGHBORHOOD SERVICES HOMELESSNESS & HOMELESSNESS PREVENTION HOUSING QUALITY, AFFORDABILITY & ATTAINABILITY HUMAN & SOCIAL SERVICES DOMESTIC VIOLENCE SERVICES COMMUNITY EQUITY	EQUIPMENT RENTAL FACILITIES INNOVATION & TECHNOLOGY CITY REAL PROPERTY BUSINESS DEVELOPMENT SISTER CITIES INTERNATIONAL	UTILITIES TRANSPORTATION SUSTAINABILITY ENVIRONMENTAL PROTECTION CULTURAL ARTS & PUBLIC ARTS PLANNING & ZONING PERMITS & DEVELOPMENT RIGHT OF WAY MANAGEMENT AIRPORT AIRPORT BUSINESS	POLICE SCORE JAIL DISTRICT COURT PARKS & RECREATION ANIMAL CONTROL SOLID WASTE EMERGENCY PLANNING MULTIMEDIA CEMETERY
Councilmember Trout-Manuel, Chair Councilmember DaCorsi, Vice Chair	Councilmember Wales, Chair Councilmember Holman, Vice Chair	Councilmember DaCorsi, Chair Councilmember Baggett, Vice Chair	Councilmember Brown, Chair Deputy Mayor Pelozo, Vice Chair
2019 MEETING DATES February 11, 2019 April 8, 2019 June 10, 2019 August 12, 2019 October 14, 2019 December 9, 2019	2019 MEETING DATES February 25, 2019 April 22, 2019 June 24, 2019 August 26, 2019 October 28, 2019 December 23, 2019	2019 MEETING DATES January 14, 2019 March 11, 2019 May 13, 2019 July 8, 2019 September 9, 2019 November 12, 2019	2019 MEETING DATES January 28, 2019 March 25, 2019 May 27, 2019 July 22, 2019 September 23, 2019 November 25, 2019

COUNCIL MATRIX

NO.	TOPIC	Chair	STAFF LEAD(S)	STUDY SESSION REVIEW DATE(S)	COUNCIL DISCUSSION SUMMARY	ACTION DATE
1	Auburn Avenue Theater	Chair DaCorsi Vice Chair Baggett	Director Faber	9/9/2019		
2	Funding Options	Chair Wales Vice Chair Holman	Director Coleman	Ongoing		
3	Mandatory City Housing Inspections	Chair Trout-Manual Vice Chair DaCorsi	Director Tate	8/12/2019		
4	Animal Control (APD) Update	Chair DaCorsi Vice Chair Baggett	Chief Pierson	7/8/2019		