



AGENDA

City Council Regular Meeting

7:00 PM - Monday, October 19, 2026

Pasco City Hall, Council Chambers & Microsoft Teams Webinar

Page

1. **MEETING INSTRUCTIONS for REMOTE ACCESS** - Individuals, who would like to provide public comment remotely, may continue to do so by filling out the online form via the City's website (www.pasco-wa.gov/publiccomment) to obtain access information to comment. Requests to comment in meetings must be received by 4:00 p.m. on the day of this meeting.

To listen to the meeting via phone, call 1-332-249-0718 and use access code 467733816#

City Council meetings are broadcast live on PSC-TV Channel 191 on Charter/Spectrum Cable in Pasco and Richland and streamed at www.pasco-wa.gov/psctlive and on the City's Facebook page at www.facebook.com/cityofPasco.

Audio equipment available for the hearing impaired; contact the Clerk for assistance.

Servicio de intérprete puede estar disponible con aviso. Por favor avisa la Secretaria Municipal dos días antes para garantizar la disponibilidad. (Spanish language interpreter service may be provided upon request. Please provide two business day's notice to the City Clerk to ensure availability.)

2. **CALL TO ORDER**

3. **ROLL CALL**

(a) **Pledge of Allegiance**

4. **CONSENT AGENDA** - All items listed under the Consent Agenda are considered to be routine by the City Council and will be enacted by roll call vote as one motion (in the form listed below). There will be no separate discussion of these items. If further discussion is desired by Councilmembers, the item may be removed from the Consent Agenda to the

Regular Agenda and considered separately.

5 - 29

(a) Approval of Meeting Minutes for September 21, September 28, and October 5

To approve the minutes of the Pasco City Council Regular Meeting held on September 21, 2026, Pasco City Council Workshop held on September 28, 2026, and Pasco City Council Regular Meeting held on October 5, 2026

30 - 32

(b) Bills and Communications - Approving Claims in the Total Amount of \$7,244,985.94 and Write-off Totaling \$2,436.00 (delinquent bad debt).

To approve claims in the total amount of \$7,244,985.94 (\$3,087,547.28 in Check Nos. 280844 - 281190; \$2,569,909.93 in Electronic Transfer Nos. 854427 - 854684, 854689 - 854701; \$4,362.81 in Check Nos. 55549 - 55559; \$1,331,690.62 in Electronic Transfer Nos. 30250162 - 30250899; \$251,475.30 in Electronic Transfer Nos. 1053).

To approve bad debt write-off for accounts receivable including Utility Billing, Ambulance, Cemetery, General Accounts, and Miscellaneous Accounts in the total amount of \$2,436.00 and, of that amount, authorize \$2,436.00 to be turned over for collection.

33 - 85

(c) Resolution No. 4790 - Authorization of a \$15 Million Dollar DWSRF Loan -Contract No. DWL33069-0

To approve Resolution No. 4790, authorizing the execution of a \$15 million dollar Drinking Water State Revolving Fund Loan Contract No. DWL 33069-0 with the Washington State Department of Health for the Butterfield Water Treatment Plant Replacement project.

86 - 115

(d) Resolution No. 4791 & Ordinance No. 4860 - Washington Traffic Safety Commission (WTSC) Interagency Grant Agree. for DUI OT

To approve Resolution No. 4791 authorizing the City Manager to execute the WTSC Interagency Agreement for traffic safety emphasis patrols, and Ordinance No. 4860 amending the 2025–2026 Biennial Operating Budget to appropriate the estimated \$19,500 in WTSC funding for high-visibility enforcement activities.

(RC) MOTION: I move to approve the Consent Agenda as read.

5. PROCLAMATIONS AND ACKNOWLEDGEMENTS

- 6. PUBLIC COMMENTS** - The public may address Council on any items unless it relates to a scheduled Public Hearing. This item is provided to allow the opportunity to bring items to the attention of the City Council or to

express an opinion on an issue. Its purpose is not to provide a venue for debate or for the posing of questions with the expectation of an immediate response. Some questions require consideration by Council over time and after a deliberative process with input from a number of different sources; some questions are best directed to staff members who have access to specific information. Citizen comments will normally be limited to three minutes each by the Mayor. Those with lengthy messages are invited to summarize their comments and/or submit written information for consideration by the Council outside of formal meetings. Lastly, when called upon, please state your name and city or county residency into the microphone before providing your comments.

7. REPORTS FROM COMMITTEES AND/OR OFFICERS

(a) Verbal Reports from Councilmembers

8. HEARINGS AND COUNCIL ACTION ON ORDINANCES AND RESOLUTIONS RELATING THERETO

(a) Public Meeting & Resolution No. 4792 - Accepting a Notice of Intention to Commence Annexation Soto 10% Annexation Petition (ANX 2026-003)

CONDUCT PUBLIC MEETING

MOTION: I move to approve Resolution No. 4792, accepting the Notice of Intention to Commence Annexation proceedings for the Soto Annexation for Parcel No. 119542042, currently addressed 1117 Road 52 (Lot 2 and a portion of Lot 1 of Short Plat No. 98-6), generally located south of West Court Street, north of West Sylvester Street, west of Road 44, and east of Road 52, within Section 26, Township 9 North, Range 29 East, W.M., establishing the proposed annexation boundary and determining whether simultaneous zoning and the assumption of bonded indebtedness will be required.

9. ORDINANCES AND RESOLUTIONS NOT RELATING TO HEARINGS

(a) Resolution No. 4793 - Surplus of City Property (614 N 2nd Ave)

MOTION: I move to approve Resolution No. 4793, approving the surplus of certain City-owned real property located at 614 N 2nd Ave, Parcel No. 112027208.

10. UNFINISHED BUSINESS

11. NEW BUSINESS

(a) Employee Compensation and Classification

Staff will provide Council with an overview of the City's compensation and classification framework, current market considerations, and the factors that inform compensation decisions for represented, non-represented, and management employees.

The presentation is intended to provide context for future compensation and budget decisions and to receive Council feedback regarding the City's compensation approach, particularly in light of current financial constraints.

No specific compensation adjustment is being requested as part of this discussion.

170 - 220

(b) Presentation - 2027-2028 Budget Utilities and Other Funds

Discussion

12. MISCELLANEOUS DISCUSSION

221 - 235

(a) City Manager Report

13. EXECUTIVE SESSION (30 minutes)

a) Discussion with legal counsel about current or potential litigation per RCW 42.30.110(1)(i)

14. ADJOURNMENT

15. ADDITIONAL NOTES

236 - 237

(a) Adopted Council Goals (Reference Only)

AGENDA REPORT

FOR: City Council October 7, 2026

TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26

FROM: Gabriela Sanchez, City Clerk
City Manager

SUBJECT: Approval of Meeting Minutes for September 21, September 28, and October 5

I. ATTACHMENT(S):

September 21, 2026 Regular Meeting Minutes
September 28, 2026 Workshop Meeting Minutes
October 5, 2026 Regular Meeting Minutes

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

To approve the minutes of the Pasco City Council Regular Meeting held on September 21, 2026, Pasco City Council Workshop held on September 28, 2026, and Pasco City Council Regular Meeting held on October 5, 2026

III. FISCAL IMPACT:

IV. HISTORY AND FACTS BRIEF:

V. DISCUSSION:



MINUTES

City Council Regular Meeting

7:00 PM - Monday, September 21, 2026

Pasco City Hall, Council Chambers & Microsoft Teams Webinar

CALL TO ORDER

The meeting was called to order at 7:00 PM by Charles Grimm, Mayor.

ROLL CALL

Councilmembers present: Charles Grimm, David Milne, Mark Figueroa, Leo Perales, Joe Cotta, Calixto Hernandez, and Abel Campos

Councilmembers attending remotely: Leo Figueroa, David Milne

Councilmembers absent: None

Staff present: Harold Stewart, City Manager; Richa Sigdel, Deputy City Manager; Angela Pashon, Interim Parks & Recreation Director; Kevin Crowley, Fire Chief; Kevin Hebdon, Finance Director; Daniel Kenny, City Attorney; Haylie Matson, Community & Economic Development Director; Sara Matzen, Human Resources Director; Brent Cook, Police Chief; Maria Serra, Public Works Director; and Gabriela Sanchez, City Clerk

The meeting was opened with the Pledge of Allegiance.

Pledge of Allegiance

CONSENT AGENDA

Approval of Meeting Minutes for August 21st

Bills and Communications - Approving Claims in the Total Amount of \$3,082,453.33

Resolution No. 4783 - Adoption of the Franklin County Solid Waste Management Plan

Resolution No. 4784 - Authorizing the City Manager to Execute Purchase and Sale Agreement to Purchase Tract A of Barker Heights Subdivision

Resolution No. 4785 - Professional Services Agreement with HDR Engineering, Inc. for the Road 76 Overpass Project

Resolution No.4786 - Traffic Safety Program Funding

RC Motion: I move to approve the Consent Agenda as read.

PROCLAMATIONS AND ACKNOWLEDGEMENTS

PUBLIC COMMENTS

Rob DiPaiza, Kennewick resident, spoke regarding the proposed changes to shelter operations. He expressed opposition to a pound model and concerns about transitioning to a hybrid model, citing previous unsuccessful attempts and a lack of sufficient volunteers. He encouraged addressing existing shelter issues before implementing a new program. He also raised concerns about transparency, noting that minutes from a recent ACA meeting had not yet been posted, and emphasized the importance of public involvement in decisions affecting all three cities. He requested clarification of operational policies, non-standard adoptions, and future oversight of the shelter.

Kristen, a Pasco resident, spoke in support of maintaining an animal shelter facility and expressed concerns regarding proposed changes to Tri-Cities Animal Services. She questioned the costs and policies associated with the proposed models and raised concerns about volunteer retention, shelter management, and safeguards for future nonprofit contracts. She supported establishing an advisory or oversight board to improve accountability and public trust. She also encouraged the three cities to address the causes of stray and homeless animals through stronger animal welfare ordinances, enforcement, pet licensing, and measures addressing irresponsible breeding and animal sales.

Tracy Troutman, President of the Benton Franklin Humane Society, requested that local animal welfare organizations be included in discussions about future shelter operations. She emphasized the expertise and resources nonprofits can provide and asked the cities to allow adequate time to evaluate operational, legal, staffing, facility, veterinary, liability, and funding considerations before adopting a new model. She expressed the local nonprofits' willingness to partner with the cities.

Sabrina Persinger spoke in support of maintaining a full animal shelter and expressed concerns about what would happen to unclaimed animals under an animal-control-only model. She encouraged stronger partnerships with rescues, foster programs, volunteer recruitment, adoption outreach, and spay/neuter efforts. She also requested

transparency regarding any proposed length-of-stay policies and safeguards to ensure animals have reasonable opportunities for adoption or transfer.

Christy, a Kennewick resident and former Benton County animal control officer, expressed concerns about shelter capacity, potential euthanasia after required holding periods, and the adequacy of the current facility. She criticized the lack of spay/neuter requirements and called for stronger oversight of shelter operations. She opposed changing the shelter model and reiterated her support for an oversight committee, citing past financial and animal welfare issues. She also cautioned against relying on volunteers and rescues to operate or financially support a public shelter.

William Lambert, a Kennewick resident and dog trainer, expressed concerns about the current non-standard adoption evaluation process at Tri-Cities Animal Services. He stated that dogs can be placed on the non-standard adoption list based on a single evaluator's assessment and advocated for multiple evaluations and opportunities for training and rehabilitation before behavioral euthanasia is considered.

Tabby Carlson, a Kennewick resident and certified professional dog trainer, expressed concerns about the current dog evaluation process at Tri-Cities Animal Services. She recommended having multiple evaluators, reviewing the evaluation process and policies, and examining how shelter policies are developed.

Craig Mills, a Kennewick resident and shelter volunteer, spoke in support of improving the current shelter program rather than adopting a new model. He recommended an oversight committee, a stronger adoption process, increased staffing, and greater financial transparency. He expressed concerns about quick adoptions and returns, understaffing, and staff burnout.

Mary Mahoney requested records regarding personal injury claims and insurance costs related to the Pasco Aquatic Center, animal control operations and funding, pending animal cruelty cases, animal research contracts, prior Council meetings, floodplain property permits and costs, and alleged retaliation involving animal control volunteers. She also requested records concerning penalties related to bald eagle deaths and referenced several prior Council meetings and RCW 42.56 in connection with her requests.

Jose Iniguez, an award-winning producer and professional artist, discussed his history of community service and volunteer work with the Pasco Public Authority. He expressed concerns about a lawsuit involving community volunteers and the City, noting that the lawsuit was ultimately dismissed but had lasting effects on those involved. He encouraged the Council to support and protect community volunteers and emphasized the importance of integrity, accountability, and verifying information before making statements that could affect a person's reputation.

Carl Holder, a Richland resident and longtime downtown Pasco business community member, spoke about the dissolution of the DPDA and the impact of the related lawsuit on community members. He described the situation as unfortunate and

expressed concerns about resulting distrust and division in the community. He also spoke in support of an amendment to allow additional cannabis retailers in Pasco.

Thomas Granbois, a Pasco resident, commended Brent, Ron and their team for their work on the 2026 Fiery Foods Festival. He also spoke regarding concerns about statements and interactions related to the former DPDA and local business community. He described receiving an email on August 24th from the President of the Latin Business Association, who is also the publisher of La Voz's Hispanic newspaper and co-author of the Tri Cities Republic newspaper, containing personal and threatening statements and expressed concerns about the impact on himself, his family, and the broader community. He encouraged the Council to support a safe and welcoming environment for local business owners and residents.

Susan Ayala, a Pasco resident and downtown business owner, expressed concerns about being judged or targeted based on her associations with other downtown business owners and former DPDA members. She said she was named in a lawsuit despite not being involved at the time of the alleged events and emphasized that disagreements among community members should be respected. Ayala expressed support for the downtown community and its success.

Elizabeth Norman, a Richland resident, questioned the costs associated with the proposed animal shelter operating models. She raised concerns about the hybrid model's reliance on an unidentified nonprofit and questioned how funding, animal care, capacity, and medical or behavioral needs would be addressed. Norman requested a side-by-side comparison of the full costs and services associated with each proposed model before a decision is made.

Josue Trejo, owner of Guadalajara Style, spoke about his experience operating a business through Pasco Specialty Kitchen and later in West Richland and Kennewick. He described a 2024 event at the Kennewick Public Market where, he alleged, David Cortinas' promised a large Independence Day celebration that was later canceled without notice, resulting in food waste and employee costs. Trejo shared the experience as an example of concerns with Cortinas' actions and communication.

Elaine, a Pasco resident and member of the League of Women Voters of Benton and Franklin County, encouraged residents to become informed voters and participate in the upcoming general election. She provided information about voter pamphlets, ballot return deadlines, ballot drop boxes, and resources for researching candidates and issues, and encouraged residents to return ballots early and participate in civil civic engagement.

Pedro, a Pasco resident, expressed disappointment and concern regarding alleged references to contacting ICE about downtown business owners. He said such actions could create distrust among local business owners and encouraged the City to consider the potential impact of such conduct and relationships within the community.

Former Pasco Mayor Barajas encouraged the Council to support downtown Pasco businesses and residents, emphasizing their importance to the community and local

tax base. She shared that she continues to hear from downtown business owners and asked the Council not to overlook the needs of the downtown community.

Nancy Cook questioned how the City oversees and monitors the use of public funds provided to City departments, contractors, and community projects. She raised concerns about alleged misuse of funds related to the water department, downtown Pasco, and the animal shelter, and urged the Council to strengthen oversight and accountability for City expenditures.

Mayor Grimm called for additional public comment three (3) times and no one else came forward to speak.

REPORTS FROM COMMITTEES AND/OR OFFICERS

Verbal Reports from Councilmembers

Councilmember Cotta reported that interviews for the Arts and Culture Commission were held and went well. He stated that new members would be appointed to the commission soon.

Councilmember Campos reported attending the COPA event celebrating Hispanic Heritage on Saturday. He said approximately 250 people attended and described the music, and overall event as a great experience.

Councilmember Figueroa reported participating on the interview panel for the City's Public Information Officer position. He said the interviews went well and expressed appreciation for the opportunity to help select a qualified candidate.

Mayor Grimm reported participating in the Lodging Tax Advisory Committee meeting, where members discussed how lodging tax funds can be invested back into the community. He also participated in interviews for the Arts and Culture Commission vacancies. He thanked community members for volunteering and serving on City boards and commissions.

HEARINGS AND COUNCIL ACTION ON ORDINANCES AND RESOLUTIONS RELATING THERETO

Public Hearing & Ordinance No. 4856 - Goodwin Annexation (ANX 2026-002)

Community and Economic Development Deputy Director Raymond presented the proposed Goodwin annexation, located between Harris Road and Highway 182 within the Broadmoor master plan area. He reviewed the annexation process and prior milestones and requested that Council conduct the public hearing and adopt Ordinance No. 4856 approving the annexation.

MOTION: Councilmember Campos moved, seconded by Councilmember Cotta
PUBLIC HEARING

Nathan Machiela, Kennewick resident expressed support for the annexation, noting that the property is adjacent to the City, would be served by City utilities, and that annexation would be beneficial to the City of Pasco.

MOTION: I move to adopt Ordinance No. 4856, annexing the Goodwin property to the City of Pasco, and authorize publication by summary only.

RESULT:	Motion carried 7-0
AYES:	Mayor Grimm, Mayor Pro Tem Milne, Councilmember Figueroa, Councilmember Perales, Councilmember Cotta, Councilmember Hernandez, and Councilmember Campos

ORDINANCES AND RESOLUTIONS NOT RELATING TO HEARINGS

Ordinance No. 4857 – Establishing R-3 (Medium-Density Residential) Zoning for the Goodwin Annexation (ZD2026-001)

CED Deputy Director Raymond presented the proposed R3 zoning for the annexed property, noting that it is designated for medium-density residential use under the Comprehensive Plan. The Hearing Examiner held a public hearing on August 12 and recommended approval of R3 zoning. Staff requested that Council adopt Ordinance No. 4857 assigning R3 zoning to the property.

MOTION: Councilmember Campos moved, seconded by Councilmember Cotta

MOTION: I move to adopt Ordinance No. 4857, establishing R-3 (Medium-Density Residential) zoning for the Goodwin Annexation area, as recommended by the Hearing Examiner, and authorize publication by summary only.

RESULT:	Motion carried 7-0
AYES:	Mayor Grimm, Mayor Pro Tem Milne, Councilmember Figueroa, Councilmember Perales, Councilmember Cotta, Councilmember Hernandez, and Councilmember Campos

Ordinance No. 4858 - Amending Pasco Municipal Code 25.10.025 "Cannabis Retail Facilities"

CED Deputy Director Raymond reviewed the proposed ordinance to increase the City's cannabis retail license limit from four to five, with two licenses reserved for the State's social equity program. He noted that Council held a public hearing on September 8 and received substantial public testimony. Staff requested final action on Ordinance No. 4858.

MOTION: Councilmember Campos moved, seconded by Councilmember Figueroa

MOTION: I move to adopt Ordinance No. 4858, an Ordinance of the City of Pasco, amending Pasco Municipal Code Section 25.10.025 "Cannabis Retail Facilities".

RESULT: Motion carried 4-3

AYES: Councilmember Figueroa, Councilmember Perales, Councilmember Hernandez, and Councilmember Campos

NAYS: Mayor Grimm, Mayor Pro Tem Milne, and Councilmember Cotta

UNFINISHED BUSINESS

NEW BUSINESS

Tri-Cities Animal Control Facility

City Manager Stewart presented an overview of regional animal services, including current operations, costs, staffing, service levels, and animal intake and sheltering needs. He outlined three potential service models—animal control facility, animal shelter, and hybrid—and discussed the responsibilities and financial implications of each. He noted the need for consistent policies among Pasco, Kennewick, and Richland and requested Council direction on which model to further explore. He also noted that Kennewick's Council expressed interest in the hybrid model.

Council discussed the regional animal services models and emphasized the need for additional information and public input before making a final decision. Members discussed the costs and service levels of the current shelter model, the potential savings and risks of a hybrid model, and the possibility of privatization. Council generally supported further exploring the hybrid model while also conducting a detailed, line-by-line review of the current budget to identify potential cost savings. Staff will continue discussions with the other cities and return with additional information and next steps.

MISCELLANEOUS DISCUSSION

City Manager Report

City Manager Stewart provided miscellaneous updates, highlighting the Felines and Firefighters adoption event scheduled for September 26 at 10:00 a.m. at the Tri-Cities Animal Shelter, where animals could be adopted for \$50, including

spay/neuter, vaccinations, and microchipping.

He also reported that the Memorial Aquatic Center hosted a statewide high school swimming and diving meet with 29 teams and more than 500 participants, including 16 overnight teams. The event utilized an estimated 400–600 hotel rooms and generated approximately \$60,000–\$120,000 in direct visitor spending. Mr. Stewart thanked staff for preparing the facility on a tight timeline and for supporting the Ironman Tri-Cities event, noting contributions from the Aquatics and Parks divisions.

Councilmember Hernandez announced a Latino Heritage Picnic at Memorial Park on Saturday from 11:00 a.m. to 5:00 p.m. The event will include food, activities, and a football tournament, as well as an opportunity for attendees to ask questions of local candidates running for office in November.

Councilmember Perales requested updates on several RFPs. Staff reported that two of the three property RFPs received responses and are undergoing follow-up questions, with the goal of bringing them to Council for discussion and possible award in October. The Lewis Street property received no responses. The PSK and Farmers Market RFPs have been reviewed and are scheduled for the first regular Council meeting in October. Staff also plans to present a draft RFP for events at that meeting for Council input before publication.

Councilmember Perales also asked about the cost and necessity of using a consultant for national recruitment of the Parks and Recreation Director. Mr. Stewart clarified that “national recruitment” does not involve hiring a consultant; the recruitment is being conducted internally by City staff and is open to applicants nationwide. He noted that professional recruitment services typically cost approximately \$20,000–\$30,000 and that staff determined the expense was not warranted for this position.

Mayor Grimm announced the Air Jubilee at the Pasco Aviation Museum on Saturday from 10:00am to 4:00pm celebrating the 100th anniversary of Pasco's first airmail flight. The event will feature a reenactment of the historic flight, vintage vehicles, food trucks, museums tours, and other activities.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:38 PM.

PASSED and APPROVED on _____.

ADDITIONAL NOTES

Adopted Council Goals (Reference Only)

APPROVED:

ATTEST:

Mayor Grimm, Mayor

Gabriela Sanchez, City Clerk



MINUTES

City Council Workshop Meeting

7:00 PM - Monday, September 28, 2026

Pasco City Hall, Council Chambers & Microsoft Teams Webinar

CALL TO ORDER

The meeting was called to order at 7:00 PM by Charles Grimm, Mayor.

ROLL CALL

Councilmembers present: David Milne, Charles Grimm, Joe Cotta, Leo Perales, Calixto Hernandez, Abel Campos, and Mark Figueroa

Councilmembers attending remotely:

Councilmembers absent: None

Staff present: Harold Stewart, City Manager; Richa Sigdel, Deputy City Manager; Angela Pashon, Interim Parks & Recreation Director; Kevin Crowley, Fire Chief; Kevin Hebdon, Finance Director; Drew Pollom, City Attorney; Haylie Matson, Community & Economic Development Director; Brent Cook, Police Chief; Maria Serra, Public Works Director; and Gabriela Sanchez, City Clerk

The meeting was opened with the Pledge of Allegiance.

Pledge of Allegiance

VERBAL REPORTS FROM COUNCILMEMBERS

Councilmember Perales reported attending Columbia Basin College's new dormitory opening and described the event as a success. He noted that his firm worked on the project and expressed appreciation for the college's continued development of new facilities.

Councilmember Campos reported attending the Air Jubilee and praised the event for celebrating Pasco's history and community. He also noted attending a local pumpkin patch afterward and expressed appreciation for the many community activities taking place throughout the City.

Councilmember Hernandez reported attending a Hispanic Heritage festival at Memorial Park, where local candidates spoke and attendees were encouraged to participate in the election. He also attended the installation of a new pastor at First Baptist Church in East Pasco and described the service as a positive and enjoyable event.

Mayor Grimm reported attending several community events throughout the week, including ribbon cuttings for Goodwill and Idaho Central Union, a local school fundraiser, and the Air Jubilee. He also attended the Hispanic Heritage LULAC Tri-Cities Candidate Forum and a ribbon cutting for a Seventh-Day Adventist Church parking lot renovation. He highlighted the church's community service efforts, noting that it serves approximately 1,000-1,500 people per week and expressed appreciation for local organizations working to meet community needs.

ITEMS FOR DISCUSSION WITH OPPORTUNITY FOR PUBLIC COMMENT

Ordinance - Adjustment to PWRF Utility Rate

Public Works Director Serra presented the proposed ordinance adjusting rates for the Pasco Water Reuse Facility (PWRF), following Council discussions in April and June. The proposal reflects Alternative D, combining moderate rate increases with subsidies from the risk reserve fund. The proposed rates would increase 7% annually from 2027 through 2029 and 6% in 2030, establishing a four-year rate structure for greater predictability. The proposal also accounts for anticipated capital improvements and continued use of the risk reserve. Director Sarah stated that the recommended approach would avoid a significant immediate rate increase while preserving a portion of the reserve and allowing time to identify operational efficiencies, reduce costs, and renegotiate contracts. Alternatives of fully funding the utility through higher rates or freezing rates and relying solely on the reserve were discussed but not recommended.

Dale Goyer, President and CEO of Twin City Foods, expressed opposition to the proposed PWRF rate increases, stating that the additional costs would be unsustainable for processors. He noted that Twin City Foods' annual waste water costs have increased from approximately \$1.5 million to \$3.65 million and that the proposed increases could raise to nearly \$4.7 million. Goyer emphasized the potential impact on local jobs and asked Council to delay the vote, renegotiate the current agreement with performance standards and cost controls, explore additional RNG revenue opportunities, and develop a rate structure more closely tied to the factors driving RNG production.

in-person presenter

Keith Tigs, President of OPC and its affiliated companies, expressed concerns with the proposed PWRF rate increases and projected treatment costs. He requested greater transparency regarding PWRF operating and maintenance costs and the Burnham contract, as well as information supporting the proposed

nitrogen removal capital investment. Tigs stated that the increased wastewater costs could negatively impact the competitiveness and expansion of local processors. He requested removal of BOD loading penalties to allow greater use of BOD for RNG production and asked Council to delay consideration of the ordinance to allow processors additional time to review the proposal and discuss their concerns with City staff and Council.

Council discussed delaying action on proposed wastewater treatment rates to allow additional time to evaluate operating costs, revenue opportunities, and the financial impacts on processors. Staff noted there is no immediate deadline for the rate proposal, which would not take effect until 2027. Council expressed concern about increased rates, the use of the risk reserve, and the potential impact on local processors and jobs. Staff reported that the facility's operating costs are significantly higher than originally projected and that potential revenue sources, including receiving additional solids, are being evaluated but would require additional capital and are not immediate solutions. Staff also discussed the need for potential nitrogen treatment improvements, estimated at approximately \$20 million, pending performance testing of the existing system. Council requested additional information regarding the nitrogen system performance, operating costs, potential revenue sources, and opportunities to renegotiate the agreement with Burnham. Council generally supported delaying the vote and continuing discussions with staff, Burnham, and processors before moving forward with the proposed rates.

Ordinance – Amending PMC 21.60.040, Development Agreement Approval Process

City Manager Steward presented a request to change the development agreement approval process. Currently, development agreements must be reviewed by the Planning and Zoning Commission before being presented to Council. Staff proposed removing this step so negotiated development agreements could proceed directly to Council for approval. The change would help expedite the process, reduce staff and consultant time, and avoid potential conflicts between negotiated agreements and recommendations or conditions proposed by the Planning and Zoning Commission. Staff emphasized that the Commission's role and community interests would still be considered during negotiations.

Councilmember Campos expressed appreciation for staff's review of the development agreement process and supported streamlining the process to reduce the timeline. Drawing on his experience serving on the Planning Commission, he stated that he was in favor of the proposed change.

Mayor Grimm called for public comment and no one came forward to speak.

Resolution: Interagency Agreement Washington State Criminal Justice

Training Commission (WSCJTC) Use of Pasco Police Department

Police Chief Cook presented a resolution approving an interlocal agreement between the Washington State Criminal Justice Training Commission and the City of Pasco. The agreement would allow the Commission to temporarily use the Pasco Police Department headquarters as an emergency facility if the regional training center/academy is evacuated or relocated due to an unforeseen incident. The Commission would provide its own personnel and operate the temporary command post, while the City would retain control and rights to the building. Staff recommended approval of the agreement.

Mayor Grimm called for public comment twice and no one came forward to speak.

Resolution - Urban Growth Area Expansion Applications – CPAM2025-01 and CPAM2025-02

Community and Economic Development Director Matson presented two proposed resolutions regarding the Pasco Urban Growth Area (UGA) expansion. Franklin County requested the City's recommendations on two applications: a 110-acre Truax site and a 166-acre Port of Pasco site. The City's recommendation would be advisory, with the County making the final determination. Staff's updated land capacity analysis identified an estimated deficit of 187 jobs, supporting the need for additional employment capacity. Staff initially recommended approval of the Port of Pasco site only because utility planning is already underway. The Planning Commission, however, recommended approval of both applications following a public hearing. Council was presented with two options: a resolution supporting both UGA expansion applications or a resolution supporting only the Port of Pasco application. A final resolution was scheduled for consideration on November 5.

Stephen McFadden, Deputy Executive Director, Port of Pasco explained that the 300-acre Ryman property was selected for industrial development in 2019 due to its location near U.S. 395 and the BNSF rail yard, with no surrounding residential development. He noted the Port has coordinated with the City on the master development plan since 2019 and has invested approximately \$20 million in public infrastructure. The Port is also constructing a \$5 million waterline project that will connect to the City's water system. McFadden expressed support for advancing the property into the Urban Growth Area (UGA), noting that annexation is necessary to eventually connect to the City's sanitary sewer system. He requested the City's support before the County acts on the Port's UGA application.

Mayor Grimm called for public comment two (2) times and no one came forward to speak.

Mayor Grimm called on Mr. West McCart, asking if he had anything to add. Mr. McCart came forward to speak.

West McCart, Franklin County Planning and Development Director, explained that proposed Urban Growth Area expansions must be justified from a countywide perspective. He indicated that the Port's property would be easier to justify based on projected job needs, housing requirements, and the climate element, while the other property would be more difficult to support due to capital facilities planning requirements and available industrial land in Connell. He noted that locating jobs near Pasco's workforce could support climate goals by reducing commuting distances. McCart emphasized that the County Commissioners would make the final decision and that cooperation and support between the City and County would help the process.

Presentation - Critical Areas Ordinance Update

Community and Economic Development Director, Matson presented an overview of the City's required Critical Areas Ordinance update under the Growth Management Act. She explained that the proposed revisions aim to clarify regulations, incorporate Pasco-specific scientific information, and streamline the review of shrub-steppe habitat to reduce unnecessary costs and delays for development applicants. The current process may require expensive, full-site critical areas reports based on mapping, even when habitat is degraded or absent. Staff proposed Option 2, which would establish a local regulatory framework allowing initial determinations, site reconnaissance, and detailed studies proportionate to habitat conditions. The update would maintain ecological protections and interagency coordination while providing a clearer permitting process. Matson noted that the Planning Commission strongly supported Option 2 and requested Council feedback.

Mayor Grimm called for public comment two (2) times and no one came forward to speak.

Comprehensive Plan Presentation

Community and Economic Director, Matson provided an overview of the City's 20-year Comprehensive Plan update, which is due by the end of 2026. The plan anticipates a population of approximately 121,000, 20,000 housing units, and 13,000 jobs. She noted the need for additional multifamily and middle housing options and explained that the City can accommodate projected housing needs within its existing boundaries. Community feedback emphasized diverse housing options, connected neighborhoods, safe routes to schools, parks, open space, and shoreline access. Matson also discussed consolidating land use categories and correcting more than 3,000 discrepancies between the City's land use and zoning maps. Property owners will receive postcards directing them to information about proposed changes. She reviewed updates to housing, parks, economic development, and other plan elements, including a future update to park impact fees. Finally, Matson discussed state legislation requiring residential uses in

commercial zones and requested Council feedback on areas where commercial uses should be preserved. Potential options included requiring a minimum percentage of commercial use on designated properties, maintaining commercial frontage along major arterials such as Road 68, preserving commercial areas in north Pasco and near Sylvester and Cord Street, and maintaining ground-floor commercial uses downtown.

Councilmembers discussed areas of Pasco where commercial uses should be preserved under state requirements allowing residential uses in commercial zones. Councilmembers expressed concerns about protecting commercial properties that generate sales tax revenue and support local businesses. Several members identified Court Street, 20th Avenue, and downtown as priority areas for preserving commercial activity, while also supporting mixed-use development with ground-floor businesses and housing above in downtown. Councilmembers also emphasized the need for additional grocery options in East Pasco to improve access to food and reduce travel distances. Staff will prepare a clearer list of options for Council review and incorporate feedback into the Comprehensive Plan update.

Mayor Grimm called for public comment three (3) times and no one came forward to speak.

MISCELLANEOUS COUNCIL DISCUSSION

City Manager Stewart, reported that staff is preparing for the upcoming winter season, including installing the bubble over Memorial Pool to support year-round use, and he thanked the staff for their work. He highlighted the recent “Felines and Firefighters” adoption event at TCAS, which successfully rehomed 14 animals with support from local fire departments and partners. He also noted the Police Department’s proactive outreach on community safety, including Officer Gutierrez’s and Officer Yazwinsky’s radio appearances in both Spanish and English to discuss securing vehicles, preventing theft—particularly of firearms left in unlocked cars—and addressing concerns about e-bikes and e-scooters. Mr. Stewart expressed appreciation for the department’s efforts to inform the public and concluded his report by inviting questions from the Council.

Councilmember Figueroa, requested that future police outreach on local radio also include discussion of graffiti and tagging, noting that these concerns are becoming more visible in several neighborhoods. They emphasized the importance of proactive community education in both English and Spanish, encouraging residents to report graffiti when they see it in order to support ongoing beautification efforts throughout the city.

Councilmember Perales raised two items, first asking for an update on planned meetings with community groups, noting that only the Pasco Chamber has met with the City so far. City Manager Stewart, responded that staff has made outreach attempts and some groups have been unresponsive; he will follow up with staff and provide a detailed update in the next City Manager’s report. Councilmember Perales

then expressed concern on behalf of a resident regarding a continued code enforcement case related to driveway ramps. He noted the resident received a continuation notice, but the upcoming code enforcement board meeting was canceled, creating confusion. He asked for an update on the hardship program the Council requested in July, stating the resident is worried about potential fines. City Manager Stewart acknowledged the delay due to budget priorities but agreed to revisit the issue and work toward a solution. Discussion followed regarding process clarity for code enforcement hearings, including the requirement for residents to call ahead to confirm attendance. Public Works Director Serra added that staff met with the involved residents to explain why such ramps are not permitted, citing damage to curbs and impacts on stormwater flow. She also clarified that other cities, such as Richland, similarly do not allow these ramps but may be less active in enforcement.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:05 PM.

PASSED and APPROVED on _____.

ADDITIONAL NOTES

Adopted Council Goals (Reference Only)

APPROVED:

ATTEST:

Mayor

City Clerk



MINUTES

City Council Regular Meeting

7:00 PM - Monday, October 5, 2026

Pasco City Hall, Council Chambers & Microsoft Teams Webinar

CALL TO ORDER

The meeting was called to order at 7:00 PM by Charles Grimm, Mayor.

ROLL CALL

Councilmembers present:

Councilmembers attending remotely:

Councilmembers absent:

Staff present: Harold Stewart, City Manager; Richa Sigdel, Deputy City Manager; Angela Pashon, Interim Parks & Recreation Director; Kevin Crowley, Fire Chief; Kevin Hebdon, Finance Director; Daniel Kenny, City Attorney; Haylie Matson, Community & Economic Development Director; Sara Matzen, Human Resources Director; Brent Cook, Police Chief; Maria Serra, Public Works Director; and Gabriela Sanchez, City Clerk

The meeting was opened with the Pledge of Allegiance.

Pledge of Allegiance

CONSENT AGENDA

Approval of Meeting Minutes for September 8th and September 14th

Bills and Communications - Approving Claims in the Total Amount of \$5,119,041.21.

Arts & Culture Commission Appointments of Eleanor Neff, Destinee Rea, and Aubrieann Johnson

Ordinance No. 4860 – Amending PMC 21.60.040, Development Agreement Approval Process

Resolution No. 4787 - Urban Growth Area Expansion Applications – CPAM2025-01 and CPAM2025-02

Resolution No. 4788: Interagency Agreement Washington State Criminal Justice Training Commission (WSCJTC) Use of Pasco Police Department

(RC) MOTION: I move to approve the Consent Agenda as read.

PROCLAMATIONS AND ACKNOWLEDGEMENTS

Mayor Grimm read the Proclamation for Big Bro Joe Day scheduled for October 6, 2026 and presented the Proclamation to Joe Thornton, Big Bro Joe Foundation Founder

PUBLIC COMMENTS

Mary Mahoney presented concerns regarding Tri-Cities Animal Services, Pasco's Aquatic Center Phase One expenditures, and various city payment practices. She requested that the City pause spending on the Aquatic Center and pause payments to the City Attorney's office, the Kurlaw Group, and former Mayor Matt Watkins or his LLC. She asked for clarification on WSU animal-related research contracts, due-process procedures at animal control, and the status of unresolved regional animal-cruelty cases. Mahoney also requested information on the reported 233 dog transfers and 404 cat transfers in 2025, including destinations, any associated payments, and whether notices to pet owners were issued with or without due process.

Community member, Docstader raised concerns regarding the proposed A Street/Highway 76 overpass design, requesting westbound on-ramp and eastbound off-ramp connections to relieve Road 68 congestion. He expressed opposition to the proposed wastewater rate increases for Pasco Processors and Twin City Foods, citing potential job impacts and a pattern of city projects exceeding budget. He urged the City to complete Road 68 improvements in a consistent, full-build format and recoup costs from developers later. Docstader also questioned the City's moratorium on data centers and encouraged engagement with nearby jurisdictions experienced with such facilities. He concluded by expressing disappointment over the City's decision to approve an additional cannabis retailer instead of a Costco.

Damian Davis, Richland resident representing the Washington Trust for Historic Preservation, commended the City for its significant investment in downtown Pasco and emphasized the importance of continuing that momentum. He noted that the major financial work has already been completed and encouraged the City to focus on placemaking to integrate downtown fully into the community. Davis highlighted

statewide and out-of-state interest in Pasco's public-private partnership model and the Specialty Kitchen project. He offered to sponsor a City representative to attend next year's Places Conference and invited Council and staff to reach out for support or collaboration from the Washington Trust, Washington Main Street, and historic preservation groups.

Kristen, Pasco resident requested that the cities formally remove the "pound model" from consideration for Tri-Cities Animal Shelter governance, stating that doing so would ease public concern. She emphasized that persistent issues at the shelter—such as retaining long-term volunteers, ensuring transparency, and rebuilding community trust—will not be resolved by changing operating models alone. Kristen noted ongoing concerns about past controversies, lack of oversight, and volunteer-related issues, and urged the Council to identify and address the root causes of recurring problems. She also questioned why an advisory or oversight board has not been established and encouraged the Council to adopt such a structure to improve accountability and prevent repeat issues. She concluded by urging the current Council to take the opportunity to resolve longstanding challenges at the shelter.

Amber Weid, spoke about expectations for council conduct and representation following election campaigns. She noted strong public interest in local government information and encouraged all seven council members to communicate more regularly so residents can hear each individual perspective. She expressed concern about negative comments made about a speaker after that person had left a prior meeting and emphasized the importance of maintaining respectful conduct at all times. Ms. Weid stated that elected officials should welcome both positive and critical public feedback and urged the full council to engage openly with the community and ensure all voices on the dais are heard.

Mayor Grimm called for additional public comment two (2) times and no one else came forward to speak.

REPORTS FROM COMMITTEES AND/OR OFFICERS

Verbal Reports from Councilmembers

Councilmember Cotta reported attending the Mid-Columbia EMS and Trauma Council meeting, as well as the Washington State Legislative Housing Tour held in the Tri-Cities. He noted discussions with state legislators on obstacles to building more affordable housing, stating that many issues identified fall under state jurisdiction rather than city authority. He also commented on permit processing timelines in Pasco and shared that, in a meeting with the City Manager, efforts are already underway to reduce permit turnaround times to levels more comparable with neighboring cities.

Councilmember Hernandez reported attending the Tri-City Chamber of Commerce Elected Officials Reception. He noted that business leaders delivered

remarks, food was served, and the event provided an opportunity to meet community members and other attendees. He described the reception as a positive and enjoyable gathering.

Councilmember Figueroa reported participating in the Washington State Legislative Housing Tour alongside Councilmember Cotta. He noted it was informative to see how neighboring jurisdictions are approaching mixed-housing and mixed-use development, with some already advancing related projects. He emphasized the value of collaboration and learning from other cities' experiences to improve Pasco's processes. Figueroa also echoed concerns regarding longer permit processing times in Pasco and expressed support for efforts to streamline permitting to better address statewide housing needs.

Mayor Grimm, reported meeting with staff and Alex Hall, the new local representative for Senator Cantwell, to discuss Pasco's major federal funding needs, including the wastewater treatment facility replacement and various interstate overpass projects. He noted Hall's familiarity with the region and interest in supporting local priorities. The Mayor also completed a risk assessment inquiry for the State Auditor's Office related to perceived risks within city operations. Additionally, he met with the other Tri-Cities mayors at a Chamber of Commerce event to discuss regional priorities and upcoming leadership changes, including the resignation of Chamber CEO Lori in February, and emphasized the importance of selecting a strong successor for the role.

HEARINGS AND COUNCIL ACTION ON ORDINANCES AND RESOLUTIONS RELATING THERETO

ORDINANCES AND RESOLUTIONS NOT RELATING TO HEARINGS

Resolution No. 4789 - Setting a Date to Consider a Notice of Intent to Commence Annexation Proceedings for Soto Annexation (ANX 2026-003)

Community and Economics Director Matson presented an annexation request for property located at 1117 Road 52. She reported that the petition requirements have been met, including owner support representing more than 10 percent of the assessed value within the proposed annexation area. The site is located at the southern edge of one of the city's existing "donut holes," and annexation would allow the property owner to proceed with development and connect to city utilities. Staff recommended setting a public hearing for October 19 at 7:00 p.m. to consider the full annexation proposal.

MOTION: Mayor Pro Tem Milne moved, seconded by Councilmember Perales

MOTION: I move to approve Resolution No. 4789, setting 7:00 p.m. on October 19, 2026, as the time and date for a public meeting with the initiating parties to consider the Soto Notice of Intention to Commence Annexation Proceedings for Parcel No. 119542042, currently addressed 1117 Road 52 (Lot 2 and a portion of Lot 1 of Short Plat No. 98-6), generally located south of West Court Street, north of West Sylvester Street, west of Road 44, and east of

Road 52, within Section 26, Township 9 North, Range 29 East, W.M.

RESULT:	Motion carried 7-0
AYES:	Mayor Grimm, Mayor Pro Tem Milne, Councilmember Figueroa, Councilmember Perales, Councilmember Cotta, Councilmember Hernandez, and Councilmember Campos

Resolution No. 4790 - Authorizing the Sale of City-Owned Real Property, Parcel No. 113300252

Deputy City Manager Sigdel, reported on the proposed sale of a City-owned parcel located at Argent Road and 20th Avenue, noting that the property has been under discussion for several years with multiple prospective buyers. She explained that delays were primarily due to concerns related to the site's potential classification as a critical habitat area, which would have required significant mitigation efforts. With the recent development of a proposed ordinance addressing these concerns, the issue has been resolved to the satisfaction of the developer. Staff requested final Council action to approve the property sale and offered to answer any questions.

MOTION: Mayor Pro Tem Milne moved, seconded by Councilmember Perales

MOTION: I move to approve Resolution No. 4790, approving the sale of certain City-owned real property located at the corner of North 20th Avenue and West Argent, identified as Parcel Number 113300252 and authorizing the City Manager to execute the Purchase and Sale Agreement.

RESULT:	Motion carried 7-0
AYES:	Mayor Grimm, Mayor Pro Tem Milne, Councilmember Figueroa, Councilmember Perales, Councilmember Cotta, Councilmember Hernandez, and Councilmember Campos

UNFINISHED BUSINESS

NEW BUSINESS

Capital Improvement Plan (CIP) for 2027-2032 Projects

Deputy City Manager, Sigdel provided an overview of the draft six-year Capital Improvement Plan, noting that extensive public outreach occurred in March and that the plan reflects both community feedback and current infrastructure needs. She emphasized that the CIP is a planning document, not a budget, and that project timelines and costs shift as funding becomes available. The plan outlines approximately \$700 million in projects across 140 items, with about 24% of

funding currently secured and the remainder to be pursued through grants, bonds, and other restricted revenue sources. She highlighted that the Butterfield Water Treatment Plant replacement represents roughly 40% of total projected costs, making 2029 the largest spending year. Sigdel also explained the distinctions between different funding sources, their legally restricted uses, and how unsecured projects do not move into construction until funding is obtained. She reviewed the benefits of early investment, challenges of rising costs, and the relationship between the CIP and the upcoming budget discussions. Staff noted that the CIP is updated annually and will continue to adapt based on council decisions and funding outcomes.

Engineering Manager Avetisyan summarized major transportation and utility projects in the CIP. Key transportation items included the Road 76 Overpass now in design with partial grant funding, the Sandifur/Road 76 intersection improvements scheduled for construction next year, and several grant-funded pedestrian safety upgrades and pavement preservation projects. On the utilities side, he highlighted the Butterfield Water Treatment Plant replacement, capacity upgrades at the West Pasco Treatment Plant, sewer main upsizing to support growth, continued irrigation system expansion in Broadmoor, and lift-station improvements funded largely by grants. Stormwater work will focus on infiltration improvements in problem areas.

Interim Parks & Recreation Director Pashon, outlined upcoming parks projects, including planning for a future signature community park and several new neighborhood parks such as Road 54/Irwin, Road 48 Central Park, a dog park near the animal services site, and Road 80 Park, which is expected to open next year. A new eight-field softball complex is proposed, with land acquisition targeted for 2027 and construction as early as 2029, though most funding is still unsecured. Renewal projects include ongoing MLB-required improvements at Gesa Stadium, Memorial Park field conversions with the school district, irrigation and lighting upgrades, and continued xeriscaping. Additional highlights included planned improvements at Peanuts Park North, A Street Sports Complex expansion, marina dock replacements, and trail system enhancements such as levee crossings, pathway connections, and new bike features at Big Cross.

Deputy City Manager Sigdel reviewed planned facility investments, including funding needs for Phase 2 of the MLK Community Center, reinvestment requirements at Sun Willows Golf Course, and the potential replacement of the Memorial Pool liner. She highlighted ongoing maintenance needs for City facilities, including generators, HVAC systems, and elevator replacements, as well as future decisions related to the Hopkins Library building and demolition of the old animal shelter. Sigdel also noted that land acquisition for future fire stations remains a key long-term planning priority as the city continues to grow.

Chief Cook reported that the Police Headquarters project remains on the CIP but is on hold pending funding and future space needs. He noted that funding has been secured for improvements to the Police Academy, including security fencing, restroom upgrades, and expanded classroom capacity, all addressing

longstanding facility deficiencies. He stated that no council action is requested at this time, and staff will return at a future meeting with revisions for CIP adoption.

Transportation Benefit District Program Implementation

Engineering Manager Avestiyan reviewed the pavement condition data and outlined funding projections for the TBD, estimating about \$2.3 million in annual revenue. He explained how road condition analysis and traffic levels inform pavement preservation priorities and presented four implementation options ranging from annual programs to five- and ten-year bonding strategies. He noted that staff recommends Option 2, a two-year program, and asked Council for direction, including whether to allocate a portion of TBD funds to other transportation programs such as traffic calming.

Presentation of Responses for the Farmers Market & Pasco Specialty Kitchen Request for Proposals

Interim Parks & Recreation Director Pashon, reported on the proposals received for potential outside management of the Farmers Market and the Pasco Specialty Kitchen. Four proposals were reviewed. For the Farmers Market, costs were comparable to continued City operation. For the Specialty Kitchen, two proposals exceeded projected City operating costs, and one was potentially less expensive but left financial risk with the City and lacked full cost clarity. Staff recommended pausing any decision until after upcoming budget discussions and requested Council's direction.

Presentation - Operation & Management of City Community Events

Management Analyst McCanse presented a proposed framework for future planning and operation of City-supported community events. Based on resource needs, community survey feedback, and council input, staff grouped events into three categories: city-led, events suitable for competitive RFP, and events that may transition to community-led partnerships with City support. Staff recommended issuing an RFP for three events—Fiery Foods Festival, Winterfest, and the Grand Old Fourth fireworks—under a model where operators assume planning responsibility and financial risk while the City provides limited support. She requested council feedback on event categorization, whether additional events should be added to the RFP, and any desired changes to the proposed approach.

Presentation - 2027 Ad Valorem Tax and 27-28 General Fund Preliminary Revenues

Finance Director Hebdon provided an overview of the upcoming budget process,

including property tax options for 2027. He explained that state law limits annual increases to 1% and presented two levy options, noting staff recommends taking the full 1% increase. He reviewed preliminary revenue projections for the 2027–28 biennium, highlighting that general fund revenues remain relatively flat while costs continue to rise. Hebdon summarized key revenue categories—property tax, sales tax, utility tax, fees, and grants—and noted that sales tax growth is leveling off. He stated that this presentation is an initial overview and that further budget discussions will continue at upcoming meetings.

MISCELLANEOUS DISCUSSION

City Manager Report

City Manager Stewart introduced City employee Darrin Gerlach, who attended the meeting to observe council operations. He announced that the City has been awarded a \$1 million Public Works Board grant to support land acquisition for the Butterfield Water Treatment Plant expansion. Stewart also reminded the public that irrigation season ends October 12 and encouraged winterizing sprinkler systems. He noted that National Coffee with a Cop Day will be held Wednesday at Swag Coffee Bar from 9 to 11 a.m.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:08 PM.

PASSED and APPROVED on _____.

ADDITIONAL NOTES

Adopted Council Goals (Reference Only)

APPROVED:

ATTEST:

Charles Grimm, Mayor

Gabriela Sanchez, City Clerk

AGENDA REPORT

FOR: City Council October 8, 2026

TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26

FROM: Julie Thompson, Financial Services Manager Finance

SUBJECT: Bills and Communications - Approving Claims in the Total Amount of \$7,244,985.94 and Write-off Totaling \$2,436.00 (delinquent bad debt).

I. ATTACHMENT(S):

Accounts Payable 09.24.2026 to 10.07.2026
Write-offs (direct and bad debt)//Collection 09.28.2026

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

To approve claims in the total amount of \$7,244,985.94 (\$3,087,547.28 in Check Nos. 280844 - 281190; \$2,569,909.93 in Electronic Transfer Nos. 854427 - 854684, 854689 - 854701; \$4,362.81 in Check Nos. 55549 - 55559; \$1,331,690.62 in Electronic Transfer Nos. 30250162 - 30250899; \$251,475.30 in Electronic Transfer Nos. 1053).

To approve bad debt write-off for accounts receivable including Utility Billing, Ambulance, Cemetery, General Accounts, and Miscellaneous Accounts in the total amount of \$2,4365.00 and, of that amount, authorize \$2,436.00 to be turned over for collection.

III. FISCAL IMPACT:

IV. HISTORY AND FACTS BRIEF:

V. DISCUSSION:

REPORTING PERIOD: September 24, 2026 to October 7, 2026

CITY OF PASCO

Council Meeting of: October 19, 2026

Accounts Payable Approved
The City Council
City of Pasco, Franklin County, Washington

We, the undersigned, do hereby certify under penalty of perjury the materials have been furnished, the services rendered or the labor performed as described herein and the claim is a just, due and unpaid obligation against the city and we are authorized to authenticate and certify to such claim.

Harold Stewart, City Manager

Kevin Hebdon, Finance Manager

We, the undersigned City Councilmembers of the City Council of the City of Pasco, Franklin County, Washington, do hereby certify on this 19th day of October, 2026 that the merchandise or services hereinafter specified have been received and are approved for payment:

	<u>Claims Bank</u>	<u>Payroll Bank</u>	<u>Gen'l Bank</u>	<u>Electronic Bank</u>	<u>Combined</u>
Check Numbers	280844 - 281190	55549 - 55559			
Total Check Amount	\$3,087,547.28	\$4,362.81			Total Checks \$ 3,091,910.09
Electronic Transfer Numbers	854427 - 854684 854689 - 854701	30250162 - 30250899	1053		
Total EFT Amount	\$2,569,909.93	\$1,331,690.62	\$251,475.30	\$0.00	Total EFTs \$ 4,153,075.85
					Grand Total \$ 7,244,985.94

Councilmember A

Councilmember B

SUMMARY OF CLAIMS BY FUND:

100 GENERAL FUND	979,457.37
110 STREET	72,512.76
140 C.D. BLOCK GRANT	5,039.14
145 MARTIN LUTHER KING COMMUNITY CENTER	286.86
150 AMBULANCE SERVICE	144,109.62
160 CEMETERY	24,196.74
165 ATHLETIC PROGRAMS	9,481.18
168 ANIMAL CONTROL	38,900.30
169 AQUATIC CENTER - PPFD	51,502.92
170 SENIOR CENTER OPERATING	364.83
180 MULTI-MODAL FACILITY	976.94
185 RIVERSHORE TRAIL & MARINA MAIN	3,636.89
188 SPECIAL ASSESSMENT LODGING	65,378.69
190 REVOLVING ABATEMENT	930.39
194 ECONOMIC DEVELOPMENT	11,714.41
196 HOTEL/MOTEL EXCISE TAX	9,750.00
367 GENERAL CAP PROJECT CONSTRUCTION	400,870.61
410 UTILITY, WATER/SEWER	2,949,542.53
510 EQUIPMENT RENTAL - OPERATING GOVERNMENTAL	29,442.42
515 EQUIPMENT RENTAL - REPLACEMENT GOVERNMENTAL	16,236.45
520 MEDICAL/DENTAL/VISION INSURANCE	838,069.50
690 PAYROLL CLEARING	1,592,585.39

GRAND TOTAL ALL FUNDS:

\$ 7,244,985.94

BAD DEBT WRITE-OFF/COLLECTION
September 24 2026 to October 7 2026

1. **UTILITY BILLING** - These are all inactive accounts, 60 days or older. Direct write-offs under \$20 with no current forwarding address or are accounts in "occupant" status. Accounts submitted for collection exceed \$20.00.
2. **AMBULANCE** - These are all delinquent accounts over 90 days past due or statements are returned with no forwarding address. Those submitted for collection exceed \$10.00. Direct write off including DSHS and Medicare customers; the law requires that the City accept assignment in these cases.
3. **CODE ENFORCEMENT – LIENS** - These are Code Enforcement violation penalties which are either un-collectable or have been assigned for collections because the property owner has not complied or paid the fine. There are still liens in place on these amounts which will continue to be in effect until the property is brought into compliance and the debt associated with these liens are paid.
4. **CEMETERY** - These are delinquent accounts over 120 days past due or statements are returned with no forwarding address. Those submitted for collection exceed \$10.00.
5. **GENERAL** - These are delinquent accounts over 120 days past due or statements are returned with no forwarding address. Those submitted for collection exceed \$10.00.
6. **MISCELLANEOUS** - These are delinquent accounts over 120 days past due or statements are returned with no forwarding address. Those submitted for collection exceed \$10.00.

		Direct Write-off	Referred to Collection	Total Write-off
Utility Billing	\$	-	-	-
Ambulance	\$	-	-	-
Code Enforcement	\$	-	2,436.00	2,436.00
Cemetery	\$	-	-	-
General	\$	-	-	-
Miscellaneous	\$	-	-	-
TOTAL:	\$	-	2,436.00	2,436.00

AGENDA REPORT

FOR: City Council September 16, 2026

TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26

FROM: Maria Serra, Public Works Director
Public Works

SUBJECT: Resolution No. 4790 - Authorization of a \$15 Million Dollar DWSRF Loan -Contract No. DWL33069-0

I. ATTACHMENT(S):

Resolution 4790
Exhibit A - DWSRF Loan Contract No. DWL 33069-0
Presentation

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

To approve Resolution No. 4790, authorizing the execution of a \$15 million dollar Drinking Water State Revolving Fund Loan Contract No. DWL 33069-0 with the Washington State Department of Health for the Butterfield Water Treatment Plant Replacement project.

III. FISCAL IMPACT:

The City has been awarded a \$15 million dollar loan by the Washington State Department of Health (WSDOH) to fund design and a portion of construction for the Butterfield Water Treatment Plant Replacement project. This loan is provided by WSDOH's Drinking Water State Revolving Fund (DWSRF) program. The loan has a 24-year term with an interest rate of 1.75%. Thirty-five percent (35%) of the principal loan will be forgiven, which is equivalent to a \$5.25M grant. This loan package has been reviewed by legal counsel.

IV. HISTORY AND FACTS BRIEF:

Background

The Butterfield Water Treatment Plant (Butterfield WTP) was originally constructed in 1946 and produces approximately 75% of the City's potable water supply that is critical for residential, commercial, industrial and fire suppression use. Although the Butterfield WTP has undergone several expansions and upgrades since its initial construction, most of the original core

systems and components of the plant have been in operation for over 60 years.

The Butterfield WTP Facility Plan (Plan) was completed in 2022 and evaluated a 20-year planning horizon. The development of the Plan involved a process which established performance goals for the plant, reviewed historical water quality issues, evaluated plant performance and condition, evaluated alternatives for water treatment technologies, and produced a Capital Improvements Plan that included repair and replacement projects for the Butterfield WTP.

In January of 2026, Council adopted Ordinance No. 4804 to increase utility rates to support the expedited replacement of the Butterfield WTP. City Staff have agreed to pursue low-interest loans/grants to reduce the financial burden to its rate payers. This is the third loan awarded to the City by DWSRF for the Butterfield WTP project.

Impact

The DWSRF Loan Program makes funds available to municipalities to repair, replace, or construct new water system infrastructure. Projects funded through this program are subject to both state and federal laws and regulations.

The acceptance of this loan will allot funding to pay for a large portion of the Butterfield Water Treatment Plant Replacement design and will cover a small portion of the construction. These improvements will bring reliability, additional treatment, and necessary infrastructure replacement to the Butterfield Water Treatment Plant.

V. DISCUSSION:

Recommendation

Staff recommends the approval of the low- interest Loan Contract No. DWL33069-0 from the Washington State Department of Health Drinking Water State Revolving Fund program for the design and construction of the Butterfield Water Treatment Plant Replacement project.

Constraints

The Washington State Department of Health has given the City 60 days to sign and agree to the terms of the loan. If not, the offer will be rescinded.

Next Steps

If approved, City staff will proceed on schedule with delivery of the project stated above.

Alternatives

Council may reject the loan. Rejecting the loan at this time would mean

forfeiting it.

This action may have future funding award implications. An alternative funding mechanism for the project will be needed, and/or the project may need to be placed on hold.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING EXECUTION OF A \$15 MILLION DOLLAR LOAN AGREEMENT WITH THE WASHINGTON STATE DEPARTMENT OF HEALTH (WSDOH) FOR THE BUTTERFIELD WATER TREATMENT PLANT REPLACEMENT PROJECT. WHEREAS, the Butterfield WTP, originally built in 1946 is nearing the end of its forecasted service life, and a rapid replacement of the facility over the next 6 years is proposed; and

WHEREAS, to help fund these improvements the City applied for and received a \$15,000,000 dollar low interest State Revolving Fund loan from the WSDOH; and

WHEREAS, the loan agreement has a term of 24-years and an interest rate of 1.75%; and

WHEREAS, to make the WSDOH loan funds available, execution of the attached Loan Agreement is required.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASCO, WASHINGTON:

That the City Council of the City of Pasco hereby authorizes the City Manager for the City of Pasco to sign the Loan Agreement with the Washington State Department of Health, a copy of which is attached hereto and incorporated herein by this reference as Exhibit A; and to make minor substantive changes as necessary for final execution of the Agreement by the Washington State Department of Health and

Be It Further Resolved, that this resolution shall take effect immediately.

PASSED by the City Council of the City of Pasco, Washington, on this 19th day of October, 2026.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

9/14/2026

City of Pasco
PO Box 491
Pasco WA 99301
stewarth@pasco-wa.gov



RE: Loan Contract Number: DWL33069-0

Dear Mayor Stewart;

Enclosed is the Drinking Water State Revolving Fund Loan Contract Number identified above for your signature. The Loan Contract details the terms and conditions that will govern the agreement between us, which includes the project's Scope of Work as a formal attachment. Failure to return the contracts within 60 calendar days of the date of this letter may result in your loan offer being withdrawn.

Review, and sign the document. Once signatures are obtained, please return by email to your DOH contracts representative or print and sign a hard copy, and return the originals to us for full execution.

Please note that the U.S. Environmental Protection Agency is the funding source for this program and the Catalog of Federal Domestic Assistance (CFDA) number is 66.468. Consequently, the loan funds are federal and subject to both state and federal requirements.

A non-refundable one-percent loan administration fee will be collected at contract execution (If applicable), including any subsequent amendments where funds are added. The loan amount may be modified to include an amount sufficient to cover the one-percent loan administration fee. In most cases, the fee will be collected in full at contract execution. Please review the terms and conditions of the Loan Contract and all attachments carefully for details.

A requirement of the DWSRF program is that you must maintain updated project records and yearly renewal of your registration in the System for Award Management at www.sam.gov.

Another requirement of the DWSRF program is that all entities are required to verify that the federal government has not suspended or debarred them from receiving federal funds. This includes, but is not limited to, project contractors, subcontractors, engineers, architects, consultants, and equipment vendors. The Exclusion Report can be accessed at www.sam.gov. Failure to provide this required certification may result in termination of your loan contract.

After the Loan Contracts have been signed by the Department or its designee, one fully executed original will be returned to you for your files. Instructions for drawing the loan funds will be returned to you with the executed Loan Contract, as well as the necessary forms. The Loan Contract specifies that draws may be made for costs that have been incurred within the contract period of performance, and which have supporting documentation such as receipts or bills.

We are looking forward to working with you over the course of this project. If you have any questions about this Loan Contract, please contact me.

Sincerely,

Rachel Paris
360-236-4294
Rachel.Paris@DOH.WA.GOV

Enclosures:

ATTACHMENT I: SCOPE OF WORK (PROJECT)
ATTACHMENT II: ATTORNEY'S CERTIFICATION
ATTACHMENT III: FEDERAL AND STATE REQUIREMENTS
ATTACHMENT IV: DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS
ATTACHMENT V: CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS
ATTACHMENT VI: DWSRF ELIGIBLE PROJECT COSTS
ATTACHMENT VII: LABOR STANDARD PROVISIONS FOR SUBRECIPIENTS THAT ARE GOVERNMENTAL ENTITIES

Washington State Department of Health

DWSRF Municipal Loan Boilerplate

September 2025

Version History		
Date	Revision(s)	Version
05-15-2018	Original - developed via a team of the DWSRF Grant and Loan Unit Supervisor, the DOH Office of Drinking Water Finance Director, the DOH Office of Contracts and Procurement Technical and Policy Advisor, and DOH's Financial Services Assistant Attorney General.	1
09-15-2025	DOH's Office of Drinking Water worked with AHD Assistant Attorney General to modify template and incorporate up-to-date provisions for public works projects performed in the State of Washington.	2

1. CONTRACT FACE SHEET

#2025-4597 Loan Number: DWL33069-0
Washington State Department of Health (DOH)
Drinking Water State Revolving Fund (DWSRF)
Municipal

1. Borrower City of Pasco PO Box 491 Pasco, WA 99301		2. Borrower Doing Business As (optional)	
3. Borrower Type Construction Loan		4. Borrower's Statutory Authority	
5. Borrower Contract Manager Information Harold Stewart II City Manager (509) 544-4134 stewarth@pasco-wa.gov		6. DOH Contract Manager Rachel Paris P.O. Box 47822 Olympia, WA 98504-7822 360-236-4294 Rachel.Paris@doh.wa.gov	
7. Project Name: Butterfield Water Treatment Plant – Chemical Building Installation			
8. Loan Amount: \$15,000,000 Loan Fee: \$0 Interest Rate: 1.75%	9. Funding Source Federal: ☒ State: ☐ Other: ☐	10. Start Date Date of Last Signature	11. End Date 10/01/2050
12. Federal Funding Agency Environmental Protection Agency Catalogue of Federal Assistance (CFDA) Number 66.468			
13. Borrower Tax ID # 91-1983815	14. SWV # 0007164-03	15. Borrower UBI # 113-000-052	16. Borrower UEI# VJX8X4J5TL95
17. Contract Purpose DOH and the party identified above as Borrower (BORROWER), have entered into this loan agreement (CONTRACT) to fund the project identified above and further described in Attachment I (Scope of Work) (PROJECT) that furthers the goals and objectives of the DOH DWSRF Program (PROGRAM). The Project will be done by the BORROWER as described in the Attachment I (Scope of Work) and this Contract. The rights and obligations of the parties are governed by this Contract and the following documents are incorporated by reference: (1) General Terms and Conditions including Declarations; (2) Attachment I–Scope of Work; (3) Attachment II–Attorney's Certification; (4) Attachment III–Federal and State Requirements; (5) Attachment IV–Disadvantaged Business Enterprise Requirements; (6) Attachment V–Certification Regarding Debarment, Suspension, and Other Responsibility Matters; (7) Attachment VI–DWSRF Eligible Project Costs; and (8) Attachment VII–Labor Standard Provisions for Subrecipients that are Governmental Entities. By signing below, the parties acknowledge and accept the terms of this Contract.			
AUTHORIZED REPRESENTATIVE OF BORROWER		AUTHORIZED REPRESENTATIVE OF DOH	
Signature		Signature	
Print Name		Print Name	
Title		Title	
Date		Date	

	TEMPLATE APPROVED AS TO FORM ONLY

	Lisa Koperski, AAG Signature on File

	Sept. 16, 2025

	Date

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3. DECLARATIONS

3.1. BORROWER INFORMATION

Legal Name:	City of Pasco
Loan Number:	DWL33069-0
Application number:	2025-4597
Award Year:	2025
Statewide Vendor Number:	SWV 0007164-03

3.2. PROJECT INFORMATION (PROJECT)

Project Title:	Butterfield Water Treatment Plant
Project Location (City or County):	Pasco
Project State:	WA
Project Zip Code:	99301

Project Scope of Work-Attachment I attached hereto and incorporated by reference.

3.3. CONTRACT COMMUNICATION

Communications regarding CONTRACT performance is delegated by each party to its Contract Manager. Either party may change its Contract Manager by express notice to the other party. Either party may identify on an as needed basis an alternate Contract Manager to serve during the stated temporary absence of its primary Contract Manager. Notices between the parties regarding Contract performance must be provided by written communication to the other party's Contract Manager. Written communication includes email but not voice mail. Notices are presumed received by the other party's Contract Manager upon evidence of delivery between the hours of 8:00 am to 5:00 pm except for state holidays and weekends.

3.4. LOAN INFORMATION

Loan Amount:	\$15,000,000
Loan Fee (Included in loan amount if applicable):	\$0
Principal Loan Forgiveness %:	35%
Loan Term:	24 yrs
Interest Rate:	1.75%
Payment Month(s):	October 1 st Annually
Earliest Date for Construction Reimbursement:	One year prior to contract execution
Time of Performance:	48 months from Contract start date (date of last signature) to Project Completion date.

Notice to Proceed:	18 months from Contract start date (date of last signature)
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3.5. FUNDING INFORMATION

Total Funds from BORROWER:	\$1,140,000
Source(s) of Funds from Borrower, with assigned amounts per source: PWTF Loan (1,000,000) Local Water Utility Funds (\$140,000)	
Total State Funds:	\$0.00
Total Amount of Federal Award (as applicable):	\$15,000,000
Total Amount of Loan:	\$15,000,000
Federal Award Date:	To be determined
Federal Award ID # (FAIN):	To be determined
Amount of Federal Funds Obligated by this Action:	\$15,000,000

3.6. SPECIAL TERMS AND CONDITIONS

N/A

4. GENERAL TERMS AND CONDITIONS

DRINKING WATER STATE REVOLVING FUND (MUNICIPAL)

4.1. AUTHORITY

Acting under the authority of Section 1452 of the Safe Drinking Water Act (**SDWA**) Section 130, RCW 39.34, RCW 43.70.040, and RCW 70.119A.170 the Washington State Department of Health (**DOH**) has awarded BORROWER identified on the Face Sheet of this CONTRACT a Drinking Water State Revolving Fund Loan (**LOAN**) for the PROJECT defined on the Face Sheet of this CONTRACT. Under this CONTRACT, BORROWER is a sub-recipient of funds provided by the United States Environmental Protection Agency (**EPA**), CFDA Number 66.468, Safe Drinking Water State Revolving Fund.

In some CONTRACT attachments, DOH is referred to as “Lender” and BORROWER is referred to as “Contractor.” DOH and BORROWER are individually a “**party**” and, collectively, the “**parties**.”

4.2. FULL AGREEMENT

This CONTRACT contains all the terms and conditions agreed upon by the parties and is the full agreement of the parties. No other understandings, oral or otherwise, regarding the subject matter of this CONTRACT will be deemed to exist or to bind any of the parties hereto.

4.3. ORDER OF PRECEDENCE

In the event of an inconsistency in this CONTRACT, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: The order of precedence for terms and conditions under categories B and C is subject to the proviso that when a contract term or condition appears in more than one contract document, the more specific contract term or condition shall control if the different contract provisions cannot be harmonized.

- A. Applicable state and federal statutes
- B. Applicable local, state, and federal regulations
- C. CONTRACT amendments (if any)
- D. The Declarations Page of the CONTRACT
- E. The General Terms and Conditions of the CONTRACT
- F. Attachment I of the CONTRACT
- G. Attachment II of the CONTRACT
- H. Attachment III of the CONTRACT
- I. Attachment IV of the CONTRACT
- J. Attachment V of the CONTRACT
- K. Attachment VI of the CONTRACT
- L. Attachment VII of the CONTRACT

4.4. LOAN AMOUNT

DOH, using funds from the Drinking Water Assistance Account, will loan BORROWER a sum not to exceed the amount shown as “Loan Amount” in the Declarations (**LOAN AMOUNT**). The LOAN AMOUNT will not exceed 100% of the actual eligible PROJECT costs (**ELIGIBLE PROJECT COSTS**). The parties understand and agree that the LOAN AMOUNT does not include the LOAN FEE which will be charged in accordance with Section 4.5 (Loan Fee) below.

4.5. LOAN FEE

If DOH assessed a “Loan Fee” in the Declarations (**LOAN FEE**), then: (a) the LOAN FEE will be the LOAN FEE shown in the Declarations; (b) the LOAN FEE will be 1% of the loan request; and (c) the LOAN FEE will not be

reduced, regardless of the final LOAN AMOUNT at PROJECT completion. If the LOAN FEE applies and the total LOAN AMOUNT is increased through CONTRACT amendment, then DOH will assess an additional LOAN FEE equal to 1% of the additional LOAN AMOUNT. LOAN FEES are non-refundable.

4.6. LOAN TERM

Unless changed through a CONTRACT amendment, the LOAN TERM will not exceed the period of time shown in the Declarations. The repayment period for DOH subsidized loans is 24 years from this CONTRACT's start date. The repayment period for non-DOH subsidized loans is 20 years from this CONTRACT's start date.

4.7. INTEREST RATE

The interest rate is stated in the Declarations. Interest is per annum on the outstanding principal balance and starts to accrue from the date DOH releases any or all of the Loan Amount (**LOAN FUNDS**) to BORROWER in accordance with applicable law and PROGRAM AND DOH policies.

4.8. LOAN FORGIVENESS

If the LOAN qualifies for LOAN Forgiveness, then the percent of the LOAN balance that DOH will forgive at PROJECT completion is stated in the Declarations. DOH calculates the amount forgiven when DOH approves the BORROWER's Project Completion Report. The amount forgiven will be based on either the LOAN AMOUNT or BORROWER's ELIGIBLE PROJECT COSTS, whichever is less, and accrued interest.

4.9. RELEASE OF LOAN FUNDS AND REQUIRED DOCUMENTATION

DOH will release LOAN FUNDS to BORROWER to reimburse BORROWER for ELIGIBLE PROJECT COSTS. To request reimbursement, BORROWER must submit a signed and completed invoice using a form provided by DOH. The invoice must reference the PROJECT activity performed, and include supporting documentation such as bills, invoices, receipts, and documentation of compliance with CONTRACT requirements as requested by DOH. The invoice must be signed by an official of BORROWER with authority to bind BORROWER.

Invoices must also include a report of the progress of the PROJECT made since the last invoice, and the PROJECT status to date. DOH will not release funds until the PROJECT status report and documentation are approved by DOH. Approval will not be unreasonably withheld or delayed. After approving the invoice, documentation, and PROJECT status report, DOH will release funds to BORROWER within 30 days, if BORROWER is not in alleged or actual breach of any CONTRACT with a Washington state agency.

DOH will withhold 10% of LOAN FUNDS until DOH confirms that BORROWER has successfully completed all steps for PROJECT COMPLETION. The 10% holdback will be available to BORROWER as part of the last LOAN disbursement.

4.10. TIME OF PERFORMANCE

BORROWER will begin the activities in the PROJECT within 30 calendar days of the CONTRACT start date. BORROWER will issue a 'Notice to Proceed', after the formal award of a construction contract, within 18 months of the CONTRACT start date.

BORROWER must reach PROJECT COMPLETION within the Time of Performance set forth in the Declarations (**TIME OF PERFORMANCE**). If there are extenuating circumstances, BORROWER may request, in writing, at least 90 calendar days prior to the PROJECT COMPLETION that DOH extend the deadline for PROJECT COMPLETION. At its discretion, DOH may issue an extension. DOH's decision is final and not subject to the dispute clause.

If BORROWER does not meet the requirements of this Section, it is a material breach of CONTRACT, and DOH may terminate or suspend this CONTRACT immediately and for cause if DOH so desires.

4.11. PROJECT COMPLETION AMENDMENT AND THE PROJECT COMPLETION REPORT

The PROJECT Completion Amendment determines the final LOAN AMOUNT and LOAN TERM. When activities in the PROJECT are complete, BORROWER will start the process for the PROJECT Completion Amendment by sending DOH the PROJECT Completion Report. In the PROJECT Completion Report, BORROWER will provide the following information to DOH:

- A. A statement of the actual dollar amount spent, from all fund sources, to complete the PROJECT.
- B. A statement that all ELIGIBLE PROJECT COSTS have been incurred. Costs are incurred when goods and services are received and/or contracted work is performed.
- C. Evidence showing BORROWER'S compliance with financial the audit requirements of this CONTRACT.
- D. An invoice for the remaining ELIGIBLE PROJECT COSTS.
- E. Documentation of BORROWER's compliance with National Historic Preservation Act of 1966, 54 U.S.C. Subtitle III, Public Law 89-665, as amended (including, without limitation, by Public Law 96-515) (***NHPA*** or ***National Historic Preservation Act***).

4.12. LOAN PAYMENTS

BORROWER must begin repaying the LOAN no later than 1 year after the CONTRACT start date. Payments are due on the first day of the month(s) shown as the PAYMENT MONTH(S) in the Declarations. Payments are principal and interest accrued up to the PAYMENT MONTH(S).

BORROWER can repay in full the LOAN balance, including fees and repayment of LOAN FUNDS for ineligible project costs (if any), at any time or make accelerated payments without penalty. The final payment must be on or before the end of the LOAN TERM. Additionally, BORROWER must either have a dedicated general ledger account for the LOAN AMOUNT or a dedicated bank account for the LOAN AMOUNT to ensure that there is no co-mingling of the LOAN AMOUNT with other municipality resources.

4.13. DEDICATED ACCOUNT FOR LOAN PAYMENTS

Within 30 calendar days of the CONTRACT start date, BORROWER must provide DOH with documentation that BORROWER has an account at an FDIC-insured institution dedicated for repaying the LOAN. The funds and interest accrued in the account must be used solely to make LOAN payments.

During the LOAN TERM, BORROWER will ensure that by September 30th of repayment years, the dedicated account's balance is equal to one years' payment of principal, fees, and interest on the LOAN.

4.14. LOAN DEFAULT

DOH must receive BORROWER'S payment within 30 calendar days of the due date. Late payments are delinquent and assessed a monthly penalty on the 1st day past the due date. The penalty will be at the rate set forth by DOH that accords with applicable law but which the parties agree and understand may be 1% of the late payment amount per month. Penalty and fees accrue interest at the rate stated as LOAN INTEREST in the Declarations.

DOH may notify any other entity, creditors, or potential creditors of BORROWER's delinquency. BORROWER is responsible for all attorney fees and costs incurred by DOH in any action taken to enforce its rights under this Section, including in any alternative dispute resolution proceeding.

4.15. LOAN SECURITY

"Loan Security" (***LOAN SECURITY***) is only required if identified in the Declarations. If LOAN SECURITY is required under the CONTRACT, then:

- (a) BORROWER will assist DOH in completing and filing all financing statements or other collateral documentation reasonably required by DOH; and
- (b) BORROWER will execute all assignments, security agreements, and financing statements necessary to establish, perfect, and maintain the security interests of DOH.

Nothing in this Section releases BORROWER from the obligation to make LOAN PAYMENTS when due, and to adjust rates, fees, or surcharges as necessary to meet its obligations under this CONTRACT.

Notwithstanding this, in its sole discretion and if allowed under the EPA regulations relevant to this Contract, DOH may subordinate its LOAN security to BORROWER's obligations under existing or future bonds and notes.

4.16. AMENDMENTS, MODIFICATIONS, ASSIGNMENTS, AND WAIVERS

Any amendments, modifications, assignments, and/or waivers to any of the terms and conditions of this CONTRACT supersede those terms as found in the original CONTRACT and will not be binding on the parties unless they are in writing and signed by representatives authorized to bind each of the parties. Only the authorized representative or their designee (where delegation is made prior to action) has the express, implied, or apparent authority to enter into, alter, amend, assign, modify, or waive any terms, clauses, or conditions of this CONTRACT. Additionally, neither this CONTRACT nor any Claim arising under this CONTRACT, will be transferred or assigned by the BORROWER without prior written consent of DOH.

Neither this CONTRACT nor any Claim arising under it may be transferred or assigned by BORROWER without DOH's prior written consent. During the LOAN TERM, DOH must approve in advance, any change in ownership of the water system(s) improved with LOAN FUNDS. DOH may require the LOAN, including LOAN FEES and/or ineligible project costs (if any) be paid in full as a condition of approval.

Nothing in this CONTRACT (including, without limitation, terms, conditions, assurances, and certifications) may be waived and/or modified unless approved in writing and signed by an authorized representative of DOH. No waiver of any default or breach is implied from any failure to take action upon such default or breach if the default or breach persists or repeats. Waiver of any default or breach will not be deemed to be a waiver of any subsequent default or breach.

4.17. BUILD AMERICA, BUY AMERICA (IF APPLICABLE)

None of the LOAN FUNDS under this CONTRACT will be used for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel, manufactured products, and construction materials used in the project are produced in the United States including, without limitation, iron and steel, manufactured products, and construction materials in accordance with the Build America, Buy America, Pub. L. No. 117-58, §§ 70901-52 (**BABA**) Requirements and/or any successor legislation. BORROWER hereby represents and warrants to and for the benefit of DOH and any other funding authority and/or source that BORROWER understands this obligation and the requirements of BABA and will use the LOAN FUNDS in accordance with the requirements set forth in this Section.

Notwithstanding this, an authorized representative of DOH may waive this requirement in writing if:

- A. Compliance would be inconsistent with the public interest; or
- B. The particular products are not produced in the United States in sufficient and reasonably available quantities and are not of a satisfactory quality; or
- C. Inclusion of products produced in the United States will increase the cost of the overall project by more than 25%; or
- D. A waiver is approved by the Environmental Protection Agency (**EPA**).

BORROWER must submit any such waiver request to DOH, which will then submit the waiver request to EPA. The full text of the Build America, Buy America provision can be found under The Infrastructure Investment and Jobs Act (**IJA**), Pub. L. No. 117-58, which includes BABA.

4.18. ATTORNEYS' FEES

Unless expressly permitted under another Section of the CONTRACT, each party agrees to bear its own attorneys' fees and costs for litigation or other action brought to enforce the CONTRACT terms and conditions.

4.19. PROHIBITION AGAINST PAYMENT OF BONUS AND COMMISSION

LOAN FUNDS provided under this CONTRACT will not be used in payment of any bonus or commission for the purpose of obtaining approval of the loan application or any other approval under this CONTRACT. This Section does not prohibit paying reasonable fees for *bona fide* technical consultants, managerial, or other such services, if payment is for ELIGIBLE PROJECT COSTS. For the avoidance of doubt, no actual solicitation costs can be paid for

LOAN FUNDS received under this CONTRACT.

4.20. COMPLIANCE

BORROWER will comply with all applicable federal, state, and local laws, requirements, codes, regulations, policies, and ordinances of local and state and federal governments, as now or hereafter amended (including, without limitation, for the design, implementation, and administration) of the PROJECT and this CONTRACT, including, without limitation, those stated in the CONTRACT attachments. BORROWER will provide DOH with documentation of compliance as soon as practicable if requested by DOH or its agents.

In the event of BORROWER's alleged or actual noncompliance with any part of this CONTRACT, DOH may suspend all or part of the CONTRACT, withhold payments, and/or prohibit BORROWER from incurring additional obligations of LOAN FUNDS during the investigation and pending corrective action by BORROWER, or a decision by DOH to terminate or suspend the CONTRACT.

4.21. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

- A. "Confidential Information" as used in this Section includes:
 - i. All material provided to the BORROWER by DOH that is designated as "confidential" by DOH; and
 - ii. All material produced by the BORROWER that is designated as "confidential" by DOH; and
 - iii. All Personal Information in the possession of the BORROWER that may not be disclosed under state or federal law.
- B. The BORROWER will comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The BORROWER will use Confidential Information solely for the purposes of this CONTRACT and will not use, share, transfer, sell, or disclose any Confidential Information to any third party except with the prior written consent of DOH or as may be required by law. The BORROWER will take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale, or disclosure of Confidential Information or violation of any related state or federal laws. Upon request, the BORROWER will provide DOH with its policies and procedures on confidentiality. DOH may require changes to such policies and procedures as they apply to this CONTRACT whenever DOH reasonably determines that changes are necessary to prevent unauthorized disclosures. The BORROWER will make the changes within the time period specified by DOH. Upon request, the BORROWER will immediately return to DOH any Confidential Information that DOH reasonably determines has not been adequately protected by the BORROWER against unauthorized disclosure.
- C. Unauthorized Use or Disclosure. The BORROWER will notify DOH within 5 working days of BORROWER's discovery of any unauthorized use or disclosure of any confidential information and will take necessary steps to mitigate the harmful effects of such use or disclosure.

4.22. DISPUTES

Except as otherwise provided in this CONTRACT, when a dispute arises between the parties that cannot be solved by direct negotiation (**Dispute**), either party may request a Dispute hearing with the Director of the Office of Drinking Water (**Director**), who may designate a neutral person to decide the Dispute. The parties will be equally responsible for any reasonable costs and fees incurred by the neutral person.

The request for a Dispute hearing must:

- A. Be in writing;
- B. State the disputed issues;
- C. State the relative positions of the parties;
- D. State BORROWER's name, address, and CONTRACT number involved in or related to the Dispute;
- E. Provide contact information for the requester's representative; and
- F. Be mailed to the Director and the other party's (**Respondent's**) Contract Manager within 3 working days after the parties agree that they cannot resolve the Dispute.

The Respondent will send a written answer to the requestor's statement to both the Director or the Director's designee and the requestor within 5 working days.

In the alternative, the parties can agree to submit a mutual request to the Director, which should include each party's response to the other party's characterization of the Dispute.

The Director or Director's designee will review the written statements and reply in writing to both parties within 10 working days. The Director or Director's designee may extend this period if necessary by notifying the parties. The decision on the dispute is non-binding and will not be admissible in any succeeding judicial or quasi-judicial proceeding.

This non-binding Dispute process must precede any action in a judicial or quasi-judicial tribunal. Nothing in this CONTRACT limits the parties from using any mutually acceptable alternate dispute resolution (**ADR**) method in addition to or instead of the Dispute hearing procedure outlined above.

4.23. ELIGIBLE PROJECT COSTS

BORROWER will comply with all obligations set forth under this CONTRACT including, without limitation, Attachment VI-DWSRF Eligible Project Costs and is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its contractors and/or subcontractors.

The purchase of any land necessary for the PROJECT must be included in the PROJECT and be documented with an appraisal or equivalent market evaluation, if approved by DOH, and a valid purchase and sale agreement.

Construction expenses incurred after the date shown as earliest date for construction reimbursement in the Declarations are eligible for reimbursement. Requests for reimbursements for costs related to construction activities will not be accepted until BORROWER has met the following conditions:

- A. Completed the State Environmental Review Process (SEPA Review under RCW 43.21C);
- B. Complied with all provisions of the National Historic Preservation Act;
- C. Complied with Prevailing Wage requirements;
- D. Received approval from DOH of the PROJECT report and related construction documents for all applicable activities described in the PROJECT; and
- E. Complied with any other LOAN conditions required by DOH.

For the avoidance of doubt, BORROWER cannot use LOAN FUNDS for any expenses charged by BORROWER against any other contract, subcontract, or source of funds.

If DOH reimburses BORROWER for costs that are later determined by DOH to be ineligible, BORROWER must repay these funds to DOH no later than when the BORROWER returns the PROJECT Completion Amendment to DOH. Prior to final completion, DOH may withhold payment for such costs as allowed under Section 4.36 (Recapture). Any such repayment may be subject to interest on any remaining balance, at the rate determined by state regulations and as allowed under state and federal law.

4.24. FALSE, INCORRECT, OR INCOMPLETE INFORMATION OR CLAIM

BORROWER warrants that BORROWER has not and will not submit to DOH any information that is false, incorrect, or incomplete. BORROWER understands and agrees that providing false, fictitious, or misleading information to a state agency or otherwise receiving and attesting to PROGRAM benefits that you are not entitled to is a violation of applicable state law. Such violations may be a criminal violation under state law, including, without limitation, RCW 9A.56.020 (Theft defined), RCW 9A.56.030 (Theft in the 1st degree), RCW 9A.56.040 (Theft in the 2nd degree), or other applicable statutes. Such violations for the receipt and disbursements of LOAN FUNDS may also result in civil penalties or administrative fines. The parties understand and agree that DOH may pursue all applicable remedies for violations by BORROWER under this Section.

4.25. FINANCIAL AUDIT

DOH may require BORROWER to obtain an audit of this PROJECT conforming to Generally Accepted Accounting Principles (**GAAP**) promulgated by the Financial Accounting Standards Board (**FASB**). BORROWER will maintain its records and accounts in accordance with GAAP and other applicable FASB requirements to facilitate any audit under this CONTRACT. BORROWER is responsible for correcting any audit findings. BORROWER is responsible for any audit findings incurred by its own organization and/or its contractors and/or subcontractors. DOH reserves the right to recover from BORROWER all disallowed costs and INELEGIBLE PROJECT COSTS resulting from an audit.

Audits must include a report on compliance, including an opinion (or disclaimer of opinion) about whether the BORROWER is in compliance with applicable law, regulations, and requirements of this CONTRACT. Any such audit report will also highlight any issues that could have a direct and material effect on DOH.

BORROWER will send a copy of any required audit per 2 CFR §200.512 to the DOH Contract Manager, no later than 9 months after the end of BORROWER's fiscal year. BORROWER must send any audit corrective action plan for audit findings and a copy of the management letter, within 3 months of the audit report.

4.26. FRAUD AND OTHER LOSS REPORTING

BORROWER will report in writing all known or suspected fraud or other loss of any funds or other property furnished under this CONTRACT immediately or as soon as practicable to the DOH Representative identified on the Face Sheet.

4.27. GOVERNING LAW AND VENUE

This CONTRACT will be construed and interpreted according to the laws of the State of Washington, and the venue of any action brought under the CONTRACT will be in the Superior Court for Thurston County. If any provision of this CONTRACT violates any statute or rule of law of the State of Washington, it will be considered modified to conform to that statute or rule of law.

4.28. HISTORICAL AND CULTURAL REQUIREMENTS

BORROWER will not conduct or authorize destructive PROJECT planning activities before completing the requirements under Section 106 of the National Historic Preservation Act. BORROWER will not begin construction activities, ground disturbance, or excavation of any sort, until BORROWER has complied with all requirements of the NHPA.

If historical or cultural artifacts are discovered during the PROJECT, BORROWER will immediately stop construction and implement reasonable measures to protect the discovery site from further disturbance, take reasonable steps to ensure confidentiality of the discovery site, restrict access to the site, and notify the concerned tribe's cultural staff or committee, Tribal Historical Preservation Officer (**THPO**), DOH Contract Manager, and the State's Historical Preservation Officer (**SHPO**) at the Washington State Department of Archaeology and Historic Preservation (**DAHP**). If human remains are uncovered, BORROWER will report the presence and location of the remains to the local coroner and law enforcement immediately, then contact the concerned tribe's cultural staff or committee, DOH Contract Manager, and DAHP.

BORROWER is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural sites and artifacts and will hold harmless the State of Washington and DOH in relation to any claim related to historical or cultural sites discovered, disturbed, or damaged as a result of BORROWER'S and BORROWER's contractors' and/or subcontractors' activities.

BORROWER will include the requirements of this Section in all contracts for work or services related to the PROJECT. BORROWER will require that bid documents include an inadvertent discovery plan that meets the requirements of this Section.

4.29. INDEMNIFICATION

To the fullest extent permitted by law, BORROWER will indemnify, defend, and hold harmless DOH, the State of Washington, agencies of the State, and all officials, agents, employees, and representatives of the State, from and against all Claims arising out of or incident to BORROWER'S or any BORROWER'S contractors' and/or subcontractors' performance or failure to perform the CONTRACT (including, without limitation, injury or death).

BORROWER'S obligation to indemnify, defend, and hold harmless includes any Claim by any and all of BORROWER's agents, employees, representatives, and/or subcontractor(s) (and their agents, employees, and representatives, to the extent that BORROWER is using any contractor and/or subcontractor for the Project). For the avoidance of doubt, BORROWER's obligations under this Section will not be eliminated or reduced by any actual or alleged concurrent negligence of DOH, the State of Washington, agencies of the State, or any of their officials, agents, employees, and/or representatives.

BORROWER'S obligation to indemnify, defend, and hold harmless DOH and the State of Washington includes any Claim by BORROWER'S agents, employees, officers, contractors, subcontractors, and/or contractor or subcontractor employees. Notwithstanding this, the BORROWER's obligations will not include such Claims that may be caused by the sole negligence of the State and its agencies, officers, officials, agents, and/or employees.

BORROWER waives immunity under RCW 51 to the extent it is required to indemnify, defend, and hold harmless the State of Washington and its agencies, officers, officials agents, and/or employees.

4.30. INDEPENDENT CAPACITY OF THE BORROWER

The parties intend that an independent contractor relationship will be created by this CONTRACT. The BORROWER and its employees, officers, representatives, and/or agents performing under this CONTRACT are not employees or agents of the State of Washington or DOH. The BORROWER will not hold itself out as or claim to be an officer or employee of DOH or of the State of Washington by reason hereof nor will the BORROWER make any claim of right, privilege, or benefit which would accrue to such officer or employee under law. Conduct and control of the work associated with the PROJECT will be solely with the BORROWER.

4.31. INTERNAL CONTROLS

BORROWER must designate one person as fiscal coordinator of the LOAN. BORROWER must maintain effective internal controls and comply with standards adopted by FASB.

4.32. INSURANCE COVERAGE REQUIREMENTS

A. Insurance Requirements for Reimbursable Activities

The BORROWER will have insurance coverage that is substantially similar to the coverage described in Section 4.28(B) below for all periods in which BORROWER performed work for which it will seek reimbursement. The intent of the required insurance is to protect the State of Washington should there be any Claims, suits, actions, costs, damages, or expenses arising from any loss or negligent or intentional act or omission of the BORROWER or contractor and/or subcontractor, or agents of any of them, while performing under the terms of this CONTRACT.

B. Additional Insurance Requirements During the Term of the CONTRACT

i. The BORROWER shall provide proof to DOH of insurance coverage that shall be maintained in full force and effect, as indicated below, and shall submit renewal certificates not less than 30 calendar days prior to expiration of each policy required under this Section:

a. **Commercial General Liability Insurance Policy.** Provide a Commercial General Liability Insurance Policy, including contractual liability, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of or related to this CONTRACT but in no less than \$1,000,000 per occurrence. Additionally, the BORROWER is responsible for ensuring that any subcontractor provides adequate insurance coverage for the activities arising out of or related to subcontracts (if any). Commercial General Liability Insurance coverage shall be maintained in full force and effect during the term of this CONTRACT and throughout the Commitment Period.

b. **Property Insurance.** The BORROWER shall keep the property insured in an amount sufficient to permit such insurance to be written at all times on a replacement cost basis. Such insurance shall cover the following hazards, as applicable:

1. Loss or damage by fire and such other risks;
2. Loss or damage from leakage or sprinkler systems now or hereafter installed in any building on the premises;
3. Loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building or building on the premises.

This property insurance coverage must be maintained in full force and effect throughout the term of this CONTRACT and the Commitment Period.

c. **Professional Liability, Errors, and Omissions Insurance.** If BORROWER will be providing any professional services to be reimbursed under this CONTRACT, the BORROWER shall maintain Professional Liability or Errors and Omissions Insurance with minimum limits of no less than \$1,000,000 per occurrence to cover all activities by the BORROWER and licensed staff employed or under contract to the BORROWER. The

State of Washington, the Department of Health, its agents, officers, and employees need not be named as additional insureds under this policy. This insurance must be maintained throughout the term of the CONTRACT and Commitment Period. BORROWER will require that any subcontractors providing professional services that are reimbursable under this CONTRACT maintain Professional Liability or Errors and Omissions Insurance at the coverage levels set forth in this subsection.

d. Fidelity Insurance. Every officer, director, employee, or agent who is authorized to act on behalf of the BORROWER for the purpose of receiving or depositing funds into program accounts or issuing financial documents, checks, or other instruments of payment for program costs shall be insured to provide protection against loss where:

1. The amount of fidelity coverage secured pursuant to this CONTRACT shall be \$2,000,000 or the highest of planned reimbursement for the CONTRACT period, whichever is lower. Fidelity insurance secured pursuant to this paragraph shall name the State of Washington, the Department of Health, its agents, officers, and employees as beneficiary.
2. Subcontractors that receive \$10,000 or more per year in funding through this CONTRACT shall secure fidelity insurance as noted above. Fidelity insurance secured by subcontractors pursuant to this paragraph shall name the BORROWER and the BORROWER's fiscal agent (if any) as beneficiary.
3. Fidelity Insurance coverage shall be maintained in full force and effect from the start date of this CONTRACT until BORROWER has submitted a Closeout Certification Form, subject to the following: Fidelity Insurance must be issued on either (a) a "loss sustained" basis; or (b) if issued on a "loss-discovered" basis, provide coverage for at least 6 months following the date of BORROWER's receipt of the Closeout Certification Form.
4. Fidelity Insurance for Organizations with No Employees.

The requirement for fidelity insurance described in that term is hereby waived as long as the BORROWER does not have any employees (including, but not limited to, volunteers, work-study placements, and interns).

- ii. The insurance required shall be issued by an insurance company authorized to do business within the State of Washington. Except as otherwise set forth in this Section, each insurance policy shall name "the State of Washington, the Department of Health, and their agents, officers, and employees" as additional insureds on all policies. All policies shall be primary to any other valid and collectable insurance. The BORROWER shall instruct the insurers to give DOH 30 calendar days' advance notice of any insurance cancellation or modification.
- iii. The BORROWER shall submit to DOH within 15 calendar days of the CONTRACT start date, a certificate of insurance which outlines the coverage and limits defined in this Section including, without limitation, the type of insurance coverage under the policy, the designated beneficiary, who is covered, the amounts, the period of coverage, and that DOH will be provided 30 days' advance written notice of cancellation. During the term of the CONTRACT, the BORROWER shall submit renewal certificates not less than 30 calendar days prior to expiration of each policy required under this Section. Additionally, BORROWER shall provide copies of insurance instruments or certifications, at DOH's request and until 6 months after DOH has received a Closeout Certification Form from BORROWER. Copies of such insurance instruments and certifications will be provided within 15 calendar days of DOH's request unless otherwise agreed to by the parties.

iv. BORROWER and Local Governments that Participate in a Self-Insurance Program.

Self-Insured/Liability Pool or Self-Insured Risk Management Program – With prior approval from DOH, the BORROWER may provide the coverage above under a self-insured/liability pool or self-insured risk management program. In order to obtain permission from DOH, the BORROWER will provide: (1) a description of its self-insurance program and (2) a certificate and/or letter of coverage that outlines coverage limits and deductibles. All self-insured risk management programs or self-insured/liability pool financial reports must comply with GAAP and adhere to accounting standards promulgated by: 1) Governmental Accounting Standards Board (GASB), 2) FASB, and 3) the Washington State Auditor's annual instructions for financial reporting. BORROWER's participating in joint risk pools will maintain sufficient documentation to support the aggregate claim liability information reported on the balance sheet. The State of Washington, the Department of Health, and their agents, officers, and employees need not be named as additional insured under a self-insured property/liability pool, if the pool is prohibited from naming third parties as additional insured.

BORROWER will provide annually to DOH a summary of coverages and a letter of self- insurance, evidencing continued coverage under BORROWER's self-insured/liability pool or self-insured risk management program. Such annual summary of coverage and letter of self-insurance will be provided on the anniversary of the start date of this CONTRACT.

4.33. INDUSTRIAL INSURANCE COVERAGE

In addition to the requirements set forth in Section 4.[31] (Insurance Coverage Requirements) above, BORROWER understands and agrees that BORROWER and its contractors and/or subcontractors (if any) will comply with the applicable parts of RCW 51 RCW (Industrial Insurance). If BORROWER and/or any of its contractors and/or subcontractors (if any) fail to provide industrial insurance coverage or fail to pay premiums or penalties on behalf of its employees as required by law, DOH may collect from BORROWER the full amount payable to the Industrial Insurance Accident Fund. DOH may deduct the amount owed by BORROWER and/or any of its contractors (if any) to the accident fund from the amount payable to BORROWER by DOH under this CONTRACT and transmit the deducted amount to the Washington State Department of Labor and Industries (**L&I**) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the BORROWER and/or any of its contractors (if any).

4.34. LAWS

The BORROWER will comply with all applicable laws, ordinances, codes, regulations, and policies of local, state, and federal governments, as now or hereafter amended.

4.35. LICENSING, ACCREDITATION, AND REGISTRATION

The BORROWER will comply with all applicable local, state, and federal licensing, accreditation, and registration requirements or standards necessary for the performance of this CONTRACT.

4.36. LITIGATION

BORROWER warrants that there is no threatened or pending litigation, investigation, or legal action before any court, arbitrator, or administrative agency that, if adversely determined against BORROWER, would have a materially adverse effect on BORROWER's ability to repay the LOAN AMOUNT. BORROWER agrees to promptly notify DOH if any above-referenced actions become known to BORROWER during the pendency of the CONTRACT.

4.37. NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

A. During the performance of this CONTRACT, the BORROWER, including any contractor and/or subcontractor, will comply with all federal, state, and local nondiscrimination laws, regulations, and policies including, without limitation, not discriminate on the bases enumerated at RCW 49.60.530(3). In addition, BORROWER, including any contractor and/or subcontractor, will give written notice of this nondiscrimination requirement to any labor organizations with which BORROWER, or contractor and/or subcontractor, has a collective bargaining or other agreement. The LOAN FUNDS will not be used to fund religious worship, exercise, or instruction. No person will be required to participate in any religious worship, exercise, or instruction in order to have access to the facilities funded by this CONTRACT.

B. **Obligation to Cooperate.** BORROWER, including any contractor and/or subcontractor, shall cooperate and comply with any Washington state agency investigation regarding any allegation that BORROWER, including any contractor and/or subcontractor, has engaged in discrimination prohibited by this CONTRACT pursuant to RCW 49.60.530(3).

C. **Default.** Notwithstanding any provision to the contrary, DOH may suspend BORROWER, including any contractor and/or subcontractor, upon notice of a failure to participate and cooperate with any state agency investigation into alleged discrimination prohibited by this CONTRACT, pursuant to RCW 49.60.530(3). Any such suspension will remain in place until DOH receives notification that BORROWER, including any contractor and/or subcontractor, is cooperating with the investigating state agency. In the event BORROWER, or contractor and/or subcontractor, is determined to have engaged in discrimination identified at RCW 49.60.530(3), DOH may terminate this CONTRACT in whole or in part, and BORROWER, contractor, subcontractor, or any or all, may be referred for debarment as provided in RCW 39.26.200. BORROWER or contractor or subcontractor may be given a reasonable time in which to cure this noncompliance, including implementing conditions consistent with any court-ordered injunctive relief or settlement agreement. Failure by BORROWER to carry out these requirements is a material

breach of this CONTRACT and subject to termination for cause.

4.38. PAY EQUITY

The BORROWER will ensure that “similarly employed” individuals in its workforce are compensated as equals, consistent with the following:

- A. Employees are “similarly employed” if the individuals work for the same employer, the performance of the job requires comparable skill, effort, and responsibility, and the jobs are performed under similar working conditions. Job titles alone are not determinative of whether employees are similarly employed;
- B. BORROWER may allow differentials in compensation for its workers if the differentials are based in good faith and on any of the following:
 - i. A seniority system; a merit system; a system that measures earnings by quantity or quality of production; a bona fide job-related factor or factors; or a bona fide regional difference in compensation levels; and/or
 - ii. A bona fide job-related factor or factors may include, but not be limited to, education, training, or experience that is: (a) consistent with business necessity; (b) not based on or derived from a gender-based differential; and (c) accounts for the entire differential; and/or
 - iii. A bona fide regional difference in compensation level must be: (a) Consistent with business necessity; (b) not based on or derived from a gender-based differential; and (c) account for the entire differential.

This CONTRACT may be terminated by DOH, if DOH or the Department of Enterprise Services determines that the BORROWER is not in compliance with this Section.

4.39. POLITICAL ACTIVITIES

Political activity of BORROWER employees and officers are limited by the Campaign Disclosure and Contribution provisions of RCW 42.17a and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

4.40. PREVAILING WAGE

BORROWER will assure that all contractors and subcontractors performing work funded through this CONTRACT comply with prevailing wage laws by paying the higher of state or federal prevailing wages. BORROWER is legally and financially responsible for compliance with the prevailing wage requirements. The BORROWER certifies that all contractors and subcontractors performing work on the Project shall comply with State Prevailing Wages on Public Works, RCW 39.12, as applicable to the Project funded by this CONTRACT, including, but not limited to, the filing of the “Statement of Intent to Pay Prevailing Wages” and “Affidavit of Wages Paid” as required by RCW 39.12.040. The BORROWER shall maintain records sufficient to evidence compliance with RCW 39.12 and shall make such records available for DOH’s review upon request. BORROWER is advised to consult the United States Department of Labor and/or the Industrial Statistician at the Washington State Department of Labor and Industries to determine whether and what federal and state prevailing wages must be paid. DOH is not responsible for determining whether or what prevailing wage applies to this Project and/or for any prevailing wage payments that may be required by law.

4.41. PROCUREMENT

BORROWER will comply with all procurement policies, procedures, and requirements for contracting and/or subcontracting for the PROJECT and for obtaining PROJECT-related goods and services funded through this CONTRACT. BORROWER and its contractors and/or subcontractors must receive approval from DOH before entering into any sole source contract or contract where only one bid or proposal was received if the value of the contract is likely to exceed \$5,000. BORROWER’S request for DOH approval must include a copy of the proposed contract(s), all related procurement documents, and justification for non-competitive procurement.

BORROWER will ensure that all contractors, subcontractors, engineers, vendors, and any other entity for work or services listed in the PROJECT will insert in full, in any contract, the labor standards provisions in Attachment VIII- Labor Standard Provisions for Subrecipients That Are Governmental Entities.

BORROWER will maintain records to verify compliance with procurement requirements, including, without limitation, identifying the procurement method used, the reason for selecting the contractor, the rationale used for selecting

the contract type, the reason(s) for selecting and rejecting bidders or qualified firms, and the basis for the contract cost or price.

4.42. PROHIBITION STATEMENT

Per Section 106 of the federal Trafficking Victims Protection Act, BORROWER's contractors, subcontractors, engineers, vendors, and any other entity performing work funded by this CONTRACT must comply with and include the following terms and conditions in all contracts for work or services for the PROJECT.

"All forms of trafficking in persons, illegal sex trade, or forced labor practices are prohibited in the performance of this award or subawards under the award, or in any manner during the period of time that the award is in effect. This prohibition applies to you as the recipient, your employees, subrecipients under this award, and subrecipients' employees."

4.43. PROJECT SIGNS

If BORROWER displays, during the TIME OF PERFORMANCE, any signs or markers identifying parties that are providing funds for the PROJECT, BORROWER must include the Washington State Department of Health Drinking Water State Revolving Fund and the Washington State Department of Health as participants in the PROJECT, along with the Environmental Protection Agency (EPA) when federally funded.

4.44. PUBLIC RECORDS ACT

Notwithstanding General Terms and Conditions Section [4.20] (Confidentiality/Safeguarding of Information), DOH and BORROWER are public agencies subject to the Public Records Act, RCW 42.56 (PRA). Under the PRA, all materials relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by an agency or its functional equivalents are considered public records. The PRA requires that public records responsive to a public records request be promptly produced unless the PRA or an "other statute" exempts such records from production. This CONTRACT is not intended to alter DOH's or BORROWER's obligations under the PRA. The parties agree that if DOH or BORROWER receives a public records request for files that may include confidential information under Section [4.20] (Confidentiality/Safeguarding of Information), DOH or BORROWER may notify the other party of the request (Disclosing Party) and of the date that the records will be released to the requester unless the Disclosing Party obtains a court order enjoining disclosure. If the Disclosing Party fails to obtain the court order enjoining disclosure, the party who has received the public records request may release the requested information on the date specified. If the Disclosing Party obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to the PRA, the party who has received the public records request will maintain the confidentiality of the information per the court order.

4.45. PUBLICITY

BORROWER agrees not to publish or use any advertising or publicity materials in which the State of Washington or DOH's name is mentioned, or language used from which the connection with the State of Washington's or DOH's name may reasonably be inferred or implied, without the prior written consent of DOH.

4.46. RATES AND RESERVES

BORROWER will maintain reserves at a minimum as required by the Water System Plan or Small Water System Management Plan. BORROWER will timely adopt rate increases and/or capital assessments for the system's services to provide sufficient funds, along with other revenues of the system, to pay all operating expenses and debt repayments during the LOAN TERM.

4.47. RECAPTURE

In the event that the BORROWER fails to perform this CONTRACT in accordance with state or federal laws, and/or the provisions of this CONTRACT, DOH reserves the right to recapture LOAN FUNDS from BORROWER in an amount to compensate DOH for BORROWER's noncompliance with any part of this CONTRACT, in addition to any other remedies available under the CONTRACT, at law, or in equity. DOH may withhold LOAN FUNDS from BORROWER to recapture such funds. DOH's ability to recapture or seek remedies shall survive any receipt of a Closeout Certification Form or termination of this CONTRACT.

4.48. RECORDKEEPING AND ACCESS TO RECORDS

The BORROWER will maintain books, records, documents, data, and other evidence relating to this CONTRACT and performance of the services described herein, including, but not limited to, accounting procedures and practices

that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this CONTRACT.

DOH, the Office of the State Auditor, and federal and state officials so authorized by law, regulation, or agreement (and any of their agents) will have full access and the right to examine, copy, excerpt, or transcribe, at no additional cost and at all reasonable times, any pertinent documents, papers, records, and books (including, without limitation, materials generated under the CONTRACT) of BORROWER and of persons, firms, or organizations with which BORROWER may contract, involving transactions related to this CONTRACT. BORROWER agrees to keep complete records of its compliance with this CONTRACT for a period of 6 years from the date that the debt to DOH is paid in full. This includes, but is not limited to, financial reports.

If any litigation, Claim, or audit is started before the expiration of the 6 year period, BORROWER must keep the records until all litigation, Claims, or audit findings involving the records have been resolved. These records retention requirements are in addition to the local government records retention schedules applicable to the BORROWER.

4.49. REDUCTION IN FUNDS

In the event that funds appropriated for the Project contemplated under this CONTRACT are withdrawn, reduced, or limited in any way by any funding source (including, without limitation, the federal government) during the CONTRACT period, the parties understand and agree that DOH may suspend, amend, or terminate the CONTRACT to abide by the revised funding limitations. The parties understand and agree that BORROWER will be bound by any such revised funding limitations as implemented at the discretion of DOH and, if and as requested by DOH, will meet and renegotiate the CONTRACT accordingly.

4.50. REGISTRATION WITH THE SYSTEM FOR AWARD MANAGEMENT (SAM)

BORROWER must comply with 48 CFR 52.204-7 to register with the System for Awards Management (SAM.gov). BORROWER is responsible for the accuracy and completeness of its data in the SAM database and any liability resulting from the federal government or DOH reliance on inaccurate or incomplete data in it. BORROWER must remain registered in the SAM database. BORROWER should annually review its information in SAM to ensure it is accurate and complete.

4.51. RIGHT OF INSPECTION

At no additional cost, the BORROWER will provide right of access to its facilities to DOH, or any of its officers, or to any other authorized agent or official of the State of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this CONTRACT. At no additional cost, the BORROWER will also provide any documents related to this CONTRACT to DOH upon request to assist DOH in the periodic monitoring of this CONTRACT.

4.52. SEVERABILITY

The provisions of this CONTRACT are intended to be severable. If any part of this CONTRACT or part of any document incorporated by reference is found to be illegal or invalid for any reason whatsoever, it will not affect the legality or validity of the remainder of the CONTRACT. For the avoidance of doubt, other parts of this CONTRACT that can be given effect without the illegal or invalid part will remain in full force and effect.

4.53. SITE SECURITY

While on DOH premises, BORROWER, its agents, employees, and/or subcontractors will conform in all respects with physical, fire, and other security policies or regulations.

4.54. STATE PUBLIC WORKS

For work done at the cost of the State, BORROWER must comply with public works statutes RCW 39.04 and RCW 39.10, apprenticeship requirements, and the State and local building codes, as applicable. If BORROWER has questions about compliance, BORROWER will need to visit the Washington State Department of Labor & Industries Public Works Projects website for more information.

4.55. SUBCONTRACTING

- A. Prior to awarding contracts and/or subcontracts, BORROWER must verify that the complete names of both the selected contractor and the owner or president are not in the Federal Excluded Parties List System for Ineligible Professionals and Debarred Contractors (www.SAM.gov). BORROWER must provide the DOH Contract Manager with a screen printout documenting that neither the firm, the owner or the president are excluded.
- B. BORROWER will execute binding written agreements with all contractors and subcontractors that will perform work under this CONTRACT.
- C. BORROWER will ensure that every contract and subcontract awarded for the PROJECT after the CONTRACT start date will bind the parties to follow all applicable terms of this CONTRACT.
- D. BORROWER will ensure that any and all contractors and subcontractors that perform work related to this Project are duly authorized and licensed in Washington State to perform the work contemplated by this CONTRACT.
- E. Neither the BORROWER nor any contractor or subcontractor shall enter into contracts or subcontracts for any of the work associated with the Project contemplated under this CONTRACT without obtaining prior written approval of DOH. In no event will the existence of the contract or subcontract operate to release or reduce the liability of the BORROWER to DOH for any breach in the performance of the BORROWER's duties. This clause does not include grants of employment between the BORROWER and personnel assigned to perform work associated with the Project under this CONTRACT.
- F. BORROWER is responsible for ensuring that all terms, conditions, assurances, and certifications set forth in this CONTRACT are carried forward to any contracts and/or subcontracts and that BORROWER is responsible for any noncompliance by its contractors and/or subcontractors for work performed on the Project. Every contract and/or subcontract will include a term that DOH and the State of Washington are not liable for Claims or damages arising from a contractor's and/or subcontractor's performance of such contract or subcontract. BORROWER and its contractors and/or subcontractors agree not to release, divulge, publish, transfer, sell, or otherwise make known to unauthorized persons personal information without the express written consent of DOH or as provided by applicable law. For the avoidance of doubt, BORROWER's contracts or subcontracts will not release or reduce the BORROWER's liability to DOH for any breach in the performance of BORROWER's duties. Also for the avoidance of doubt, BORROWER's contracts and subcontracts will include a term that the State of Washington and DOH are not liable for claims or damages arising from a contractor and/or subcontractor's performance or lack thereof.
- G. Data Collection - BORROWER will submit reports, in a form and format to be provided by DOH and at intervals as agreed by the parties, regarding work under this CONTRACT performed by contractors and/or subcontractors and the portion of LOAN FUNDS expended for work performed by contractors and/or subcontractors.
- H. The BORROWER will maintain written procedures related to contractors and/or subcontractors as well as copies of all contracts and/or subcontracts and associated records. For cause, DOH in writing may: (a) require that the BORROWER amend its procedures for contracts and/or subcontractors as they relate to this CONTRACT; (b) prohibit the BORROWER from hiring contractors and/or subcontractors with a particular person or entity; or (c) require that the BORROWER rescind or amend a contract or subcontract.
- I. The BORROWER is responsible to DOH if the contractor and/or subcontractor fails to comply with any applicable term or condition of this CONTRACT. The BORROWER will appropriately monitor the activities of the contractor and/or subcontractor to assure fiscal conditions of this CONTRACT. In no event will the existence of a contract and/or subcontract operate to release or reduce the liability of the BORROWER to DOH for any breach in the performance of the BORROWER's duties.

4.56. SURVIVAL

The terms, conditions, and warranties contained in this CONTRACT that by their sense and context are intended to survive the completion of the performance, cancellation, or termination of this CONTRACT shall so survive including, without limitation, any Recapture provision in this CONTRACT.

4.57. TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the BORROWER's income or gross receipts, and/or any other taxes, insurance, or expenses for the BORROWER or its staff shall be the sole responsibility of the BORROWER.

4.58. TERMINATION FOR CAUSE

If DOH determines that BORROWER has failed to comply with the terms and conditions of this CONTRACT in a timely manner, DOH may, at its sole discretion, upon notice to BORROWER, terminate or suspend the CONTRACT in whole or in part.

The notice will be in writing and state the reason(s) for termination or suspension, and the effective date. The effective date will be determined by DOH. The notice will allow BORROWER at least 30 business days to cure the breach, if curable. If the breach is not cured or cannot be cured within 30 business days, the outstanding balance of the LOAN, with any interest accrued and other costs as authorized by the CONTRACT shall be due and payable to DOH.

If DOH terminates or suspends this CONTRACT under this Section, DOH is only liable for payment required under the terms and conditions of this CONTRACT for ELIGIBLE PROJECT COSTS incurred prior to the effective date of termination. If DOH terminates or suspends this CONTRACT under this Section, the BORROWER will be liable for damages as authorized by law including, without limitation, any cost difference between the original CONTRACT and the replacement or cover CONTRACT and all administrative costs directly related to the replacement CONTRACT (e.g., cost of the competitive bidding, mailing, advertising and staff time). Notwithstanding this, DOH reserves the right to suspend all or part of the CONTRACT, withhold further payments, or prohibit the BORROWER from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the BORROWER or a decision by DOH to terminate the CONTRACT.

At DOH's sole discretion, the termination for cause may be deemed a "Termination or Suspension for Convenience" under Section [4.53] if DOH determines that the BORROWER was not in default or if any default or failure to perform under this CONTRACT was outside BORROWER's control, fault, or negligence. The rights and remedies of DOH provided in this CONTRACT are not exclusive and are in addition to any other rights and remedies provided under applicable law. Nothing in this Section affects BORROWER's obligations to immediately repay the unpaid balance of the LOAN AMOUNT as prescribed in the Washington Administrative Code (**WAC**) 246-296-150.

4.59. TERMINATION FOR FRAUD

In the event that the BORROWER commits fraud or makes any misrepresentation in connection with the loan application or during the performance of this CONTRACT, DOH reserves the right to terminate or amend this CONTRACT accordingly, including the right to recapture all funds disbursed to the BORROWER under the CONTRACT.

4.60. TERMINATION OR SUSPENSION FOR CONVENIENCE

If funding or appropriation from state, federal, or other sources is withdrawn, reduced, or limited in any way during the TIME OF PERFORMANCE, DOH may:

- A.** Delay or suspend releasing LOAN FUNDS until funding or appropriation are available to DOH; or
- B.** Amend the CONTRACT to reflect the new funding limitations and conditions; or
- C.** Terminate the CONTRACT and/or its attached agreements, in whole or in part; or
- D.** Suspend the CONTRACT and/or its attached agreements, in whole or in part.

If DOH terminates the CONTRACT under this Section, DOH will notify BORROWER's representative in writing of the reason(s) for termination, and the effective date. Termination of the CONTRACT will be effective as of the date determined by DOH.

DOH may choose to suspend this CONTRACT, in whole or in part, if DOH determines that the funding insufficiency will likely be resolved in time for BORROWER to resume activities prior to the end of the TIME OF PERFORMANCE. DOH will notify BORROWER's representative by email of the reason(s) for suspension, and the effective date. DOH will determine the effective date. BORROWER must suspend performance on the effective date of the suspension. During the period of suspension, each party must notify the other party's representative of any conditions that may reasonably affect its ability to resume performance.

During the suspension, when DOH determines that the funding insufficiency is resolved, DOH may notify BORROWER's representative of the proposed date to resume performance. BORROWER must respond to DOH's representative in writing, within 5 business days of DOH sending notice, as to whether it can resume performance on that date or offer an alternative date to resume performance. If BORROWER cannot resume performance or the alternative date is not acceptable to DOH, the parties agree the CONTRACT will be deemed terminated for convenience, retroactive to the original date of suspension.

If DOH terminates or suspends this CONTRACT, DOH will be liable only for payment required under the terms of this CONTRACT for ELIGIBLE PROJECT COSTS for services rendered or goods received that were incurred prior to the effective date of suspension or termination, and payment for any work done on the CONTRACT prior to the loss of funding will be done in accordance with the requirements of the funding source. Nothing in this Section shall affect BORROWER's obligations to repay the unpaid balance of the LOAN. Nothing in this Section affects BORROWER's obligation to repay the LOAN, including fees and other expenses as allowed by the CONTRACT. For the avoidance of doubt, should funding from any funding source (including, without limitation, federal funding) that supports this CONTRACT be withdrawn, reduced, or limited in any way after the effective date of this CONTRACT and prior to normal completion of the Project, DOH (at its sole discretion) may terminate the CONTRACT without any notice requirement and/or may amend the CONTRACT to reflect the new funding limitations and conditions. Also, for the avoidance of doubt, should funding from any funding source (including, without limitation, federal funding) that supports this CONTRACT be terminated, this CONTRACT and all obligations, including payment for work done under this CONTRACT, will be terminated without the 10-calendar day notice requirement and instead as of the date of the termination of the funding source.

4.61. TERMINATION PROCEDURES

When BORROWER receives Notice of Termination or on the date a suspension is converted to a termination, except as otherwise directed by DOH, BORROWER will:

- A.** Stop work under the CONTRACT on the date, and to the extent specified, in the notice;
- B.** Place no further orders or subcontracts for materials, services, or facilities related to the CONTRACT except as may be necessary for completion of such portion of the work under the CONTRACT that is not terminated;
- C.** Assign to DOH, in the manner, at the times, and to the extent directed by the Authorized Representative, any or all of the rights, title, and interest of BORROWER under the orders and subcontracts so terminated, in which case DOH has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts. Any attempt by BORROWER to settle such claims must have the prior written approval of DOH;
- D.** Settle all outstanding liabilities and all Claims arising out of such termination of orders and subcontracts, with the approval or ratification of the DOH Authorized Representative to the extent the DOH Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;
- E.** Complete performance of such part of the work associated with the Project as shall not have been terminated by the DOH Authorized Representative;
- F.** Take such action as may be necessary, or as the DOH Authorized Representative may direct, for the protection and preservation of the property related to this CONTRACT, which is in the possession of the BORROWER and in which DOH has or may acquire an interest; and
- G.** Preserve and transfer title to DOH and delivery in the manner, at the times, and to the extent directed by the DOH Authorized Representative of any property that if the CONTRACT had been completed would have been required to be furnished to DOH (including, without limitation, materials, CONTRACT deliverables, and/or DOH property in BORROWER's possession) as directed by DOH.

Upon termination of this CONTRACT, DOH will pay BORROWER for amounts due under the CONTRACT prior to the date of termination unless such payment is precluded under any other provision of this CONTRACT. DOH may withhold any amount due as DOH reasonably determines is necessary to protect DOH against potential loss or liability resulting from the termination. DOH will pay any withheld amount to BORROWER if DOH later determines that loss or liability will not occur. Notwithstanding this, the parties understand and agree that failure of

BORROWER to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this CONTRACT. DOH may withhold from any amounts due the BORROWER for such sum as the DOH Authorized Representative determines to be necessary to protect DOH against potential loss or liability.

Upon termination of this CONTRACT, DOH, in addition to any other rights provided in this CONTRACT, may require the BORROWER to deliver to DOH any property specifically produced or acquired for the performance of such part of this CONTRACT as has been terminated. The rights and remedies of DOH provided in this Section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this CONTRACT.

4.62. WORK HOURS AND SAFETY STANDARDS

If this CONTRACT exceeds \$100,000, BORROWER must comply with the applicable Contract Work Hours and Safety Standards Act (40 USC Chapter 37). These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

4.63. ACCESS TO DATA

In compliance with RCW 39.26.180, the BORROWER will provide access to data generated under this CONTRACT to DOH, the Joint Legislative Audit and Review Committee, and the Office of the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the BORROWER's reports, including computer models and the methodology for those models.

4.64. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this CONTRACT shall be made by DOH.

4.65. ALLOWABLE COSTS

Costs allowable under this CONTRACT are actual expenditures according to an approved budget up to the maximum amount stated on the CONTRACT Award or Amendment Face Sheet.

4.66. AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, ALSO REFERRED TO AS THE "ADA" 28 CFR PART 35 ALLOWABLE COSTS

The BORROWER will comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

4.67. BREACHES OF OTHER STATE CONTRACTS

BORROWER will comply with all other contracts and grant agreements executed between BORROWER and the State of Washington. A breach of any other contract or grant agreement entered into between BORROWER and the State of Washington may, in DOH's sole discretion, be deemed a breach of this CONTRACT.

4.68. CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building department and/or DOH.

4.69. CONFLICT OF INTEREST

Notwithstanding any determination by the Executive Ethics Board or other tribunal, DOH may, in its sole discretion, by written notice to the BORROWER terminate this CONTRACT if it is found after due notice and examination by DOH that there is a violation of the Ethics in Public Service Act, RCW 42.52 and RCW 42.23, or any similar statute involving the BORROWER in the procurement of, or performance under, this CONTRACT.

Specific restrictions apply to contracting with current or former state employees pursuant to RCW 42.52. The BORROWER and all subcontractors (if any) will identify any person employed in any capacity by the State of Washington that worked on this CONTRACT, or any matter related to the Project funded under this CONTRACT or any other state funded project, including, but not limited to, formulating or drafting legislation, participating in grant procurement, planning and execution, awarding grants, or monitoring grants, during the 24 month period preceding the start date of this CONTRACT. Any person identified by the BORROWER and their subcontractors (if any) must be identified individually by name, the agency previously or currently employed by, job title or position held, and separation date. If it is determined by DOH that a conflict of interest exists, the BORROWER may be disqualified from further consideration for the award of a grant.

In the event this CONTRACT is terminated as provided above, DOH will be entitled to pursue the same remedies against the BORROWER as it could pursue in the event of a breach of the CONTRACT by the BORROWER. The rights and remedies of DOH provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which DOH makes any determination under this clause will be an issue and may be reviewed as provided in Section 4.21 (Disputes) of this CONTRACT.

4.70. DUPLICATE PAYMENT

DOH will not pay the BORROWER, if the BORROWER has charged or will charge the State of Washington or any other party under any other grant, subcontract, contract, or agreement, for the same services or expenses. The BORROWER certifies that work to be performed under this CONTRACT does not duplicate any work to be charged against any other grant, subcontract, contract, or agreement.

ATTACHMENT I: SCOPE OF WORK (PROJECT)

DWSRF PROGRAM CONSTRUCTION LOAN CONTRACT INFORMATION

APPLICATION #2025-4597, CITY OF PASCO, BUTTERFIELD WATER TREATMENT PLANT IMPROVEMENTS –
CHEMICAL BUILDING INSTALLATION

DWSRF Scope of Work Form:

Scope of Work:

Project to include:

1. Submit project report and construction documents to ODWOperations@doh.wa.gov for review and approval. Submit approval letter.
2. Submit bid documents to ODWOperations@doh.wa.gov for review and approval. Submit approval letter.
3. Submit SEPA determination.
4. Complete cultural and historical review process. Submit finalization letter.
5. Construct a chemical building with equipment for alum fluoride, caustic soda, potassium permanganate, and filter aid polymer injection and onsite sodium hypochlorite generation system.
6. Submit completed Construction Completion Report to ODWOperations@doh.wa.gov. Submit acknowledgement email.

In addition to costs of construction, costs may include (but are not limited to): engineering, design, construction inspection, hydrogeologic assessment, permits, public involvement, preparation of bid documents, fees, taxes, legal, administrative and audit.

**APPLICATION #2025-4597, CITY OF PASCO, BUTTERFIELD WATER TREATMENT PLANT IMPROVEMENTS –
CHEMICAL BUILDING INSTALLATION**

Project Costs by Cost Category:

COST CATEGORY	CURRENT ESTIMATES
Engineering Report (Preliminary Engineering)	\$0
Environmental Review	\$25,000
Historical Review/Cultural Review	\$25,000
Land/ROW Acquisition	\$0
Permits	\$150,000
Public Involvement/Information	\$0
Bid Documents (Design Engineering)	\$2,000,000
Construction: Estimated Cost. Provide details on following pages.	\$12,100,000
Contingency: (10% min, 20% max)	\$680,000
DOH Review/Approval Fees:	\$20,000
Sales or Use Taxes	\$0
Construction Engineering/Inspection	\$0
Insurance:	\$0
Audit:	\$0
Legal:	\$0
Service Meters (Purchase and Installation)	\$0
Other:	\$0
TOTAL ESTIMATED PROJECT COSTS (before Loan Fee)	\$15,000,000
DWSRF Loan Origination Fee (1%)	<u>\$0</u>
DWSRF Loan Award	<u>\$15,000,000</u>

**APPLICATION #2025-4597, CITY OF PASCO, BUTTERFIELD WATER TREATMENT PLANT IMPROVEMENTS –
CHEMICAL BUILDING INSTALLATION**

Project Funding:

TYPE OF FUNDING	SOURCE	CURRENT STATUS
Grants and Other Non-Matching Funds		
Grant #1		\$
Grant #2		\$
Other Grants		\$
New Grants		\$
Total Grants and Other Non-Matching Funds		\$
Loans		
<i>This Loan Request</i>	DWSRF Construction loan DWL33069-0	\$15,000,000
Other Loan #1	DWSRF Planning & Engineering loan PCL28205-0	\$510,000
Other Loan #2	DWSRF Construction loan DWL31572-0	\$14,727,000
Other Loans	PWTF loan	\$1,000,000
New Loans		\$
Total Loans		\$31,237,000
Local Revenue		
Source #1	Local Water Utility Funds	\$140,000
Source #2		\$
Other Local Revenue		\$
New Local Revenue		\$
Total Local Revenue		\$140,000
Other Funds		
Other Funds		\$
Other Funds		\$
Total Other Funds		\$
TOTAL PROJECT FUNDING		a) <u>\$31,377,000</u>

**APPLICATION #2025-4597, CITY OF PASCO, BUTTERFIELD WATER TREATMENT PLANT IMPROVEMENTS –
CHEMICAL BUILDING INSTALLATION**

Engineer's Certification:

The term of this loan will be based on an engineer's certification of the expected useful life of the improvements, as stated below, or 20 years, whichever is less. If the jurisdiction prefers the term of its loan to be less than either 20 years or the useful life of the improvements, the preferred loan term should be indicated here: __ years.

I, _____, licensed engineer, certify that the average expected useful life for the improvements described above is __ years.

Signed: _____

Name: _____

Date: _____

Telephone: _____

Professional Engineer License Number: _____

ATTACHMENT II: ATTORNEY'S CERTIFICATION

DRINKING WATER STATE REVOLVING FUND (MUNICIPAL)

I, _____, hereby certify:

I am an attorney at law admitted to practice in the State of Washington and the duly appointed attorney of BORROWER identified in the Declarations of the CONTRACT identified above; and

I have also examined any and all documents and records, which are pertinent to the CONTRACT, including, without limitation, the application requesting this LOAN.

Based on the foregoing, it is my opinion that:

1. BORROWER is a public body, properly constituted and operating under the laws of the State of Washington, in good standing with the Washington Secretary of State, empowered to receive and expend federal, state, and local funds, to contract with the State of Washington, and to receive and expend the LOAN AMOUNT to accomplish the objectives set forth in the CONTRACT and to complete the PROJECT.
2. BORROWER is empowered to accept the Drinking Water State Revolving Fund financial assistance and to provide for repayment of the LOAN as set forth in the CONTRACT.
3. There is currently no litigation in existence or foreseeable seeking to enjoin the commencement or completion of the PROJECT or to enjoin BORROWER from repaying the Drinking Water State Revolving Fund LOAN extended by DOH with respect to such PROJECT. BORROWER is not a party to litigation, which will materially affect its ability to repay such LOAN on the terms contained in the CONTRACT.
4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to BORROWER.

Any terms not defined in this Attachment are set forth in the General Terms and Conditions or the Declarations Section of the Drinking Water State Revolving Fund (Municipal) loan agreement between DOH and BORROWER.

Signature of Attorney

Date

Name and BAR Number (WSBA No.)

Address Line 1

Address Line 2

ATTACHMENT III: FEDERAL AND STATE REQUIREMENTS (NOT ALL INCLUSIVE)

1) Federal Environmental and Cultural Authorities

- a) Archeological and Historic Preservation Act of 1974, Public Law 86-523, as amended
- b) Archaeological Resources Protection Act (ARPA), 16 U.S.C. §470 and Public Law 96-95, as amended
- c) Clean Air Act, Public Law 84-159 as amended
- d) Coastal Zone Management Act, Public Law 92-583 as amended
- e) Endangered Species Act, Public Law 93-205 as amended
- f) Environmental Justice, Executive Order 12898
- g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- h) Protection of Wetlands, Executive Order 11990
- i) Farmland Protection Policy Act, Public Law 97-98
- j) Fish and Wildlife Coordination Act, Public Law 85-624 as amended
- k) National Historic Preservation Act, paying particular attention to Section 106 requirements
- l) Safe Drinking Water Act, Public Law 93-523 as amended
- m) Sole Source Aquifer, Section 1424 (e) SDWA
- n) Native American Graves Protection and Repatriation Act (**NAGPRA**) (25 USC 32) and associated regulations (43 CFR 10)
- o) Code of Federal Regulations 40 Part 141, Federal National Primary Drinking Water Regulations (Section Adopted by Reference)
- p) 43 C.F.R. §3, Preservation of American Antiquities
- q) 43 C.F.R. §7, Protection of Archaeological Resources

2) Buy America Build America Requirements (Includes American Iron and Steel)

DWSRF construction projects chosen for FFATA/Equivalency reporting must comply with the Buy America Build America provisions. Projects started prior to May 14, 2022, may be exempt. Visit the EPA website for more information on the BABA requirements and the waiver process at <https://www.epa.gov/cwsrf/build-america-buy-america-baba>.

3) Federal Economic and Miscellaneous Authorities

- a) American Iron and Steel act of 2017 (applies to all construction projects)
- b) Demonstration Cities and Metropolitan Development Act of 1996, Public Law 89-754 as amended, Executive Order 12372
- c) Procurement Prohibitions under Section 306 of the Clean air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- d) Prohibition of Certain Telecommunication and Video Surveillance Services/Equipment (Section 89 NDAA)
- e) Uniform Relocation and Real Property Policies Act, Public Law 91-646 as amended
- f) Debarment and Suspension Regulations, Executive Order 12549 and associated regulations (e.g., 71 F.R. 66431)
- g) H.R. 3547, Consolidated Appropriations Act, 2014, Public Law 113-76 as amended

4) Federal Social Policy Authorities

- a) Age Discrimination Act of 1975, Public Law 94-135
- b) Title VI of the Civil Rights Act of 1964, Public Law 88-352
- c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500 (the Clean Water Act)
- d) Section 504 of the Rehabilitation Act of 1973, Public Law 93-112 (including Executive Orders 11914 and 11250)
- e) Equal Employment Opportunity, Executive Order 11246
- f) Disadvantaged Business Enterprise, Public Law 101-549 (the Clean Air Act), and Public Law 102-389 (the Clean Water Act)
- g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Public Law 100-590
- h) 42 USC 12101 et seq. the Americans with Disabilities Act of 1990 and associated regulations (including, without limitation, 28 C.F.R. Part 35) (**ADA**)
- i) The Contract Work Hours and Safety Standards Act (40 USC 327-333), as applicable

- j) The Genetic Information Nondiscrimination Act of 2008 (**GINA**), 42 USC s. 2000ff et seq.
- k) Federal Hatch Act, 5 USC 1501-1508

5) State Laws

- a) RCW 27.44, Indian Graves and Records
- b) RCW 27.53, Archaeological Sites and Resources
- c) RCW 36.70A, Growth Management Act
- d) RCW 39.04, Public Works
- e) RCW 39.10, Alternative Public Works Contracting Procedures
- f) RCW 39.12, Prevailing Wages on Public Works
- g) RCW 39.80, Contracts for Architectural and Engineering Services
- h) RCW 39.26.180, Contract Management
- i) RCW 42.56, Public Records Act
- j) RCW 42.17a, Campaign Disclosure and Contributions provision
- k) RCW 42.23, Code of Ethics for Municipal Officers-Contract Interests
- l) RCW 42.52, Ethics in Public Service
- m) Chapter 43.20 RCW, State Board of Health
- n) RCW 43.21C, State Environmental Policy Act
- o) RCW 43.70, Department of Health
- p) RCW 43.155, Public Works Project
- q) RCW 49.60, Washington's Law against Discrimination, including, without limitation, RCW 49.60.530(3), Contractors and subcontractors with state for public works or for goods or services—Nondiscrimination requirements
- r) RCW 51, Industrial Insurance
- s) RCW 68.60, Abandoned and Historic Cemeteries and Historic Graves
- t) RCW 70.116, Public Water Systems Coordination Act of 1977
- u) RCW 70.119, Public Water Supply Systems Certification and Regulation of Operations
- v) RCW 70.119A, Public Water Systems, Penalties & Compliances
- w) WAC 25-48, Archaeological Excavation and Removal Permit
- x) WAC 246-290, Group A Public Water Systems
- y) WAC 246-291, Group B Public Water Systems
- z) WAC 246-292, Waterworks Operator Certification Regulations
- aa) WAC 246-293, Water Systems Coordination Act
- bb) WAC 246-294, Drinking Water Operating Permits
- cc) WAC 246-295, Satellite System Management Agencies
- dd) WAC 246-296, Drinking Water State Revolving Fund Loan Program
- ee) WAC 173-160, Minimum Standards for Construction & Maintenance of Wells
- ff) WAC 173, Department of Ecology Rules
- gg) Governor's Executive Order 21-02

ATTACHMENT IV: DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS

GENERAL COMPLIANCE, 40 CFR, Part 33

BORROWER must comply with the requirements of Environmental Protection Agency's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under this Contract, contained in 40 CFR, Part 33. BORROWER will use the directory of certified firms available through the Washington State Office of Minority and Women's Business Enterprises to meet the requirements.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

The following are exemptions from the fair share objective Requirements:

- Grant and loan recipients receiving a total of \$250K or less in EPA financial assistance in a given fiscal year.
- Tribal recipients of Performance Partnership Eligible grants under 40 CFR Part 35, Subpart B.
 - There is a 3-year phase in period for the requirement to negotiate fair share goals for Tribal and Insular Area recipients.
- Recipients of Technical Assistance Grants.

The Fair Share Objectives or goals for the utilization of disadvantaged businesses negotiated with EPA by the WA Office of Minority Women Business are stated below.

Construction	10% MBE	6% WBE
Supplies	8% MBE	4% WBE
Equipment	8% MBE	4% WBE
Purchased Services	10% MBE	4% WBE

BORROWER must accept the fair share objectives/goals stated above and purchase the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as WA Office of Minority Women Business goals.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, BORROWER will make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to ensure that sub-recipients, loan recipients, and prime contractors also comply.

Records documenting compliance with the six good faith efforts shall be retained. The six good faith efforts shall include:

- Ensure Disadvantaged Business Enterprises are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing the Disadvantaged Business Enterprises on solicitation lists and soliciting them whenever they are potential sources.
- Make information on forthcoming opportunities available to Disadvantaged Business Enterprises and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by Disadvantaged Business Enterprises in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of thirty (30) calendar days before the bid or proposal closing date.
- Consider in the contracting process whether firms competing for large contracts could subcontract with Disadvantaged Business Enterprises. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by Disadvantaged Business Enterprises in the competitive process.
- Encourage contracting with a consortium of Disadvantaged Business Enterprises when a contract is too large for one of these firms to handle individually.
- Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Health.
- If the prime contractor awards subcontracts, also require the prime contractor to take the five good faith efforts in paragraphs A through E above.

MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

BORROWER is required to submit MBE/WBE participation reports to DOH, on a quarterly basis, beginning with the Federal fiscal year reporting period BORROWER receives the award and continuing until the project is completed.

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

BORROWER agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

Only procurements with certified MBE/WBEs are counted toward a Contractor's MBE/WBE accomplishments.

BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)

BORROWER is also required to create and maintain a bidders list if BORROWER of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

Section 33.501(b) of the rule is as follows:

A recipient of a Continuing Environmental Program Grant or other annual grant must create and maintain a bidders list. In addition, a recipient of an EPA financial assistance agreement to capitalize a revolving loan fund also must require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. The purpose of a bidders list is to provide the recipient and entities receiving identified loans who conduct competitive bidding with as accurate a database as possible about the universe of MBE/WBE and non-MBE/WBE prime and subcontractors. The list must include all firms that bid or quote on prime contracts or bid or quote on subcontracts under EPA assisted projects, including both MBE/WBEs.

The bidders list must be kept until the grant project period has expired and the recipient is no longer receiving EPA funding under the grant. For entities receiving identified loans, the bidders list must be kept until the project period for the identified loan has ended. The following information must be obtained from all prime and subcontractors:

- (1) Entity's name with point of contact;
- (2) Entity's mailing address, telephone number, and e-mail address;
- (3) The procurement on which the entity bid or quoted, and when; and
- (4) Entity's status as a MBE/WBE¹ or non-MBE/WBE.

The exemption found at § 33.501(c) is as follows:

A recipient of an EPA financial assistance agreement in the amount of \$250,000 or less for any single assistance agreement, or of more than one financial assistance agreement with a combined total of \$250,000 or less in any one fiscal year, is exempt from the paragraph (b) of this Section requirement to create and maintain a bidders list. Also, a recipient under the CWSRF, DWSRF, or BCRLF Program is not required to apply the paragraph (b) of this Section bidders list requirement of this subpart to an entity receiving an identified loan in an amount of \$250,000 or less, or to an entity receiving more than one identified loan with a combined total of \$250,000 or less in any one fiscal year. This exemption is limited to the paragraph (b) of this Section bidders list requirements of this subpart.

¹ Qualified Women and Minority business enterprises may be found on the Internet at www.omwbe.wa.gov or by contacting the Washington State Office of Minority and Women's Enterprises at 360-704-1181.

ATTACHMENT V: CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS



United States Environmental Protection Agency
Washington, DC 20460

The terms, "covered transaction, debarred, suspended, ineligible, lower tier covered transaction, person, primary covered transaction, principal, and voluntarily excluded", as used in this attachment, are defined in the rules implementing Executive Order 12549, including 13 CFR § 400.109. You may contact DOH for help getting a copy of these regulations.

BORROWER, defined as the primary participant and its principals, certifies by signing below that to the best of its knowledge and belief they:

- A.** Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- B.** Have not within a three-year (3) period preceding this CONTRACT, been convicted of or had a civil judgment against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
- C.** Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses described in this attachment; and,
- D.** Have not within a three-year period (3) preceding the signing of this CONTRACT had one or more public transactions (federal, state, or local) terminated for cause or default.

Prior to awarding contracts for the PROJECT, BORROWER must verify that neither the contractor's business name(s) nor the names of its principals are in the Federal Excluded Parties List System for Ineligible Professionals and Debarred Contractors (www.SAM.gov). BORROWER must keep documentation in the PROJECT files and provide a copy to the DOH Contract Manager.

BORROWER will include the language below without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

The lower tier contractor certifies, by signing this CONTRACT that neither it nor its principals are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

I understand that a false statement on this certification may be ground for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine or imprisonment for up to 5 years, or both.

Typed or Printed Name & Title of Authorized Representative

Signature of Authorized Representative

Date

☐

I am unable to certify to the above statements. My explanation is attached.

ATTACHMENT VI: DWSRF ELIGIBLE PROJECT COSTS

Must be directly attributable to the project.

1. The costs for complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
2. DWSRF loan fees.
3. The purchase of a portion of another system's capacity, if it is the most cost effective solution (limited to publicly owned (municipal) systems).
4. Construction of reservoirs (clear wells) that are part of the treatment process and are collocated with the treatment facility.
5. Construction of distribution reservoirs (finished water).
6. Cost associated with restructuring or consolidation of existing water systems by publicly owned water systems.
7. Main extensions to connect to safe and reliable sources of drinking water.
8. Cost associated with collecting and preparing environmental assessment documents to obtain local permits.
9. Direct labor including related employee benefits:
 - a. Salaries and wages (at actual or average rates) covering productive labor hours of employees of the borrower (excluding the administrative organization of the operating unit involved) for periods of time actively or incidentally engaged in pre-design engineering, design engineering, construction engineering, acquisition of rights of way, and the cleaning, sterilization or bacteriological testing of water system components prior to public use. The costs of services rendered by employees generally classified as administration/project management of the loan are considered a direct cost only when such employees are assigned the types of services described above and shall be limited to 3% or less of the project loan amount.
 - b. Employee benefits relating to labor are considered a direct cost of construction projects. The following items may be included as employee benefits:
 - F.I.C.A. (Social Security) –employer's share.
 - Retirement benefits.
 - Hospital, health, dental, and other welfare insurance.
 - Life insurance.
 - Industrial and medical insurance.
 - Vacation.
 - Holiday.
 - Sick leave.
 - Military leave and jury duty.Employee benefits must be calculated as a percentage of direct labor dollars. The

computation of predetermined percentage rates to be applied to current labor costs must be based on the average of total employee benefits and total labor costs for the prior fiscal year and adjusted by known current year variations.

- c. Other than work identified in Number 9.a, no costs associated with labor performed by the borrower's employees, including force account work, are eligible for financing assistance.
10. Contract engineering, planning, design, legal, and financial planning services. The Department of Health reserves the right to declare ineligible legal costs that are unreasonable and disproportionate to the project.
11. Contract construction work.
12. Direct vehicle and equipment charges at the actual rental cost paid for the equipment or, in the case of city or county-owned equipment, at the rental rates established by the local government's "equipment rental and revolving fund" following the methods prescribed by the division of municipal corporations. However, such costs must be charged on a uniform basis to equipment used for all projects regardless of the source of funding. Cities with a population of eight thousand or less not using this type of fund are allowed the same rates as used by the State Department of Transportation.
13. Direct materials and supplies.
14. Other direct costs incurred for materials or services acquired for a specific project are eligible costs and may include, but are not limited to such items as:
 - a. Telephone charges.
 - b. Reproduction and photogrammetry costs.
 - c. Video and photography for project documentation.
 - d. Computer usage.
 - e. Printing and advertising.
15. Other project related costs include:
 - Competitive Bidding.
 - Audit.
 - Insurance.
 - Prevailing wages.
 - Attorney fees.
 - Environmental Review.
 - Archaeological Survey.

Water system plan costs are not eligible for reimbursement. Small water system management program and plan amendments costs are eligible for reimbursement.

Projects may be designed to accommodate reasonable growth. This is generally the 20-year projection included in the system's water system plan or small water system management program.

ATTACHMENT VII: LABOR STANDARD PROVISIONS FOR SUBRECIPIENTS THAT ARE GOVERNMENTAL ENTITIES

Wage Rate Requirements Under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

Preamble

With respect to the Clean Water and Safe Drinking Water State Revolving Funds, EPA provides capitalization grants to each state which in turn provides subgrants or loans to eligible entities within the state. Typically, the subrecipients are municipal or other local governmental entities that manage the funds. For these types of recipients, the provisions set forth under Roman Numeral I, below, shall apply. Although EPA and the State remain responsible for ensuring subrecipients' compliance with the wage rate requirements set forth herein, those subrecipients shall have the primary responsibility to maintain payroll records as described in Section 3(ii)(A), below and for compliance as described in Section I-5.

Occasionally, the subrecipient may be a private for profit or not for profit entity. For these types of recipients, the provisions set forth in Roman Numeral II, below, shall apply. Although EPA and the State remain responsible for ensuring subrecipients' compliance with the wage rate requirements set forth herein, those subrecipients shall have the primary responsibility to maintain payroll records as described in Section II-3(ii)(A), below and for compliance as described in Section II-5.

I. Requirements Under The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6)

For Subrecipients That Are Governmental Entities:

The following terms and conditions specify how recipients will assist EPA in meeting its Davis-Bacon (DB) responsibilities when DB applies to EPA awards of financial assistance under the FY 2013 Continuing Resolution with respect to State recipients and subrecipients that are governmental entities. If a subrecipient has questions regarding when DB applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact Department of Health. If a State recipient needs guidance, they may obtain additional guidance from DOL's web site at <http://www.dol.gov/whd/>.

1. Applicability of the Davis- Bacon (DB) prevailing wage requirements.

Under the FY 2013 Continuing Resolution, DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations.

(a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

- (i) While the solicitation remains open, the subrecipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c) (3) (iv). The subrecipient shall monitor www.wdol.gov on a weekly

basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract provisions.

(a) The Recipient shall insure that the subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or the FY 2013 Continuing Resolution, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this Section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this Section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Borrower and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this Section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, provided, that the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing

apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this Section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this Section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this Section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees--

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually

registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The Borrower must comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The Borrower and/or subcontractor must insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes will be resolved according to the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, Borrower certifies that neither it (nor he or she) nor any person or firm who has an interest in the Borrower's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 USC 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this Section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this Section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this Section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this Section.

(3) Withholding for unpaid wages and liquidated damages. The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor, shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this Section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this Section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this Section.

(b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the

contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB.

Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence."

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB. In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the Department of Health and to the appropriate DOL Wage and Hour District Office listed at

https://www.dol.gov/whd/WHd_district_offices.pdf.

Pasco City Council

Regular Meeting

October 19, 2026





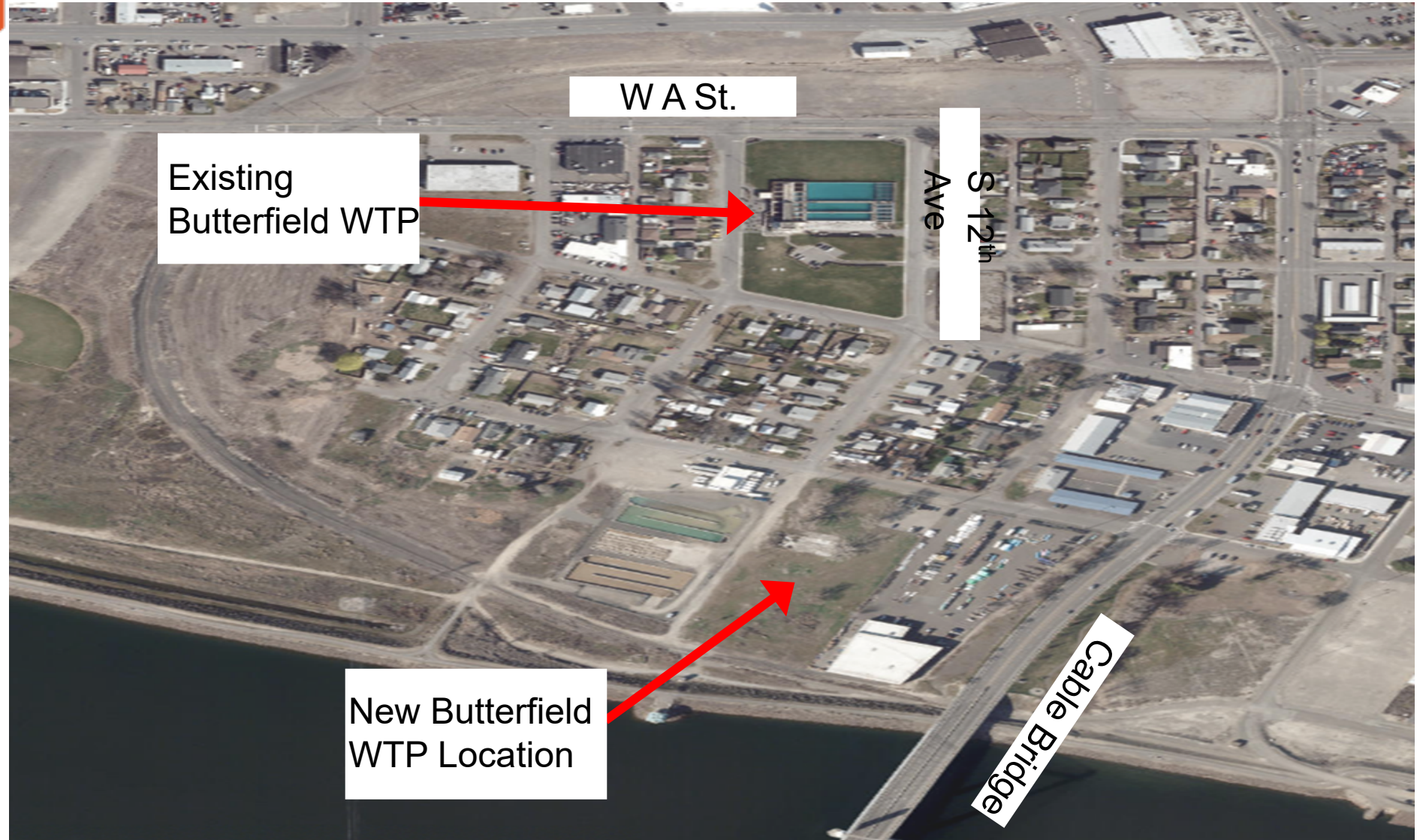
Pasco City Council

**DWSRF Construction
Loan Agreement -
Butterfield WTP
Replacement**

October 19, 2026



Project Location



DWSRF Loan Agreement

DWL33069-0 Construction Loan – Butterfield Water Treatment Plant Improvements

TOTAL AWARD: \$ 15,000,000

- ☐ 24-year loan term at 1.75% interest
- ☐ Principal loan forgiveness of 35% of total award
- ☐ Funding design and a portion of construction for the Butterfield WTP Replacement project.



Questions?

AGENDA REPORT

FOR: City Council September 1, 2026

TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26

FROM: Brent Cook, Police Chief
Police Department

SUBJECT: Resolution No. 4791 & Ordinance No. 4860 - Washington Traffic Safety Commission (WTSC) Interagency Grant Agree. for DUI OT (5-minute staff presentation)

I. ATTACHMENT(S):

Resolution 4791
Ordinance 4860 Amending the Budget
Interagency Agreement

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

MOTION: I move to approve Resolution No. 4791 authorizing the City Manager to execute the WTSC Interagency Agreement for traffic safety emphasis patrols, and Ordinance No. 4860 amending the 2025–2026 Biennial Operating Budget to appropriate the estimated \$19,500 in WTSC funding for high-visibility enforcement activities.

III. FISCAL IMPACT:

Pasco is estimated to receive up to \$19,500 in reimbursement for eligible officer staffing costs associated with High Visibility Enforcement activities. No local match or new position is required.

The estimated \$19,500 allocation is divided as follows:

- Impaired Driving: \$8,000
- Speed Enforcement: \$6,500
- Distracted Driving: \$2,500
- Seat-Belt Enforcement: \$2,500
- Total: \$19,500

The funding is reimbursement-based. The City will incur eligible staffing costs while conducting approved patrol activities and then request reimbursement

from WTSC after the work is completed and properly documented. The City will provide vehicles and normal enforcement equipment used during the patrols.

IV. HISTORY AND FACTS BRIEF:

Background:

The Washington Traffic Safety Commission (WTSC) provides federal traffic-safety funding to local law enforcement agencies through regional task forces. The Pasco Police Department participates in Region 14 with other law enforcement agencies in Benton and Franklin Counties.

The funding supports coordinated High Visibility Enforcement patrols focused on impaired driving, speeding, distracted driving, and seat-belt violations. Officers participate in approved enforcement activities, and the City requests reimbursement for eligible personnel costs after the work is completed and documented.

For Federal Fiscal Year 2027, WTSC has allocated \$82,700 to Region 14. Pasco's estimated share is \$19,500, compared with an estimated \$17,500 allocation in the prior year.

Impact (other than fiscal):

The funding allows Pasco Police officers to participate in coordinated regional traffic-safety enforcement activities without creating a new City program or position.

The HVE patrols focus on traffic violations associated with serious and fatal collisions and support efforts to improve roadway safety in the community.

V. DISCUSSION:

Recommendation:

Staff is presenting this item to Council for discussion and direction regarding the proposed \$19,500 WTSC High Visibility Enforcement budget amendment.

Following the workshop discussion, staff will prepare the appropriate ordinance and bring it forward for formal Council consideration at a subsequent meeting.

Constraints (Time or other considerations):

The WTSC funding operates on a federal fiscal-year schedule. The agreement and related budget action should be completed in sufficient time for Pasco to participate in the scheduled 2026–2027 enforcement activities.

Reimbursement is limited to approved work that meets WTSC training, documentation, and reporting requirements.

Next Steps:

Following Council's discussion and direction:

- Staff will finalize the proposed budget amendment ordinance.
- Staff will coordinate the ordinance with the City Attorney and Finance Department.
- The ordinance will be presented to Council for formal consideration at a future meeting.
- Upon approval, the City will recognize and appropriate the \$19,500 WTSC reimbursement funding.
- The Police Department will coordinate eligible patrols through the Region 14 traffic-safety task force.

Alternatives:

Council may provide direction to staff regarding the proposed budget amendment, including requesting additional information or revisions before the ordinance is brought forward for formal consideration.

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY OF PASCO, WASHINGTON,
AUTHORIZING THE CITY MANAGER TO EXECUTE AN INTERAGENCY
AGREEMENT BETWEEN WASHINGTON TRAFFIC SAFETY COMMISSION
AND PASCO POLICE DEPARTMENT FOR TRAFFIC SAFETY EMPHASIS
PATROLS FOR FISCAL YEAR 2026-2027.**

WHEREAS, RCW 39.34, INTERLOCAL COOPERATION ACT, authorizes political subdivisions to jointly exercise their powers, privileges, or authorities with other political subdivisions of this state through the execution of an interlocal cooperative or interagency agreement; and,

WHEREAS, the Washington Traffic Safety Commission (WTSC) has offered grant funding under Assistance Listing #20.608 to support high visibility DUI enforcement, officer development, and community outreach efforts by the Pasco Police Department; and

WHEREAS, the Pasco Police Department has been awarded funding under Interagency Agreement No. ____ in the amount of ____ to carry out dedicated DUI enforcement patrols, officer development, and community outreach activities during the period of ____ through ____; and

WHEREAS, the grant funding will enhance the Police Department's ability to conduct targeted DUI enforcement, mentor officers in impaired driving investigations, and educate the public regarding the dangers of impaired driving; and

WHEREAS, the City Council of the City of Pasco, Washington, has determined that it is in the best interest of the City to enter into the Interagency Agreement with the Washington Traffic Safety Commission to support these public safety efforts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASCO, WASHINGTON:

That the City Council of the City of Pasco approves the terms and conditions of the Interagency Agreement between the Washington Traffic Safety Commission and the Pasco Police Department; a copy of which is attached hereto and incorporated herein by reference as **Exhibit A**.

Be It Further Resolved, that the City Manager of the City of Pasco, Washington, is hereby authorized, empowered, and directed to sign and execute said Agreement on behalf of the City of Pasco.

Be It Further Resolved, that this Resolution shall take effect immediately.

PASSED by the City Council of the City of Pasco, Washington, on this ____ day of _____, 2026.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF PASCO, WASHINGTON, AMENDING THE 2026-2027 BIENNIAL OPERATING BUDGET (ORDINANCE NO. 4749), BY PROVIDING SUPPLEMENT THERETO; TO PROVIDE ADDITIONAL APPROPRIATION IN THE CITY'S GENERAL FUND, ALLOCATING FUNDING FOR HIGH VISIBILITY ENFORCEMENT PATROLS THROUGH THE WASHINGTON TRAFFIC SAFETY COMMISSION; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on December 9, 2024, the Pasco City Council approved Ordinance No. 4749, adopting the 2025–2026 Biennial Operating Budget; and

WHEREAS, the 2025–2026 Biennial Operating Budget has been amended through the mid-biennial budget amendment and by other budget amendments adopted by the City Council; and

WHEREAS, the Washington Traffic Safety Commission ("WTSC") provides federal traffic-safety funding to local law enforcement agencies through regional task forces, and the Pasco Police Department participates in Region 14 with other law enforcement agencies in Benton and Franklin Counties; and

WHEREAS, for Federal Fiscal Year 2027, WTSC has allocated \$82,700 to Region 14 for High Visibility Enforcement activities, with Pasco's estimated share of up to \$19,500 in reimbursement for eligible officer staffing costs; and

WHEREAS, Pasco's estimated \$19,500 allocation consists of \$8,000 for impaired-driving enforcement, \$6,500 for speed enforcement, \$2,500 for distracted-driving enforcement, and \$2,500 for seat-belt enforcement; and

WHEREAS, the funding reimburses eligible officer straight-time or overtime salary and limited employer-paid benefits for approved traffic-safety patrols, with the City completing and documenting the work before requesting reimbursement; and

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

Section 1. Pursuant to RCW 35A.34.200(1)(d), the following appropriations and revenues are hereby authorized:

Fund	EXPENDITURE	REVENUE
GENERAL FUND	\$19,500.00	\$19,500.00
Total	\$19,500.00	\$19,500.00

Section 2. That the additions in appropriations and expenditures are hereby declared to exist in the above funds for the said uses and purposes as shown above, and the proper City officials are hereby authorized and directed to issue warrants and transfer funds in accordance with the provision of the Ordinance.

Section 3. Except as amended herein, Ordinance No. 4749 as previously adopted heretofore shall remain unchanged.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to the invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause phrase or word of this ordinance.

Section 5. Corrections. Upon approval by the city attorney, the city clerk or the code reviser are authorized to make necessary corrections to this ordinance, including scrivener's errors or clerical mistakes; reference to other local, state, or federal laws, rules, or regulations; or numbering or referencing of ordinances or their sections and subsections.

Section 6. Effective Date. This Ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take full force and effect five (5) days after approval, passage, and publication as required by law.

PASSED by the City Council of the City of Pasco, Washington this ____ day of _____, 2026.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

Published: _____



**INTERAGENCY AGREEMENT BETWEEN THE
Washington Traffic Safety Commission**

AND

Pasco Police Department

THIS AGREEMENT is made and entered into by and between the Washington Traffic Safety Commission, hereinafter referred to as "WTSC," and SUB RECIPIENT NAME Pasco Police Department, hereinafter referred to as "SUB-RECIPIENT."

NOW THEREFORE, in consideration of the authority provided to WTSC in RCW 43.59 and RCW 39.34, terms, conditions, covenants, and performance contained herein, or attached and incorporated and made a part hereof, the parties mutually agree as follows:

1. PURPOSE OF THE AGREEMENT:

The purpose of this Agreement is to provide funding, provided by the United States Department of Transportation (USDOT) National Highway Traffic Safety Administration (NHTSA) and allowed under the Assistance Listings Catalog of Federal Domestic Assistance (CFDA) numbers 20.600 and 20.616 for traffic safety grant project 2027-HVE-6085-Region 14 HVE, specifically to provide funding for the law enforcement agencies in WTSC Region 14 to conduct straight time or overtime enforcement activities (traffic safety emphasis patrols) as outlined in the Statement of Work (SOW), in support of Target Zero priorities. The Target Zero Manager (TZM) and/or the Law Enforcement Liaison (LEL) shall coordinate the SOW with the SUB-RECIPIENT with the goal of reducing traffic crashes.

WTSC grant 2027-HVE-6085-Region 14 HVE was awarded to the WTSC Region 14 to support collaborative efforts to conduct HVE activities. By signing this agreement, the SUB-RECIPIENT can seek reimbursement for straight time or overtime for approved law enforcement activity expenses incurred as a participant in the region's HVE grant.

2. PERIOD OF PERFORMANCE

The period of performance of this Agreement shall commence upon the date of execution by both parties, but not earlier than October 1, 2026, and remain in effect until September 30, 2027, unless terminated sooner, as provided herein.

3. SCOPE OF WORK

3.1.1 Problem ID and/or Opportunity

Although Washington has experienced encouraging declines in traffic fatalities since the record-high year of 2023, traffic deaths remain substantially above pre-pandemic levels, and risky driving behaviors continue to claim hundreds of lives each year. After reaching 809 fatalities in 2023, the highest annual total since 1990, fatalities declined to 737 in 2024 and an estimated 659 in 2025. Despite this progress,

Washington has not yet returned to pre-COVID fatality levels, and the primary behavioral factors targeted through High Visibility Enforcement remain major contributors to fatal and serious injury crashes.

In 2025 alone:

- 382 fatalities involved an impaired driver.
- 189 fatalities involved speeding.
- 115 fatalities involved distracted driving.
- 122 fatalities involved unrestrained vehicle occupants.
- 103 motorcyclists were killed.
- 160 pedestrians and other active transportation users lost their lives, representing the third-highest annual total on record despite recent declines.

While many traffic safety measures improved during 2024 and 2025, several areas remain concerning. Fatalities involving drivers age 70 and older increased for the second consecutive year, heavy truck-involved fatalities also increased in 2025, and active transportation fatalities continue to remain historically high. In addition, fatal crashes continue to occur statewide, with every county experiencing at least one fatal crash during the previous three-year period.

This project will fund coordinated High Visibility Enforcement mobilizations focused on impaired driving, speeding, distracted driving, occupant protection, motorcycle safety, and pedestrian and bicycle safety. Enforcement activities will be organized through local Target Zero Managers (TZMs), the statewide Law Enforcement Liaison (LEL) network, local Target Zero Task Forces, and the Washington State Patrol to maximize visibility, improve interagency coordination, and reduce crashes caused by high-risk driving behaviors.

3.1.2 Project Purpose and Strategies

This project will fund High Visibility Enforcement (HVE) and Traffic Safety Enforcement Program (TSEP) patrols to prevent impaired driving, distracted driving, seat belt use, speeding, and motorcycle safety. High Visibility Enforcement (HVE) and Traffic Safety Enforcement Program (TSEP) patrols are designed to create deterrence by increasing the expectation of a citation/fine/arrest. Officers may also remove high risk (impaired) drivers when encountered. So together, this countermeasure works by preventing dangerous driving behaviors and stopping those who still decide to engage in those behaviors. Funding and events will be organized by local TZMs, LELs, and their local Target Zero Task Force. Task forces will use local data and professional judgement to determine enforcement priorities for their jurisdictions and will schedule and plan enforcement and outreach activities.

Regional participation in the following National Campaigns is mandatory:

- Impaired driving enforcement during the Holiday DUI campaign (December 2026).
- Distracted driving enforcement during the Distracted Driving campaign (April 2027)
- Seat belt enforcement during the Click It or Ticket campaign (May 2027).
- Impaired driving enforcement during the Summer DUI campaign (August 2027).

These patrols will also be coordinated with the Washington State Patrol (WSP). Target Zero Managers will establish or strengthen relationships with key WSP district personnel to improve interagency

coordination with the WSP.

3.1.3 Requirements for National Mobilizations and Traffic Safety Enforcement Program (TSEP)

3.1.3.1. HVE events will be data informed; based on crash data, anecdotal evidence, and the professional judgement of task force members. WTSC strongly believes in the expertise of local officers to understand the highest priority areas in their communities to focus their efforts.

3.1.3.2. The SUB-RECIPIENT will ensure that all officers participating in these patrols are BAC certified and have received and passed the SFST training.

3.1.3.3. SUB-RECIPIENT will ensure all officers participating in Impaired Driving patrols have received Advanced Roadside Impaired Driving Enforcement (ARIDE) training.

3.1.3.4. WTSC recommends that the SUB-RECIPIENT ensures that officers use TraCS to issue written warnings instead of delivering them verbally. Recording each stop within the TraCS system not only formalizes the warning but also provides valuable information for future reference. This documentation allows subsequent officers to quickly review a driver's prior interactions, fostering greater awareness and continuity in enforcement efforts. By maintaining this record, officers can make more informed decisions during future stops and contribute to a consistent approach in managing driver behavior.

3.1.3.5. Impaired driving enforcement is a multifaceted process, requiring officers to recognize risky driving behaviors, carry out thorough investigations, and handle arrests and processing efficiently. WTSC advises that officers assigned to impaired driving HVE patrols should have completed at least 10 DUI arrests in the past two years. By setting this standard, WTSC ensures that participating officers possess the necessary experience and skills to accurately identify and apprehend impaired drivers during these specialized patrols.

3.1.3.6. SUB-RECIPIENT shall ensure all participating personnel will use the WEMS system provided by the WTSC to record all activities in digital activity logs conducted by their commissioned officers pursuant to the HVE events. Participating officers will fill out all applicable fields of the digital activity log and use the comments field to provide details on irregularities, challenges or other details that would help explain what was encountered during their shift. SUB- RECIPIENT will also ensure all supervisors and fiscal staff have the ability to review and edit those activity logs.

3.1.3.7. If an officer's contacts per hour rate falls below 2.0, the officer must provide a comment explaining the circumstance. However, this requirement does not apply in cases where a DUI arrest has been made.

3.1.4 Project Intent and Best Practice

3.1.4.1. SUB-RECIPIENT is encouraged to help their Region Task Force fulfill the requirement to participate in the four mandatory National Campaigns. (Holiday DUI campaign in December 2026, Distracted Driving campaign in April 2027, Click It or Ticket campaign in May 2027 and Summer DUI campaign in August 2027).

NOTE: Agencies must participate in speed or impaired driving enforcement under this agreement to be eligible to receive funding under the WASPC equipment grant.

3.1.4.2. SUB-RECIPIENT is strongly encouraged to participate in their task force to plan and execute enforcement events.

3.1.4.3. Regional task force will be submitting quarterly progress reports and SUB-RECIPIENT is encouraged to participate to the fullest extent possible. Quarterly progress reports are due January 15, April 15, July 15, and October 15.

3.1.4.4. WTSC encourages participating officers to prioritize violations that directly contribute to the injury and death of road users, such as impaired driving, speeding, distracted driving, non-restraint, etc.

3.1.4.5. SUB-RECIPIENT should promote patrol events through all earned, owned and, if funded, paid media that is available so that the public is made aware of the event before, during, and after the enforcement takes place. It is best practice to translate messages as needed and invite local media involvement in the effort to reach communities in which HVE will occur.

3.1.4.6. SUB-RECIPIENT should strive to actively enforce traffic safety laws focused on collision causing behaviors in priority areas throughout the year outside of HVE events.

3.1.4.7. When participating in motorcycle patrols SUB-RECIPIENT should focus on the illegal and unsafe driving actions of all motor vehicles interacting with motorcycles. This includes speeding, failure to yield to a motorcycle, following too closely to a motorcycle, distracted driving, etc.

3.1.4.8. When participating in motorcycle patrols SUB-RECIPIENT should ensure that enforcement will focus on the illegal and unsafe driving actions of motorcycles that are known to cause serious and fatal crashes. This includes impaired driving, speeding, and following too closely.

3.1.4.9. Performance will be monitored by the regional TZM, LEL, and Task Force, as well as WTSC. WTSC reserves the right to designate specific officers as ineligible for cost reimbursement. This will occur if an officer is determined to not have not met the purpose/intent of this grant in multiple emphasis patrols.

3.1.4.10. Funds can be used to support the mentoring of officers in traffic enforcement. This can be focused on impaired driving, or general traffic enforcement.

For DUI mentorship, WTSC has found it to be best practice to include a mix of instruction and practical experience. The mentor should be a DRE when possible, or a highly effective DUI emphasis patrol officer with a minimum of ARIDE training. Mentor/mentee activities will be pre-approved by the TZM or LEL after the mentee submits their interest. Mentees are eligible to participate in impaired driving HVE patrols without ARIDE certification.

3.1.4.11. Community outreach/collaboration: Funds can be used to pay for traffic safety focused community outreach and collaboration activities. The operational approach for regional community outreach and collaboration activities should be developed at the Task Force level and be approved by the WTSC. WTSC recommends that these activities include an opportunity for the audience to provide feedback on local traffic safety priorities and activities, which ideally will influence the region's plan for traffic safety programming.

3.1.4.12. In order to receive funding from this grant, agencies must participate with the regional traffic safety task force/coalition in the planning efforts for these activities.

3.1.4.13. WTSC also encourages all law enforcement agencies in Washington to utilize WTSC's data analysis resources, such as interactive dashboards and data from a statewide attitudinal survey, as well their regional Target Zero Manager to identify priorities for engaging with the community.

3.1.4.14. WTSC will provide tools for documenting community collaboration activities, such as the WEMS activity log.

3.1.5 NATIONAL AND STATE-WIDE MOBILIZATIONS

Not all agencies are required to participate in all of the mobilizations listed below. However, the region must have some law enforcement participation in all of the mobilizations listed. Dates are tentative and may change when NHTSA publishes their FFY2027 mobilization calendar.

Mobilization Dates

- Holiday DUI December 14, 2026 – January 3, 2027
- Put the Phone Away or Pay April 5 – 12, 2027
- Click It or Ticket May 17 – June 6, 2027
- Ride Safe Ride On (optional if funded) July 2027 (Dates TBD)
- DUI Drive Sober or Get Pulled Over August 11 – September 5, 2027

3.2 PROJECT GOALS

Prevent traffic crashes to reduce traffic related deaths and serious injuries through active, visible, consistent, and targeted traffic law enforcement, law enforcement training, and community outreach. Law enforcement can have a profound effect on traffic safety and this project aims to increase participation to accomplish that.

3.3 COMPENSATION

3.3.1 The Compensation for the straight time or overtime work provided in accordance with this Agreement has been established under the terms of RCW 39.34. The cost of accomplishing the work described in the SOW will not exceed dollar total from amounts listed below. Payment for satisfactory performance shall not exceed this amount unless the WTSC and SUB-RECIPIENT mutually agree to a higher amount in a written Amendment to this Agreement executed by both the WTSC and SUB-RECIPIENT. Comp-time is not considered overtime and will not be approved for payment. All law enforcement agencies who are active members of the Region's traffic safety task force with a fully

executed grant agreement are eligible to participate in this grant.

3.3.2 WTSC will reimburse for personnel straight time or overtime expenses at 150 percent of the officer's normal salary rate plus SUB-RECIPIENT's contributions to employee benefits, limited to the following:

- FICA
- Medicare
- Any portion of L&I that is paid by the employer (SUB-RECIPIENT)
- Retirement contributions paid by the employer (SUB-RECIPIENT) can be included if the contribution is based on a percentage of their hours worked.

Health insurance, or any other benefits not listed above, are not eligible for reimbursement.

The SUB-RECIPIENT will provide law enforcement officers with appropriate equipment (e.g., vehicles, radars, portable breath testers, etc.) to participate in the emphasis patrols.

3.3.3 Funding alterations are permitted as follows: Upon agreement by the regional TZM and all other parties impacted by a proposed budget alteration, the budget category amounts may be increased or decreased without amending this agreement, so long as the total grant award amount does not increase. HVE grant funds should be managed collaboratively by the SUB-RECIPIENT and the TZM.

These alterations must be requested through email communication between the regional TZM and assigned WTSC Program Manager. This communication shall include details of the requested budget modifications and a description of why these changes are needed. The TZM will also send an updated quarterly Operations Plan to the WASPC representative monitoring the project if the budget modification will result in changes to the previously submitted plan.

3.3.4 These funds, designated for salaries and benefits, are intended to pay for the hourly straight time or overtime costs and proportional amounts of fringe benefits of commissioned staff pursuing the activities described in the statement of work. These funds may not be used for any other purpose for example any work required to maintain a law enforcement commission including recertification trainings like firearm qualification. This agreement is expressly designated to fund salaries and benefits. By signing this agreement, SUB-RECIPIENT agrees to supply all necessary equipment and vehicles needed to accomplish the work in the scope of work. WTSC is not responsible for any equipment that is lost, stolen, or destroyed in the execution of the scope of work.

3.3.5 Dispatch: WTSC will reimburse communications officers/dispatch personnel for work on this project providing SUB- RECIPIENT has received prior approval from their region's TZM. This activity must be overtime and only the expenses listed in section 3.2 and its subsections will be reimbursed.

3.3.6 Transport Officers: WTSC will reimburse transport officers for their work on this project providing SUB-RECIPIENT has received approval from their regions TZM. The TZM will work with the regional LEL to determine if need is warranted for the type of HVE activity. This activity must be overtime and only the



expenses listed in section 3.2 and its subsections will be reimbursed.

3.3.7 The law enforcement agency involved will not schedule individual officer overtime shifts for longer than eight hours. WTSC understands there may be instances when more than eight hours are billed due to DUI processing or other reasons and an explanation should be provided on the WEMS Officer Activity Log.

3.3.8 The law enforcement agency involved will ensure that any reserve officer for whom reimbursement is claimed has exceeded his/her normal weekly working hours when participating in an emphasis patrol and is authorized to be paid at the amount requested. Reserve officers may only be paid at the normal hourly rate and not at the 150 percent overtime rate.

3.4 PROJECT COSTS

The WTSC has awarded **\$82,700.00** to the WTSC Region 14 Traffic Safety Task Force for the purpose of conducting coordinated HVE enforcement and community outreach/collaboration activities. The funding must be used for traffic safety purposes in the areas of impaired driving, distracted driving, occupant restraint use, speeding, and motorcycle safety. See the project in WEMS for an updated distribution of funding by specific emphasis area.

By signing this agreement, the SUB-RECIPIENT can seek reimbursement for approved straight time or overtime expenses incurred as a participant in this grant. Funds are expressly designated for staffing activities and may not be used for other expenses that may be incurred, such as vehicle damage, supply replacement, etc. All activity must be coordinated by the region's traffic safety task force and TZM to be eligible for reimbursement.

APPLICABLE STATE AND FEDERAL TERMS AND CONDITIONS:

4. ACTIVITY REPORTS

The SUB-RECIPIENT agrees to have all personnel who work HVE patrols submit a WEMS Officer Activity Log within 24 hours of the end of all shifts worked. These same logs will be associated with invoices as detailed in the "BILLING PROCEDURE" section. Use of the Officer Activity Log in the WTSC's online grant management system, WEMS, is required. Supervisor review and accuracy certification will also be done in WEMS.

5. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Agreement shall be made by the WTSC.

6. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the Parties in the form of a written request to amend this Agreement. Such amendments shall only be binding if they are in writing and signed by personnel authorized to bind each of the Parties. Changes to the budget, SUB-RECIPIENT'S Primary



Contact, and WTSC Program Manager can be made through email communication and signatures are not required.

7. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

8. ASSIGNMENT

The SUB-RECIPIENT may not assign the work to be provided under this Agreement, in whole or in part, without the express prior written consent of the WTSC, which consent shall not be unreasonably withheld. The SUB-RECIPIENT shall provide the WTSC a copy of all third-party contracts and agreements entered into for purposes of fulfilling the SOW. Such third-party contracts and agreements must follow applicable federal, state, and local law, including but not limited to procurement law, rules, and procedures. If any of the funds provided under this Agreement include funds from NHTSA, such third-party contracts and agreements must include the federal provisions set forth in this Agreement in sections 32 through 40.

9. ATTORNEYS' FEES

In the event of litigation or other action brought to enforce the Agreement terms, each party agrees to bear its own attorney fees and costs.

10. BILLING PROCEDURE

All invoices for reimbursement of HVE activities will be done using the WTSC's grant management system, WEMS. WEMS Officer Activity logs will be attached to invoices, directly linking the cost of the activity to the invoice. Because the activity, approval, and invoicing are all done within WEMS, no back up documentation is required in most cases.

Once submitted by the SUB-RECIPIENT, invoices are routed to the regional TZM for review and approval. The TZM will submit all approved invoices to the WTSC via WEMS within 10 days of receipt.

Payment to the SUB-RECIPIENT for approved and completed work will be made by warrant or account transfer by WTSC within 30 days of receipt of such properly documented invoices acceptable to WTSC. Upon expiration of the Agreement, any claim for payment not already made shall be submitted within 45 days after the expiration date of this Agreement. All invoices for goods received or services performed on or prior to June 30, 2027, must be received by WTSC no later than August 10, 2027. All invoices for goods received or services performed between July 1, 2027 and September 30, 2027, must be received by WTSC no later than November 15, 2027.

11. CONFIDENTIALITY / SAFEGUARDING OF INFORMATION

The SUB-RECIPIENT shall not use or disclose any information concerning the WTSC, or information which may be classified as confidential, for any purpose not directly connected with the administration of this

Agreement, except with prior written consent of the WTSC, or as may be required by law.

12. COST PRINCIPLES

Costs incurred under this Agreement shall adhere to provisions of 2 CFR Part 200 Subpart E.

13. COVENANT AGAINST CONTINGENT FEES

The SUB-RECIPIENT warrants that it has not paid, and agrees not to pay, any bonus, commission, brokerage, or contingent fee to solicit or secure this Agreement or to obtain approval of any application for federal financial assistance for this Agreement. The WTSC shall have the right, in the event of breach of this section by the SUB-RECIPIENT, to annul this Agreement without liability.

14. DISPUTES

14.1. Disputes arising in the performance of this Agreement, which are not resolved by agreement of the parties, shall be decided in writing by the WTSC Deputy Director or designee. This decision shall be final and conclusive, unless within 10 days from the date of the SUB-RECIPIENT's receipt of WTSC's written decision, the SUB-RECIPIENT furnishes a written appeal to the WTSC Director. The SUB-RECIPIENT's appeal shall be decided in writing by the Director or designee within 30 days of receipt of the appeal by the Director. The decision shall be binding upon the SUB-RECIPIENT and the SUB-RECIPIENT shall abide by the decision.

14.2. Performance During Dispute. Unless otherwise directed by WTSC, the SUB-RECIPIENT shall continue performance under this Agreement while matters in dispute are being resolved.

14.3 In the event that either Party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the Parties hereto agree that any such action or proceedings shall be brought in the superior court situated in Thurston County, Washington.

15. GOVERNANCE

15.1. This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

15.2. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

15.2.1. Applicable federal and state statutes and rules

15.2.2. Terms and Conditions of this Agreement

15.2.3. Any Amendment executed under this Agreement

15.2.4. Any SOW executed under this Agreement

15.2.5. Any other provisions of the Agreement, including materials incorporated by reference

16. INCOME

Any income earned by the SUB-RECIPIENT from the conduct of the SOW (e.g., sale of publications, registration fees, or service charges) must be accounted for, reported to WTSC, and that income must be applied to project purposes or used to reduce project costs.

17. INDEMNIFICATION

17.1. To the fullest extent permitted by law, the SUB-RECIPIENT shall indemnify and hold harmless the WTSC, its officers, employees, and agents, and process and defend at its own expense any and all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs of whatsoever kind ("claims") brought against WTSC arising out of or in connection with this Agreement and/or the SUB-RECIPIENT's performance or failure to perform any aspect of the Agreement. This indemnity provision applies to all claims against WTSC, its officers, employees, and agents arising out of, in connection with, or incident to the acts or omissions of the SUB-RECIPIENT, its officers, employees, agents, contractors, and subcontractors. Provided, however, that nothing herein shall require the SUB-RECIPIENT to indemnify and hold harmless or defend the WTSC, its agents, employees, or officers to the extent that claims are caused by the negligent acts or omissions of the WTSC, its officers, employees or agents; and provided further that if such claims result from the concurrent negligence of:

(a) the SUB-RECIPIENT, its officers, employees, agents, contractors, or subcontractors, and
(b) the WTSC, its officers, employees, or agents, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the negligence of the SUB- RECIPIENT, its officers, employees, agents, contractors, or subcontractors.

17.2. The SUB-RECIPIENT agrees that its obligations under this Section extend to any claim, demand and/or cause of action brought by, or on behalf of, any of its employees or agents in the performance of this agreement. For this purpose, the SUB- RECIPIENT, by mutual negotiation, hereby waives with respect to WTSC only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions chapter 51.12 RCW.

17.3. The indemnification and hold harmless provision shall survive termination of this Agreement.

18. INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

19. INSURANCE COVERAGE

19.1. The SUB-RECIPIENT shall comply with the provisions of Title 51 RCW, Industrial Insurance, if required by law.

19.2. If the SUB-RECIPIENT is not required to maintain insurance in accordance with Title 51 RCW, prior to

the start of any performance of work under this Agreement, the SUB-RECIPIENT shall provide WTSC with proof of insurance coverage (e.g., vehicle liability insurance, private property liability insurance, or commercial property liability insurance), as determined appropriate by WTSC, which protects the SUB-RECIPIENT and WTSC from risks associated with executing the SOW associated with this Agreement.

20. LICENSING, ACCREDITATION, AND REGISTRATION

The SUB-RECIPIENT shall comply with all applicable local, state, and federal licensing, accreditation, and registration requirements and standards necessary for the performance of this Agreement. The SUB-RECIPIENT shall complete registration with the Washington State Department of Revenue, if required, and be responsible for payment of all taxes due on payments made under this Agreement.

21. RECORDS MAINTENANCE

21.1. During the term of this Agreement and for six years thereafter, the SUB-RECIPIENT shall maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended in the performance of the services described herein. These records shall be subject to inspection, review, or audit by authorized personnel of the WTSC, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration. The Office of the State Auditor, federal auditors, the WTSC, and any duly authorized representatives shall have full access and the right to examine any of these materials during this period.

21.2. Records and other documents, in any medium, furnished by one party to this Agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving them a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

22. RIGHT OF INSPECTION

The SUB-RECIPIENT shall provide right of access to its facilities to the WTSC or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Agreement. The SUB-RECIPIENT shall make available information necessary for WTSC to comply with the right to access, amend, and receive an accounting of disclosures of their Personal Information according to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or any regulations enacted or revised pursuant to the HIPAA provisions and applicable provisions of Washington State law. The SUB-RECIPIENT shall upon request make available to the WTSC and the United States Secretary of the Department of Health and Human Services all internal policies and procedures, books, and records relating to the safeguarding, use, and disclosure of Personal Information obtained or used as a result of this Agreement.

23. RIGHTS IN DATA

23.1. WTSC and SUB-RECIPIENT agree that all data and work products (collectively called "Work

Product”) pursuant to this Agreement shall be considered works made for hire under the U.S. Copyright Act, 17 USC §101 et seq., and shall be owned by the state of Washington. Work Product includes, but is not limited to, reports, documents, pamphlets, advertisement, books, magazines, surveys, studies, computer programs, films, tapes, sound reproductions, designs, plans, diagrams, drawings, software, and/or databases to the extent provided by law. Ownership includes the right to copyright, register the copyright, distribute, prepare derivative works, publicly perform, publicly display, and the ability to otherwise use and transfer these rights.

23.2. If for any reason the Work Product would not be considered a work made for hire under applicable law, the SUB- RECIPIENT assigns and transfers to WTSC the entire right, title, and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.

23.3. The SUB-RECIPIENT may publish, at its own expense, the results of project activities without prior review by the WTSC, provided that any publications (written, visual, or sound) contain acknowledgment of the support provided by NHTSA and the WTSC. Any discovery or invention derived from work performed under this project shall be referred to the WTSC, who will determine through NHTSA whether patent protections will be sought, how any rights will be administered, and other actions required to protect the public interest.

24. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to completion of the SOW under this Agreement, the WTSC may terminate the Agreement under the "TERMINATION FOR CONVENIENCE" clause, without the 30-day notice requirement. The Agreement is subject to renegotiation at the WTSC's discretion under any new funding limitations or conditions.

25. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

26. SITE SECURITY

While on WTSC premises, the SUB-RECIPIENT, its agents, employees, or sub-contractors shall conform in all respects with all WTSC physical, fire, or other security policies and applicable regulations.

27. TAXES

All payments of payroll taxes, unemployment contributions, any other taxes, insurance, or other such expenses for the SUB- RECIPIENT or its staff shall be the sole responsibility of the SUB-RECIPIENT.

28. TERMINATION FOR CAUSE

If the SUB-RECIPIENT does not fulfill in a timely and proper manner its obligations under this Agreement or violates any of these terms and conditions, the WTSC will give the SUB-RECIPIENT written notice of such failure or violation, and may terminate this Agreement immediately. At the WTSC's discretion, the SUB-RECIPIENT may be given 15 days to correct the violation or failure. In the event that the SUB-RECIPIENT is given the opportunity to correct the violation and the violation is not corrected within the 15-day period, this Agreement may be terminated at the end of that period by written notice of the WTSC.

29. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Agreement, either party may terminate this Agreement, without cause or reason, with 30 days written notice to the other party. If this Agreement is so terminated, the WTSC shall be liable only for payment required under the terms of this Agreement for services rendered or goods delivered prior to the effective date of termination.

30. TREATMENT OF ASSETS

30.1. Title to all property furnished by the WTSC shall remain property of the WTSC. Title to all property furnished by the SUB-RECIPIENT for the cost of which the SUB-RECIPIENT is entitled to be reimbursed as a direct item of cost under this Agreement shall pass to and vest in the WTSC upon delivery of such property by the SUB-RECIPIENT. Title to other property, the cost of which is reimbursable to the SUB-RECIPIENT under this Agreement, shall pass to and vest in the WTSC upon (i) issuance for use of such property in the performance of this Agreement, or (ii) commencement of use of such property in the performance of this Agreement, or (iii) reimbursement of the cost thereof by the WTSC in whole or in part, whichever first occurs.

30.2. Any property of the WTSC furnished to the SUB-RECIPIENT shall, unless otherwise provided herein or approved by the WTSC, be used only for the performance of this Agreement.

30.3. The SUB-RECIPIENT shall be responsible for any loss or damage to property of the WTSC which results from the negligence of the SUB-RECIPIENT or which results from the failure on the part of the SUB-RECIPIENT to maintain and administer that property in accordance with sound management practices.

30.4. If any WTSC property is lost, destroyed, or damaged, the SUB-RECIPIENT shall immediately notify the WTSC and shall take all reasonable steps to protect the property from further damage.

30.5. The SUB-RECIPIENT shall surrender to the WTSC all property of the WTSC upon completion, termination, or cancellation of this Agreement.

30.6. All reference to the SUB-RECIPIENT under this clause shall also include SUB-RECIPIENT's employees, agents, or sub-contractors.

31. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from

subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement.

APPLICABLE CERTIFICATIONS AND ASSURANCES FOR HIGHWAY SAFETY GRANTS (23 CFR PART 1300 APPENDIX A):

In all future references to sub-recipients, the term "SUB-RECIPIENT" shall also apply to its agents, employees, sub-contractors, and other participants of Federal financial assistance under such program. SUB-RECIPIENT, its agents, employees, sub-contractors, and other participants will comply with all requirements imposed or pursuant to the Acts, the Regulations, and this Assurance.

32. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

In accordance with FFATA, the SUB-RECIPIENT shall, upon request, provide WTSC the names and total compensation of the five most highly compensated officers of the entity, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in federal awards, received \$25,000,000 or more in annual gross revenues from federal awards, and if the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 or section 6104 of the Internal Revenue Code of 1986.

33. FEDERAL NONDISCRIMINATION (Title VI, 42 U.S.C. § 2000d et seq.)

Instructions for Lower Tier Certification

33.1. By signing this Agreement, the SUB-RECIPIENT (hereinafter in this section referred to as the "lower tier participant") is providing the certification set out below and agrees to comply with the requirements of 2 CFR part 180 and 23 CFR part 1200.

33.2. The certification in this section is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

33.3. The lower tier participant shall provide immediate written notice to the WTSC if at any time the lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

33.4. The terms covered transaction, civil judgement, debarment, suspension, ineligible, participant, person, principal, and voluntarily excluded, as used in this clause, are defined in 2 CFR parts 180 and 1200.

33.5. The lower tier participant agrees by signing this Agreement that it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart

9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by WTSC.

33.6. The lower tier participant further agrees by signing this Agreement that it will include the clause titled "Instructions for Lower Tier Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions, and will require lower tier participants to comply with 2 CFR part 180 and 23 CFR part 1200.

33.7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any prospective lower tier participants, each participant may, but is not required to, check the System for Award Management Exclusions website (<https://www.sam.gov/>).

33.8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

33.9. Except for transactions authorized under paragraph 33.5. of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

33.10. The lower tier participant certifies, by signing this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

33.11. Where the lower tier participant is unable to certify to any of the statements in this certification, such participant shall attach an explanation to this Agreement.

34. THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

34.1. The SUB-RECIPIENT shall:

34.1.1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the SUB-RECIPIENT's workplace, and shall specify the actions that will be taken against employees for violation of such prohibition.

34.1.2. Establish a drug-free awareness program to inform employees about the dangers of drug abuse in the workplace; the SUB- RECIPIENT's policy of maintaining a drug-free workplace; any available drug counseling, rehabilitation, and employee assistance programs; and the penalties that may be imposed upon employees for drug violations occurring in the workplace.

34.1.3. Make it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph 34.1.1. of this section.

34.1.4. Notify the employee in the statement required by paragraph 34.1.1. of this section that, as a condition of employment under the grant, the employee will abide by the terms of the statement, notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction, and notify the WTSC within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.

34.1.5. Take one of the following actions within 30 days of receiving notice under paragraph 34.1.3. of this section, with respect to any employee who is so convicted: take appropriate personnel action against such an employee, up to and including termination, and/or require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

34.1.6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

35. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

In accordance with FFATA, the SUB-RECIPIENT shall, upon request, provide WTSC the names and total compensation of the five most highly compensated officers of the entity, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in federal awards, received \$25,000,000 or more in annual gross revenues from federal awards, and if the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 or section 6104 of the Internal Revenue Code of 1986.

36. FEDERAL LOBBYING

36.1. The undersigned certifies, to the best of his or her knowledge and belief, that:

36.1.1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan,

the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

36.1.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

36.1.3. The undersigned shall require that the language of this certification be included in the award documents for all sub- awards at all tiers (including sub-contracts, sub-grants, and contracts under grant, loans, and cooperative agreements), and that all sub- recipients shall certify and disclose accordingly.

36.2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

37. FEDERAL NONDISCRIMINATION (Title VI, 42 U.S.C. § 2000d et seq.)

37.1. The State highway safety agency [and its SUB-RECIPIENTS] will comply with all Federal statutes and implementing regulations relating to nondiscrimination ("Federal Nondiscrimination Authorities"). These include but are not limited to:

37.1.1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);

37.1.2. 49 CFR part 21 (entitled Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);

37.1.3. 28 CFR section 50.3 (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964);

37.1.4. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

37.1.5. Federal-Aid Highway Act of 1973, (23 U.S.C. 324 et seq.), and Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683 and 1685-1686) (prohibit discrimination on the basis of sex);

37.1.6. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 794 et seq.), as amended, (prohibits discrimination on the basis of disability) and 49 CFR part 27;

37.1.7. The Age Discrimination Act of 1975, as amended, (42 U.S.C. 6101 et seq.), (prohibits discrimination on the basis of age);

37.1.8. The Civil Rights Restoration Act of 1987, (Pub. L. 100-209), (broadens scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal aid SUB-RECIPIENTS, subrecipients and contractors, whether such programs or activities are Federally-funded or not);

37.1.9. Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing) and 49 CFR parts 37 and 38;

During the performance of this contract/funding agreement, the SUB-RECIPIENT agrees:

37.1.10. To comply with all Federal nondiscrimination laws and regulations, as may be amended from time to time;

37.1.11. Not to participate directly or indirectly in the discrimination prohibited by any Federal non-discrimination law or regulation, as set forth in Appendix B of 49 CFR part 21 and herein;

37.1.12. To permit access to its books, records, accounts, other sources of information, and its facilities as required by the State highway safety office, US DOT or NHTSA;

37.1.13. That, in event a SUB-RECIPIENT fails to comply with any nondiscrimination provisions in this contract/funding agreement, the State highway safety agency will have the right to impose such contract/agreement sanctions as it or NHTSA determine are appropriate, including but not limited to withholding payments to the SUB-RECIPIENT/funding recipient under the contract/agreement until the SUB-RECIPIENT/funding recipient complies; and/or cancelling, terminating, or suspending a contract or funding agreement, in whole or in part; and

37.1.14. To insert this clause, including paragraphs a through e, in every subcontract and subagreement and in every solicitation for a subcontract or sub-agreement, that receives Federal funds under this program.

38. POLITICAL ACTIVITY (HATCH ACT)

The SUB-RECIPIENT will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

39. PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE

The SUB-RECIPIENT will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists. This Agreement does not include any aspects or elements of helmet usage or checkpoints, and so fully complies with this requirement.

40. STATE LOBBYING

None of the funds under this Agreement will be used for any activity specifically designed to urge or influence a state or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any state or local legislative body. Such activities include both direct and indirect (e.g., “grassroots”) lobbying activities, with one exception. This does not preclude a state official whose salary is supported with NHTSA funds from engaging in direct communications with state or local legislative officials, in accordance with customary state practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

41. CERTIFICATION ON CONFLICT OF INTEREST

GENERAL REQUIREMENTS

41.1. No employee, officer or agent of the SUB-RECIPIENT who is authorized in an official capacity to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving any subaward, including contracts or subcontracts, in connection with this grant shall have, directly or indirectly, any financial or personal interest in any such subaward. Such a financial or personal interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or personal interest in or a tangible personal benefit from an entity considered for a subaward.

41.2. Based on this policy:

41.2.1. The SUB-RECIPIENT shall maintain a written code or standards of conduct that provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents. The code or standards shall provide that the SUB- RECIPIENT’s officers, employees, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from present or potential sub-awardees, including contractors or parties to subcontracts and establish penalties, sanctions or other disciplinary actions for violations, as permitted by State or local law or regulation.

41.2.2. The SUB-RECIPIENT shall maintain responsibility to enforce the requirements of the written code or standards of conduct.

DISCLOSURE REQUIREMENTS

41.3. No SUB-RECIPIENT, including its officers, employees or agents, shall perform or continue to perform under a grant or cooperative agreement, whose objectivity may be impaired because of any related past, present, or currently planned interest, financial or otherwise, in organizations regulated by NHTSA or in organizations whose interests may be substantially affected by NHTSA activities.

41.3.1. The SUB-RECIPIENT shall disclose any conflict of interest identified as soon as reasonably possible, making an immediate and full disclosure in writing to WTSC. The disclosure shall include a



description of the action which the recipient has taken or proposes to take to avoid or mitigate such conflict.

41.3.2. NHTSA will review the disclosure and may require additional relevant information from the recipient. If a conflict of interest is found to exist, NHTSA may (a) terminate the award, or (b) determine that it is otherwise in the best interest of NHTSA to continue the award and include appropriate provisions to mitigate or avoid such conflict.

41.3.3. Conflicts of interest that require disclosure include all past, present or currently planned organizational, financial, contractual or other interest(s) with an organization regulated by NHTSA or with an organization whose interests may be substantially affected by NHTSA activities, and which are related to this award. The interest(s) that require disclosure include those of any SUB-RECIPIENT, affiliate, proposed consultant, proposed subcontractor and key personnel of any of the above. Past interest shall be limited to within one year of the date of award. Key personnel shall include any person owning more than a 20 percent interest in a SUB-RECIPIENT, and the officers, employees or agents of a recipient who are responsible for making a decision or taking an action under an award where the decision or action can have an economic or other impact on the interests of a regulated or affected organization.

42. DESIGNATED CONTACTS

The following named individuals will serve as designated contacts for each of the parties for all communications, notices, and reimbursements regarding this Agreement:

The Contact for the SUB- RECIPIENT is:

Matthew Decker
Lieutenant
Deckerm@pasco-wa.gov
509-727-8538

The Contact for WTSC is:

Mark Medalen
WTSC Program Manager
mmedalen@wtsc.wa.gov
360-725-9878

AUTHORITY TO SIGN

The undersigned acknowledge that they are authorized to execute this Agreement and bind their respective agencies or entities to the obligations set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement.

SUB-RECIPIENT:



Signature

Printed Name

Title

Date

WASHINGTON TRAFFIC SAFETY COMMISSION

Name: Mark Medalen
Title: Program Manager

Date

BUDGET 26-27 Fiscal Year

HVE/Patrol Dollars

Region 14	Impaired Driving	Seat Belt	Distracted Driving	Speed	Total
2026-27	\$35,700	\$10,000	\$10,000	\$27,000	\$82,700

2026-2027 Agency Estimates

Agency and Patrol	DUI	Seat Belt	Distracted	Speed	Total
Franklin County	5,700	2,000	2,000	3,000	12,700
West Richland	1,500	500	500	1,500	4,000
Richland	6,000	2,500	2,500	6,000	17,000
Pasco	8,000	2,500	2,500	6,500	19,500
Kennewick	8,000	2,500	2,500	7,000	20,000
Prosser	2,500	0	0	1,500	4,000
Benton County	4,000	0	0	1,500	5,500
Connell	0	0	0	0	0

Other Sources

Advertising	10,000 (Fair, Hockey, CBC sports, Summer Movies)
TOTAL BUDGET	10,000

DUI Enforcement Dates: ARIDE REQUIRED Unless mentee or pre-approved.

1st Quarter (October 2026 – December 31, 2026)

- Friday 6pm, October 30th -November 1st (Halloween weekend)
- Wednesday-Saturday 4pm, November 25-29 (Thanksgiving)
- TBD Dedicated Patrols for Holiday DUI HVE (December/January)
- Thursday-Saturday 6pm, December 31-Jan 2 (New Year's Eve Day weekend)
- Date TBD Friday/Saturday (Richland Races)

2nd Quarter (January 1, 2027 – March 31, 2027)

- Sunday 4pm, February 6th (Superbowl)
- Friday- Sunday 2pm, Feb 12-14th (Prosser Event)
- Wednesday 6pm, March 17th (St. Patrick's Day)

3rd Quarter (April 1, 2027 – June 30, 2027)

- Friday 2pm and Saturday 2pm in April (Spring Barrell Weekend)
- Tuesday 12pm, April 20th (420)
- Friday-Sunday 6pm, May 1st -May 2nd (Cinco event weekend)
- Wednesday 6pm, May 5th (Cinco de Mayo)
- Friday-Monday, May 28th- May 31st (Memorial Day Weekend)
- Saturday-Sunday, June 11-13th (Scottish Fest and Highland Games)
-

4th Quarter (July 1, 2027 – September 30, 2027)

- Thursday-Sunday, July-Aug (Summer Concert Series and Live at 5)
- Friday-Sunday, July 2-4th 2pm (Freedom Rodeo-Basin City)
- Friday-Saturday, July 4th (4th of July)
- Friday-Sunday 12pm, July 9-11th (710)
- Saturday 2pm, July 17th (Art and Wine Walk)
- Thursday-Sunday 2pm, July 22-25th (Boat Races)
- TBD (Dedication Patrol)
- Friday 6pm, August 23-28th 4pm (Fair)
- Friday 6pm Sept 3-6th 2pm (Labor Day Weekend)

AGENDA REPORT

FOR: City Council September 17, 2026

TO: Harold L. Stewart II, City Manager City Council Regular Meeting: 10/19/26

FROM: Craig Raymond, Deputy Director
Community & Economic Development

SUBJECT: Public Meeting & Resolution No. 4792 - Accepting a Notice of Intention to Commence Annexation Soto 10% Annexation Petition (ANX 2026-003) (5 minutes)

I. ATTACHMENT(S):

Resolution 4792
Exhibit A
Exhibit B
AFN 1586990
AFN 1813741
PPT

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

CONDUCT PUBLIC MEETING

MOTION: I move to approve Resolution No. 4792, accepting the Notice of Intention to Commence Annexation proceedings for the Soto Annexation for Parcel No. 119542042, currently addressed 1117 Road 52 (Lot 2 and a portion of Lot 1 of Short Plat No. 98-6), generally located south of West Court Street, north of West Sylvester Street, west of Road 44, and east of Road 52, within Section 26, Township 9 North, Range 29 East, W.M., establishing the proposed annexation boundary and determining whether simultaneous zoning and the assumption of bonded indebtedness will be required.

III. FISCAL IMPACT:

No fiscal impact at this stage of the annexation process.

IV. HISTORY AND FACTS BRIEF:

Annexation Process Overview

At the October 5, 2026, meeting, the City Council established October 19,

2026, as the meeting date required under Chapter 35A.14 RCW following receipt of the Notice of Intention to Commence Annexation Proceedings for the proposed Soto Annexation.

The proposed annexation is being processed using the Direct Petition (60 Percent Petition) Method authorized under RCW 35A.14.120 through RCW 35A.14.150. At this stage of the process, the City Council is required to meet with the initiating party and determine whether to accept, reject, or geographically modify the proposed annexation area, determine whether the annexation area will assume all or a portion of the City's existing bonded indebtedness, and determine whether simultaneous zoning will be required. Acceptance of the Notice of Intention does not approve the annexation but authorizes the applicants and City staff to proceed with the remaining statutory annexation process.

Background

On August 17, 2026, Julie Soto, on behalf of herself and the other property owners, Steven Lee Vue, Javier Soto, and Griselda S. Contreras, submitted a Notice of Intention to Commence Annexation Proceedings (10 Percent Petition) requesting annexation of Parcel No. 119542042, currently addressed as 1117 Road 52 and legally described as Lot 2 and a portion of Lot 1 of Short Plat No. 98-6, located in Franklin County, Washington.

The present configuration of the subject property was established through a quit claim deed recorded under Franklin County Auditor's File No. (AFN) 1586990, which conveyed additional property that, together with Lot 2 of Short Plat No. 98-6, comprises the subject parcel as it exists today. A subsequent Record of Survey, recorded under AFN 1813741, is also included with this report. Although AFN 1813741 is not the survey that established the subject property, it depicts the existing metes and bounds of the parcel and is provided as a reference to illustrate its current configuration.

The subject area is generally located south of West Court Street, north of West Sylvester Street, west of Road 44, and east of Road 52, within Section 26, Township 9 North, Range 29 East, W.M.

Staff reviewed the Notice of Intention and determined that it contains sufficient signatures to initiate annexation proceedings. Pursuant to RCW 35A.14.120, the initiating party or parties must own not less than ten percent (10%) in value, according to the assessed valuation for general taxation, of the property for which annexation is sought. The submitted Notice of Intention represents approximately one hundred percent (100%) of the assessed valuation within the proposed annexation area.

RCW 35A.14.120 references the property ownership provisions of RCW 35A.01.040. RCW 35A.01.040(9)(g) provides that when a parcel is owned by multiple owners, the signature of an owner designated by the multiple owners is sufficient. The subject parcel is held by multiple owners, and Julie Soto submitted the Notice of Intention on behalf of the ownership group. Based on the submitted ownership information, her signature satisfies the applicable signature requirement for purposes of initiating the annexation proceedings.

Following receipt of the Notice of Intention, staff initiated coordination and provided notice to affected agencies, utility providers, and internal City departments, including the Franklin County Planning and Building Department, Franklin County Public Works Department, Franklin County Treasurer and Assessor, the City of Pasco Public Works Department and Engineering Division, and applicable utility providers.

On October 5, 2026, the City Council adopted Resolution No. _____, establishing October 19, 2026, at 7:00 p.m. as the date and time for the City Council to meet with the initiating party and consider the Notice of Intention to Commence Annexation Proceedings for the proposed Soto Annexation.

At the October 19, 2026, meeting, the City Council will consider whether to accept, reject, or geographically modify the proposed annexation pursuant to RCW 35A.14.120. If Council accepts the proposed annexation, the initiating party may proceed with circulation of the annexation petition in accordance with the applicable statutory requirements.

Impact (Other than fiscal)

The action before the City Council is limited to consideration of the Notice of Intention to Commence Annexation Proceedings. As part of this action, the Council will meet with the initiating party and determine whether to accept, reject, or geographically modify the proposed annexation area, determine whether simultaneous zoning will be required, and determine whether the annexation area will assume all or a portion of the City's existing bonded indebtedness. Acceptance of the Notice of Intention does not approve the annexation but authorizes the proposed annexation to proceed through the remaining statutory process.

V. DISCUSSION:

Recommendation

Staff recommends that the City Council approve the resolution accepting the Notice of Intention to Commence Annexation Proceedings for the proposed Soto Annexation. Staff further recommends accepting the proposed annexation

area as submitted, requiring simultaneous zoning of the annexation area, and requiring the annexation area to assume its proportionate share of the City's existing bonded indebtedness.

Constraints (Time or other considerations)

Following Council's action on the Notice of Intention, staff will continue processing the proposed annexation in accordance with Chapter 35A.14 RCW. Subsequent steps include preparation and circulation of the annexation petition, verification of petition sufficiency, and completion of the applicable statutory review and hearing requirements.

Pursuant to RCW 35A.01.040(8), signatures dated more than six (6) months prior to the filing of the annexation petition must be stricken. Accordingly, staff will continue to advance the annexation process in a timely manner to maintain the validity of petition signatures and facilitate completion of the remaining annexation requirements.

Staff Analysis

Staff has reviewed the Notice of Intention to Commence Annexation Proceedings and determined that it is procedurally sufficient to proceed through the annexation process. The proposed annexation area is contiguous with the existing City limits and is consistent with the City's Comprehensive Plan land use designation. Acceptance of the Notice of Intention does not constitute approval of the annexation or modify the existing City limits. Rather, acceptance authorizes the initiating parties to proceed with circulation of the annexation petition and the subsequent steps required under Chapter 35A.14 RCW.

The action currently before the City Council is limited to meeting with the initiating parties and determining whether to accept, reject, or geographically modify the proposed annexation, together with the other determinations applicable under RCW 35A.14.120. If accepted, staff will continue processing the proposed annexation in accordance with the applicable statutory requirements.

Next Steps

If the Council accepts the Notice of Intention, staff will proceed with the remaining annexation process, including certification of the annexation petition by the Franklin County Assessor's Office and processing of the proposed simultaneous zoning through the Hearing Examiner. Following the Hearing Examiner's recommendation, the City Council will consider both the annexation ordinance and the zoning ordinance. A public hearing before the City Council

on the zoning recommendation will only be required if the Hearing Examiner's recommendation is appealed or if the City Council, by majority vote, elects to conduct its own public hearing. If ultimately annexed, the property will become subject to applicable City regulations, development standards, and municipal services.

Alternatives

1. Modify the proposed annexation area and direct staff to continue processing the annexation. Such modifications may require revised petition materials and additional property owner signatures before the process can proceed.
2. Approve the resolution with different determinations regarding simultaneous zoning and/or the assumption of bonded indebtedness.
3. Reject the Notice of Intention to Commence Annexation Proceedings, thereby terminating the current annexation proposal.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF PASCO, WASHINGTON, ~~ACCEPTING SETTING THE NOTICE OF INTENTION TO COMMENCE ANNEXATION PROCEEDINGS FOR THE PROPOSED SOTO ANNEXATION; DETERMINING THE PROPOSED ANNEXATION AREA; AND DETERMINING WHETHER SIMULTANEOUS ZONING AND THE ASSUMPTION OF BONDED INDEBTEDNESS WILL BE REQUIRED. _____ PM _____, 20## AS THE TIME AND DATE FOR A MEETING TO CONSIDER THE _____ NOTICE OF INTENT TO COMMENCE _____ ANNEXATION _____ OF _____ PROPERTY _____ LOCATED _____.~~

~~WHEREAS, from time to time in response to petitions or in cases where it serves the general interest of the City, the City Council may annex lands; and the owners of property of Parcel No. 119542042, currently addressed 1117 Road 52 (Lot 2 and a portion of Lot 1 of Short Plat No. 98-6) have file a Notice of Intention to Commence Annexation Proceedings to the City of Pasco; and~~

~~WHEREAS, pursuant to RCW 35A.14.120, prior to the City circulating a petition to annex, notice of intent to commence annexation must be made to the Pasco City Council by the owners of at least ten (10) percent of the assessed value of the property to be annexed; and~~

~~WHEREAS, the owners of property in a portion of _____, have filed a Notice of Intent to Commence Annexation to the City of Pasco; and~~

~~WHEREAS, pursuant to RCW 35A.14.120 the Notice of Intent to Commence Annexation contains the signatures of property owners representing at least ten (10) percent of the assessed value of an area proposed for annexation; and~~

~~WHEREAS, upon receipt of a Notice of Intent to Commence Annexation the Council is required by RCW 35A.14.120 to set a date to hold a meeting on October 5, 2026, the City Council set a October 19, 2026, public meeting date with the initiators to consider: (1) whether the City will accept, reject, or geographically modify the proposed annexation; (2) whether it will require the simultaneous adoption of a proposed zoning regulation; and (3) whether it will require the assumption of all or any portion of existing City indebtedness by the area to be annexed; and.~~

~~WHEREAS, the City Council has reviewed the Notice of Intention, conducted a public meeting with the initiators, and has determined it is in the best interests of the City to accept the proposal as described in Exhibit A and depicted in Exhibit B attached hereto; and~~

~~WHEREAS, the City has determined that the proposed annexation site is within the Pasco Urban Growth Area, annexation of the proposed site would be a natural extension of the City and said annexation would be in the best interest of the Pasco community.~~

NOW, THEREFORE, by the city council of the city of pasco, Washington does resolve as follows: ~~BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASCO, WASHINGTON:~~

~~That a meeting to consider a Notice of Intent to Commence Annexation of property located _____, as described in **Exhibit A** and depicted in **Exhibit B**, attached hereto, will be held before the City Council of the City of Pasco, in the Council Chambers, at 525 North Third Avenue, Pasco, Washington, at the hour of 7:00 p.m., _____, ##, 20##.~~

Be It Further Resolved, that this Resolution shall take effect immediately.

That the City will accept the proposed territory to be annexed as described in Exhibit A and depicted in Exhibit B attached hereto.

Be It Further Resolved, that the territory to be annexed will not require simultaneous adoption of zoning regulations. Zoning will be determined through a public hearing process with input from affected property owners.

Be It Further Resolved that the annexation area will be required to assume a proportionate share of existing City bonded indebtedness.

Be It Further Resolved, that this Resolution shall take effect immediately.

PASSED by the City Council of the City of Pasco, Washington, on this ____ day of _____, 20__.

Charles Grimm
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Ogden Murphy Wallace, PLLC
City Attorney

EXHIBIT "A"

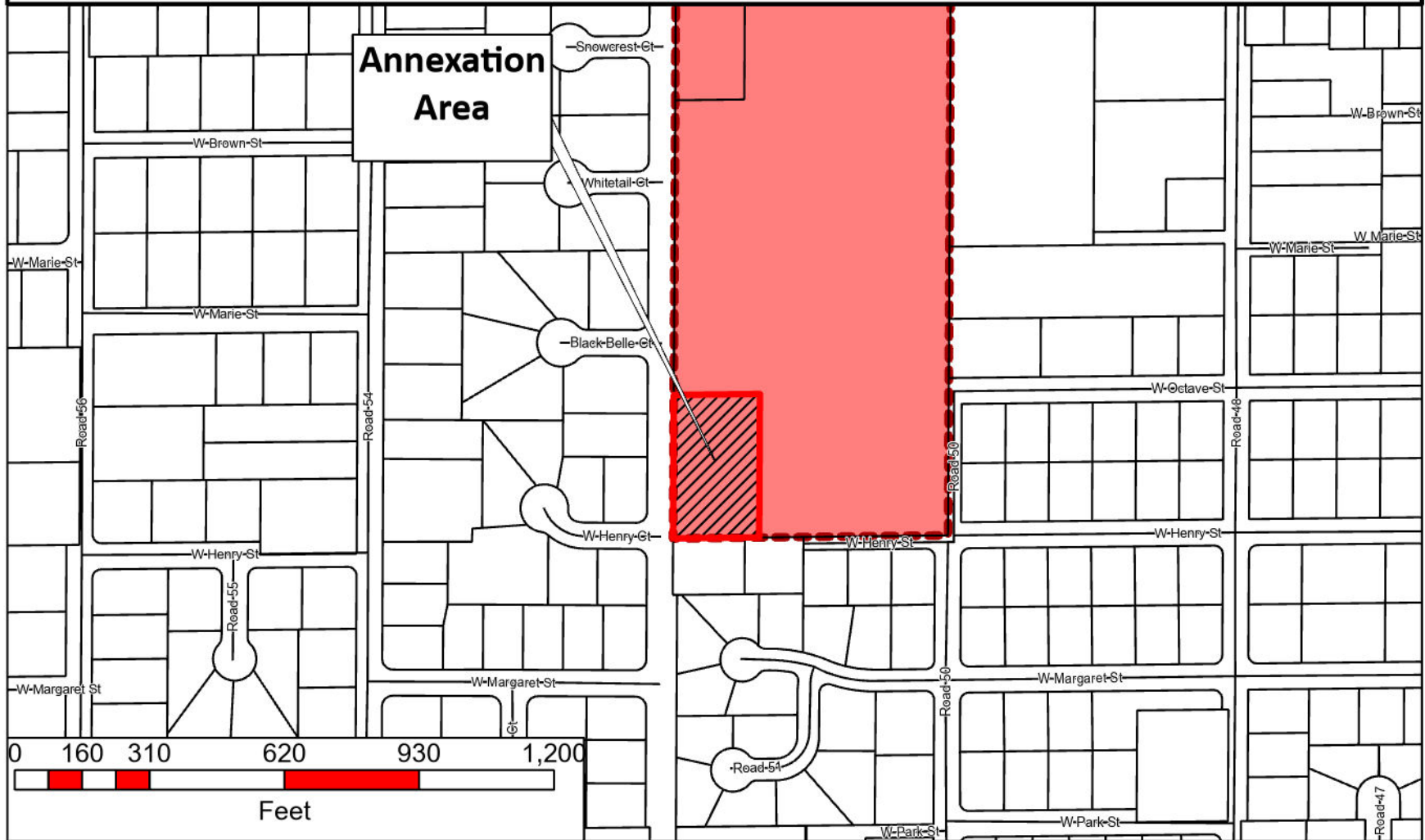
Legal Description

For APN/Parcel ID(s): 119542042

SHORT PLAT NO. 98-6, LOT 2, TOGETHER WITH THE SOUTH 330 FEET OF THE WEST 66 FEET OF LOT 1 OF SHORT PLAT NO. 98-6, ADJOINING THE EAST BOUNDARY OF SAID LOT 2.

"Exhibit B"

Item: Parcel No. 119542042 Annexation NOI 10%
Applicant(s): Julie Soto
File #: ANX2026-003



Name Steel Family Trust
Address 5120 W. Court
City, State, Zip Grass, Washington
99301-2374

FEB 21 2001

07559

No Real Estate Excise Tax Paid
This Instrument Exempt Under R.C.W. 82.45
Treasurer, Franklin Co.

Quit Claim Deed



Reference # (if applicable):
Grantor(s): (1) Vaughn S. Steele (2) Phyllis A. Steele
Grantees(s): (1) Sandra Lee Steele (2) _____
Legal Description (abbreviated): _____
Additional on pg. _____
Additional on pg. _____
Assessor's Tax Parcel ID# _____ Additional legal(s) on page _____

THE GRANTOR Vaughn S. Steele and Phyllis A. Steele
Trustees of the Steel Family Trust
for and in consideration of Love and Affection
conveys and quit claims to Sandra Lee Steele

the following described real estate, situated in the County of Franklin State of Washington,
together with all after acquired title of the grantor (s) therein.

Lot 2 (Description of Boundary line adjustment)
Lot 2, Short-Plat=98-6, as recorded in book 1 of
Short Plats=page 457, Records of Franklin County,
Washington together with the south 330.8 feet
of the west 66.0 feet of lot 1, Short Plat 98-6
adjoining the east boundary of said lot 2
containing in all 1.50 acres more or less

Dated Feb 21, 192001

Phyllis A. Steele
(Individual)

Vaughn S. Steele
(Individual)

By _____
(President)

By _____
(Secretary)

STATE OF WASHINGTON
COUNTY OF Franklin
On this day personally appeared before me
Vaughn Steele and Phyllis Steele
to me known to be the individual described in and who
executed the within and foregoing instrument, and
acknowledged that they signed the same as
their free and voluntary act and deed, for the
uses and purposes therein mentioned.

GIVEN under my hand and official seal this 21st day
of February, 192001 Notary Public in
and for the State of Washington, residing at
Grass
My appointment expires: 1-12-2002

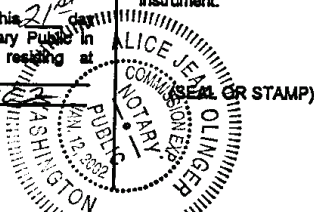
STATE OF WASHINGTON
COUNTY OF _____
I certify that I know or have satisfactory evidence that _____
is the person(s) acknowledged that (he/she/they) signed this instrument,
on oath stated that (he/she/they) was (were) authorized to execute the
instrument and acknowledged it as the _____
of _____ to be the free and
voluntary act of such party for the uses and purposes mentioned in the
instrument.

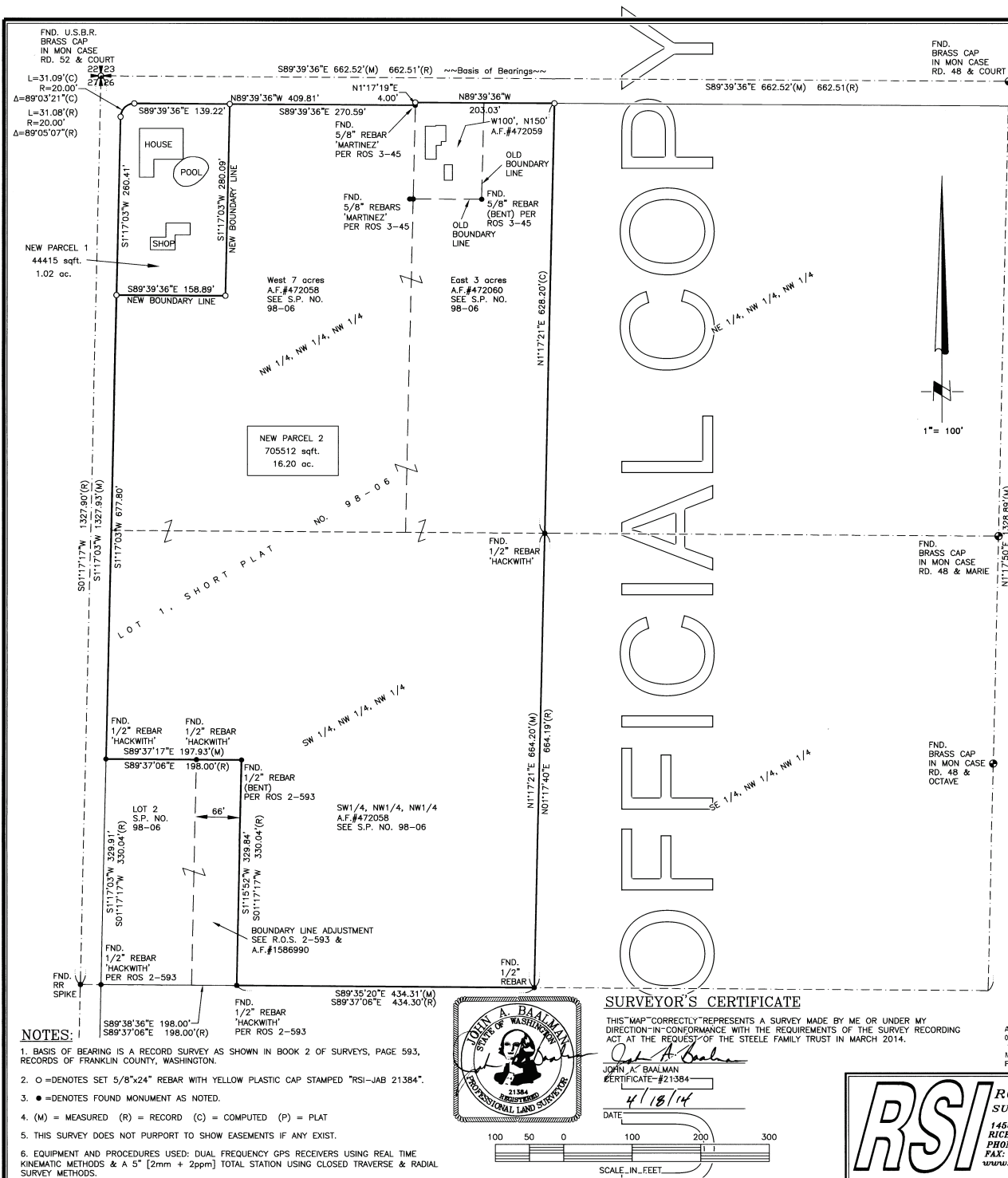
Dated

Signature

Title

My appointment expires





RECORD SURVEY

BOUNDARY LINE ADJUSTMENT
LOCATED IN A PORTION OF THE NW 1/4, SECTION 26,
TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M.
FRANKLIN COUNTY, WASHINGTON

SURVEYOR'S NARRATIVE

RECORD SURVEY NO. 3-45 WAS APPARENTLY CONDUCTED IN 2007 TO ADJUST THE BOUNDARY BETWEEN LOT 1, S.P. NO. 98-06 AND THE WEST 100' OF THE NORTH 150' AND EAST 3 ACRES OF THE NW1/4, NW1/4, NW1/4 OF SECTION 26. NO RECORD OF ANY DEEDS ADJUSTING SAID BOUNDARY COULD BE LOCATED. THE ADJUSTMENT OF SAID BOUNDARIES IS RENDERED MOOT BY THE ADJUSTMENT SHOWN HEREON. LOT 1 S.P. NO. 98-06 (EXCEPT THAT PORTION ADJUSTED UNDER ROS 2-583) WAS COMBINED WITH THE EAST 3 ACRES OF THE NW1/4, NW1/4, NW1/4, SECTION 26, (EXCEPT THE WEST 100', NORTH 150') BY ADMINISTRATIVE PROCEDURE FOR TAX PURPOSES. NO DEED WAS FOUND TO COMBINE THESE PARCELS.

RECORD LEGAL DESCRIPTIONS

LOT 1 (SEE SHORT PLAT NO. 98-06)

LOT 1, SHORT PLAT NO. 98-06, AS SHOWN IN VOLUME 1 OF SHORT PLATS, PAGE 457, RECORDS OF FRANKLIN COUNTY, WASHINGTON.

EXCEPT THE SOUTH 330 FEET OF THE WEST 66 FEET OF ADJOINING THE EAST BOUNDARY OF LOT 2, SHORT PLAT NO. 98-06

TOGETHER WITH:
THE EAST 3 ACRES OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M. RECORDS OF FRANKLIN COUNTY, WASHINGTON.

EXCEPT THE WEST 100 FEET OF THE NORTH 150 FEET

AND EXCEPT COUNTY ROAD.
(COMBINED FOR TAX PURPOSES BY LETTER TO FRANKLIN COUNTY IN 2009)

PARCEL 2 (A.F.#472059)

THE WEST 100' OF THE NORTH 150' OF THE EAST 3 ACRES OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M. RECORDS OF FRANKLIN COUNTY, WASHINGTON.

EXCEPT COUNTY ROAD

NEW LEGAL DESCRIPTIONS

NEW PARCEL 1:

THAT PORTION OF LOT 1, SHORT PLAT 98-06, LYING IN THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M., ACCORDING TO THE SHORT PLAT THEREOF RECORDED IN BOOK 1 OF SHORT PLATS, PAGE 457, RECORDS OF FRANKLIN COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
BEGINNING AT THE WESTERLY MOST SOUTHWEST CORNER OF SAID LOT 1, SAID POINT ALSO BEING THE NORTHWEST CORNER OF LOT 2 OF SAID SHORT PLAT; THENCE NORTH 11°03' EAST 677.80 FEET ALONG THE WEST LINE OF SAID LOT 1 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 11°03' EAST 260.41 FEET ALONG SAID WEST LINE TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 20.00 FEET; THENCE NORTHEASTERLY 31.09 FEET ALONG SAID CURVE AND ALONG THE WEST AND NORTH LINES OF SAID LOT 1 THROUGH A CENTRAL ANGLE OF 89°03'21"; THENCE SOUTH 89°39'36" EAST 139.22 FEET ALONG SAID NORTH LINE; THENCE SOUTH 11°17'03" WEST 280.09 FEET; THENCE NORTH 89°39'36" WEST 158.89 FEET TO THE TRUE POINT OF BEGINNING

NEW PARCEL 2:

LOT 1, SHORT PLAT 98-06, LYING IN THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M., ACCORDING TO THE SHORT PLAT THEREOF RECORDED IN BOOK 1 OF SHORT PLATS, PAGE 457, RECORDS OF FRANKLIN COUNTY, WASHINGTON

TOGETHER WITH THE EAST 3 ACRES OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 26, EXCEPT COUNTY ROAD

EXCEPT THE SOUTH 330 OF THE WEST 66 FEET OF SAID LOT 1 ADJOINING THE EAST BOUNDARY OF LOT 2 OF SAID SHORT PLAT

AND EXCEPT THAT PORTION OF LOT 1, SHORT PLAT 98-06, LYING IN THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 9 NORTH, RANGE 29 EAST, W.M., ACCORDING TO THE SHORT PLAT THEREOF RECORDED IN BOOK 1 OF SHORT PLATS, PAGE 457, RECORDS OF FRANKLIN COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY MOST SOUTHWEST CORNER OF SAID LOT 1, SAID POINT ALSO BEING THE NORTHWEST CORNER OF LOT 2 OF SAID SHORT PLAT; THENCE NORTH 11°03' EAST 677.80 FEET ALONG THE WEST LINE OF SAID LOT 1 TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 11°03' EAST 260.41 FEET ALONG SAID WEST LINE TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 20.00 FEET; THENCE NORTHEASTERLY 31.09 FEET ALONG SAID CURVE AND ALONG THE WEST AND NORTH LINES OF SAID LOT 1 THROUGH A CENTRAL ANGLE OF 89°03'21"; THENCE SOUTH 89°39'36" EAST 139.22 FEET ALONG SAID NORTH LINE; THENCE SOUTH 11°17'03" WEST 280.09 FEET; THENCE NORTH 89°39'36" WEST 158.89 FEET TO THE TRUE POINT OF BEGINNING

AUDITOR'S CERTIFICATE

FILED FOR RECORD THIS 18th DAY OF April, 2014 A.D., AT 16

MINUTES PAST 2 P.M. AND RECORDED IN VOLUME 3 OF SURVEYS,

PAGE 538, AT THE REQUEST OF ROGERS SURVEYING.

Matt Beaton
FRANKLIN COUNTY AUDITOR

R. Bumbach
BY DEPUTY

AFN # 1813741 SURV
04/18/2014 02:16 PM
1 Page(s) \$138.00
Matt Beaton, Auditor
Franklin Co., WA

REV: NONE

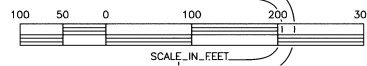
CLIENT	STEELE FAMILY TRUST	JOB	04614
PROJECT	BOUNDARY LINE ADJUSTMENT		
PTN.	NW1/4, SECTION 26, T9N., R.29E., W.M.		
DRN. BY	RPJ	SCALE	1"= 100'
APPROVED	JAB	DATE	03-22-14
		F. B. NO.	NONE
		ACAD VER	-2013
		FILE:	04614.DWG
		SHEET	1
		OF	1

SURVEYOR'S CERTIFICATE

THIS "MAP" CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF THE STEELE FAMILY TRUST IN MARCH 2014.

JOHN A. BALMAN
CERTIFICATE #21384

DATE 4/18/14



RSI ROGERS SURVEYING INC., P.S.
1455 COLUMBIA PARK TRAIL
RICHLAND, WA. 98952
PHONE (509) 783-4141
FAX: (509) 783-8994
www.rogerssurveying.com

Pasco City Council

Regular Meeting

October 19, 2026



Pasco City Council

Public Meeting & Resolution – Accepting a Notice of Intent to Commence Annexation for the Soto Petition (ANX 2026-003)

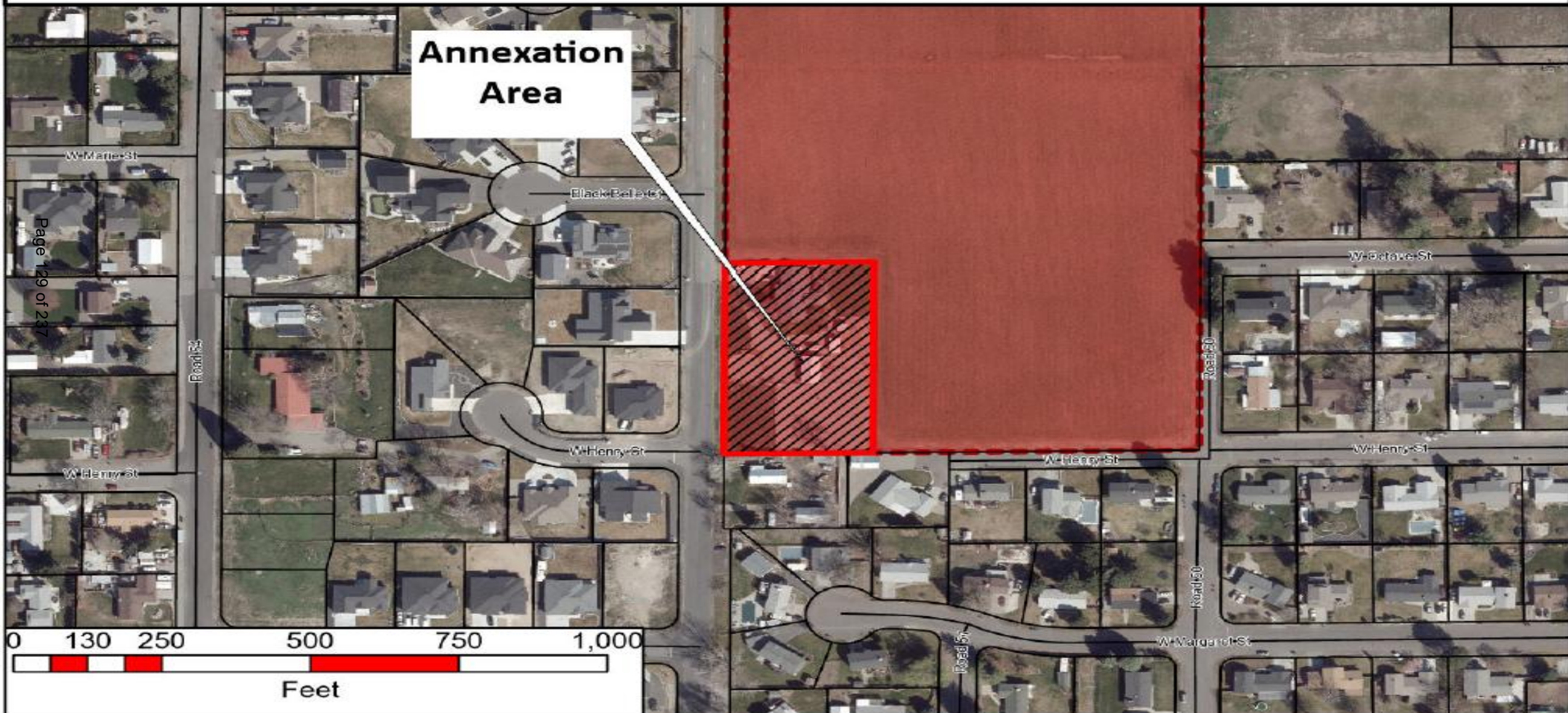


City of
Pasco
Washington

October 19, 2026

Vicinity Map

Item: Parcel No. 119542042 Annexation NOI 10%
Applicant(s): Julie Soto
File #: ANX2026-003



ANX 2026-003 – Soto Notice of Intention to Commence Annexation

Previously: October 5,
2026, Set Date for
Public Meeting



Tonight: Public Meeting
with Initiating Party &
Accept Notice of
Intention



Future: Public Hearing
for Annexation and
Ordinance for Both
Annexation Zoning
Determination

What Council is doing tonight

- **City Council will determine whether to proceed with the proposed annexation, including the annexation area, zoning, and City indebtedness.**
- **This action does not approve the annexation but allows Council to determine whether the proposal should proceed and provide direction on the annexation area, zoning, and indebtedness.**

Recommendation

- **Accept** the proposed annexation area as submitted.
- **Adopt** the resolution accepting the Notice of Intention to Commence Annexation Proceedings.
- **Require** zoning of the annexation area to proceed through the public hearing process with an opportunity for affected property owners to provide input.
- **Require** the annexation area to assume its proportionate share of the City's existing bonded indebtedness.



Questions?

AGENDA REPORT

FOR: City Council September 22, 2026

TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26

FROM: Richa Sigdel, Deputy City Manager
City Manager

SUBJECT: Resolution No. 4793 - Surplus of City Property (614 N 2nd Ave)

I. ATTACHMENT(S):

Resolution 4793

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

MOTION: I move to approve Resolution No. 4793, approving the surplus of certain City-owned real property located at 614 N 2nd Ave, Parcel No. 112027208.

III. FISCAL IMPACT:

The proposed purchase price for the property is \$100,000.

IV. HISTORY AND FACTS BRIEF:

Background

The City owns approximately 1.09 acres of property located at 614 N. 2nd Avenue, identified as Franklin County Parcel No. 112027208. The property is currently vacant and is no longer needed for municipal purposes.

Elijah Family Homes (EFH) is a local 501(c)(3) nonprofit organization serving families in Benton and Franklin Counties. EFH provides stable housing and case management services intended to help families achieve greater stability and self-sufficiency. Its programs include Transition to Success, which provides eligible families with affordable housing and individualized case management for up to three years, and the Parent-Child Assistance Program, which provides long-term support and case management to women who used substances during pregnancy.

EFH has expressed interest in acquiring the property for residential development. The anticipated development would include cottage housing in support of the organization's housing and supportive-service programs. The City and EFH are currently working on the terms of a potential Purchase and Sale Agreement.

Pasco Municipal Code Chapter 2.120 requires City Council, prior to the sale of City-owned real property, to declare the property surplus, determine that the sale is in the City's best interest, and establish the method of sale. The proposed resolution would declare Parcel No. 112027208 surplus to the needs of the City and establish negotiated sale as the method of sale. DRAFT Resolution Surplus City P...

Approval of the proposed resolution does not authorize the sale of the property. Staff will return to Council at a future meeting with a proposed Purchase and Sale Agreement for consideration once the terms of the potential transaction have been finalized.

Impact (other than fiscal)

Declaring the property surplus establishes that the property is no longer needed for municipal purposes and allows the City to continue working toward a potential negotiated sale.

A future sale could provide an opportunity for residential development of the currently vacant property. Any proposed sale and associated terms will be subject to separate City Council consideration and approval.

V. DISCUSSION:

Recommendation

Staff recommends that Council declare Parcel No. 112027208 surplus to the needs of the City and establish negotiated sale as the method of sale.

Constraints

The City and EFH are continuing to work on the terms of a potential Purchase and Sale Agreement. Approval of the surplus resolution does not commit the City to a sale or approve the terms of a future transaction.

Next Steps

If the resolution is approved, staff will continue working with EFH on the terms of a potential Purchase and Sale Agreement. Once those terms have been

finalized, staff will return to Council with a separate resolution and agreement for consideration and approval before any sale of the property occurs.

Alternatives

Council may:

1. Approve the resolution as presented.
2. Direct staff to modify the proposed method of sale.
3. Decline to declare the property surplus and retain the property in City ownership.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF PASCO, WASHINGTON,
DECLARING CITY-OWNED REAL PROPERTY SURPLUS, SETTING THE
MINIMUM PRICE AND THE METHOD OF SALE FOR PARCEL NO.
112027208.**

WHEREAS, in accordance with Pasco Municipal Code (PMC) Chapter 2.120, prior to a sale of real property the City Council shall declare the same to be surplus and the sale to be in the best interest of the City, set the minimum price for the sale of the property, and determine the method of sale; and

WHEREAS, pursuant to PMC Section 2.120.030 the City Council shall determine the method of sale of surplus real property; and

WHEREAS, the City owns certain real property identified as Franklin County Parcel No. 112027208, located at 614 North 2nd Avenue; and

WHEREAS, the City Council finds that the Property is no longer needed for municipal purposes and that declaring the Property surplus is in the best interest of the City; and

WHEREAS, the City has negotiated the proposed sale of the Property, and the City Council finds that negotiated sale is an appropriate method of sale for the Property.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF PASCO, WASHINGTON:**

That the City-owned real property identified as Parcel No. 112027208 is hereby declared surplus to the needs of the City.

Be It Further Resolved, that this resolution shall take effect immediately.

PASSED by the City Council of the City of Pasco, Washington, on this ____ day of _____, 20__.

Charles Grimm
Mayor

ATTEST:

APPROVED AS TO FORM:

Gabriela Sanchez
City Clerk

Ogden Murphy Wallace, PLLC
City Attorney

AGENDA REPORT

FOR: City Council October 6, 2026
TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26
FROM: Sara Matzen, Human Resources Director
Human Resources
SUBJECT: Employee Compensation and Classification

I. ATTACHMENT(S):

Employee Compensation and Classification Presentation

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

Staff will provide Council with an overview of the City's compensation and classification framework, current market considerations, and the factors that inform compensation decisions for represented, non-represented, and management employees.

The presentation is intended to provide context for future compensation and budget decisions and to receive Council feedback regarding the City's compensation approach, particularly in light of current financial constraints.

No specific compensation adjustment is being requested as part of this discussion.

III. FISCAL IMPACT:

There is no direct fiscal impact associated with this discussion.

Future compensation decisions may have ongoing fiscal impacts and will need to be evaluated within the City's available financial resources and overall budget priorities.

The financial impact of any specific compensation proposal will be identified when that proposal is presented to Council for consideration.

IV. HISTORY AND FACTS BRIEF:

Employee compensation represents a significant portion of the City's operating costs and is an important component of the City's ability to recruit and retain the workforce necessary to provide municipal services.

Compensation decisions are made through different processes depending on the employee group.

Compensation for non-represented and management employees is established by Council through adopted compensation plans, City policy, Municipal Code, and approved budgets. Represented employee compensation is established through collective bargaining agreements negotiated between the City and its labor organizations.

Pasco Municipal Code 2.15.060 provides a framework for establishing salary ranges for non-represented employees. That framework considers multiple factors, including how City classifications relate to one another, the relative responsibility of the work, the availability of qualified employees, prevailing compensation for comparable work, compensation paid by other jurisdictions, cost-of-living considerations, City financial policies, and other economic conditions.

Police and Fire bargaining units are also subject to Washington's statutory interest arbitration framework. In addition to collective bargaining, RCW 41.56.530 requires consideration of comparable employers and other factors when unresolved contract terms proceed to interest arbitration. This can result in compensation outcomes that differ from those available to non-represented employees and bargaining groups that are not eligible for interest arbitration.

Accordingly, the City's compensation framework does not rely upon a single market or a single factor. The appropriate comparison depends upon the employee group, the work being performed, the applicable legal or bargaining framework, internal relationships, workforce needs, economic conditions, and the City's financial capacity.

The City's last significant adjustment to its non-represented compensation structures occurred in 2019 for implementation in 2020. At that time, the City made a series of market and internal alignment adjustments and modified the non-represented salary structure. Changes included reducing the number of salary steps and addressing classifications where market or internal alignment concerns had been identified.

In 2023, the City engaged Baker Tilly to conduct a comprehensive compensation and classification study. The study evaluated City classifications, market competitiveness, internal relationships, and the City's compensation structures and resulted in recommendations for updated classification and salary plans.

The comprehensive compensation structure recommended through the Baker Tilly study was not implemented. As a result, the City's existing salary structures continued to serve as the foundation for non-represented and management compensation while staff continued to evaluate the study recommendations, market conditions, internal alignment, and the financial impact of potential changes.

In 2025, for implementation in 2026, the City made targeted compensation changes to address specific issues rather than implementing the comprehensive study recommendations. These changes included selected market adjustments for classifications with identified competitiveness concerns and modernization of the management compensation structure. The management salary plan was revised to establish defined salary ranges with minimums and maximums. Previously, the management plan primarily identified a maximum salary for each position. Establishing ranges provided greater structure and transparency for salary placement while preserving the ability to consider experience, qualifications, internal relationships, and other relevant factors when determining individual salary placement.

The current review builds upon this history. Staff has continued to evaluate classifications and compensation using current market information, actual job responsibilities, internal organizational relationships, recruitment and retention considerations, and the City's financial capacity.

The purpose of this work is not to assume that every market difference requires an adjustment. Rather, staff is evaluating where credible market evidence demonstrates a significant competitiveness or alignment issue and where action may be appropriate when considered alongside the City's broader financial priorities.

Market comparisons require more than comparing job titles. Positions may have similar titles while differing substantially in organizational responsibility, supervisory authority, technical complexity, required qualifications, decision-making authority, or scope of services. Staff's review therefore focuses on the actual duties and responsibilities of comparable positions when determining whether a meaningful market comparison exists.

V. DISCUSSION:

The purpose of this discussion is to provide Council with a common framework for understanding how the City evaluates employee compensation and the competing considerations involved in compensation decisions.

The City is currently facing significant financial pressures. Compensation must therefore be considered alongside staffing levels, service delivery,

infrastructure needs, employee benefit costs, contractual obligations, and other operating priorities.

At the same time, financial constraints do not eliminate labor-market conditions. The City does not have to reduce compensation to become less competitive. If neighboring or comparable employers increase compensation more rapidly than Pasco, the City's relative market position can decline even when Pasco maintains or modestly increases its existing salary schedules.

Wage freezes or reductions may provide immediate budget savings, but prolonged wage restraint can create longer-term organizational and financial pressures if compensation falls materially behind the relevant labor market. These pressures can include greater recruitment and retention challenges, vacancies and turnover, and increased reliance on higher starting salaries, targeted market adjustments, recruitment or retention incentives, overtime, or other measures needed to maintain staffing. Accordingly, short-term personnel savings should be considered together with the potential longer-term costs of maintaining a competitive and stable workforce.

When compensation for a classification falls materially behind the relevant labor market, the City may experience greater difficulty attracting qualified applicants, retaining experienced employees, filling specialized or difficult-to-recruit positions, and maintaining appropriate internal relationships between positions with different levels of responsibility.

Compensation is not the only factor affecting recruitment or retention. Leadership, organizational culture, working conditions, schedules, career opportunities, benefits, and other factors also influence an employee's decision to join or remain with an employer.

Competitive compensation therefore does not guarantee recruitment or retention. However, compensation can become a disadvantage when it falls sufficiently out of alignment with the labor market.

Market competitiveness also does not mean that the City must be the highest-paying employer or that every identified market difference should automatically result in an adjustment. Market data informs the City's decision-making; it does not make the decision.

Compensation comparisons must also recognize that employees may be paid under different compensation structures. Salaried employees, including most managers and directors, generally receive a fixed annual salary and are not eligible for overtime. Their published annual salary therefore generally represents their primary cash compensation for the work performed.

Hourly and represented employees may have a different compensation structure. In addition to base wages, depending on the applicable collective bargaining agreement and assignment, employees may be eligible for overtime, shift differentials, specialty or certification pay, longevity pay, premiums, and other negotiated compensation.

These differences do not make one compensation structure more or less appropriate than another, but they are important when comparing employee groups. An annual salary and an hourly base wage are not always directly comparable without considering work schedules, overtime eligibility, and other forms of compensation. Base pay remains important for evaluating the market placement of a classification, while total cash compensation provides additional context regarding actual earnings.

The City's existing compensation framework requires consideration of multiple factors, including:

- How City jobs relate to one another;
- The responsibility and scope of the work;
- The availability of qualified employees;
- Compensation for comparable work;
- Compensation paid by other public employers;
- Cost-of-living and broader economic conditions;
- Internal salary relationships;
- Recruitment and retention experience; and
- City financial policies and available resources.

The City's compensation system also must maintain appropriate internal relationships. Pay differences should reasonably reflect differences in responsibility, complexity, qualifications, decision-making authority, supervisory responsibility, and organizational scope.

If compensation relationships become too compressed, employees may have limited financial incentive to assume additional responsibility or move into supervisory and management roles. Conversely, differences between classifications should be supportable based upon actual differences in the work and level of responsibility.

The City's workforce is governed by different compensation systems. Represented employees receive compensation established through collective bargaining. Non-represented employees are compensated through City salary structures, Municipal Code, policies, and approved budgets. Management compensation is established through Council-approved salary ranges, with individual placement within those ranges based upon applicable City processes.

These systems do not cause every employee or employee group to move in exactly the same manner or at the same time.

For these reasons, an appropriate compensation strategy requires balancing several objectives:

- Maintaining reasonable competitiveness for the labor necessary to provide City services;
- Preserving appropriate internal relationships between classifications and levels of responsibility;
- Recognizing differences in compensation structures among employee groups;
- Supporting recruitment and retention of qualified employees;
- Maintaining a compensation system that is understandable, consistent, and defensible; and
- Ensuring that compensation commitments remain financially sustainable.

A compensation issue can exist even when the City does not have the financial ability to address all of it at once. Identifying a market or internal alignment issue does not commit the City to immediately fund an adjustment. It provides Council with information necessary to evaluate priorities, risks, timing, and available resources.

Staff's objective is to provide Council with a clear understanding of the City's current compensation framework and market position so that future compensation decisions can be made deliberately and in the context of the City's overall financial condition.

October 19, 2026

Compensation & Benefits

PASCO CITY COUNCIL • EDUCATIONAL PRESENTATION



Understanding how Pasco evaluates pay,
the labor market, and workforce needs

Key Points for Today

This presentation is designed to give Council a common foundation before future compensation decisions are considered.

How compensation works

What employees receive, how pay ranges work, and why different pay actions solve different problems.

How Pasco evaluates pay

How job responsibilities, internal relationships, market data and credible job matches are considered.

Why it matters

How compensation interacts with recruitment, retention, services and the City's ability to pay.

Specific compensation recommendations and fiscal impacts would be presented separately if brought forward for Council consideration.

Today's purpose is education. No compensation action is being requested.



Why Are We Talking About Compensation Now?

Pasco is balancing two real responsibilities at the same time: financial sustainability and workforce capacity.

Budget decisions

What services can the City afford?

How many positions can it sustainably fund?

Where must costs and service levels be reduced?

Workforce decisions

Can the City recruit qualified people?

Can it retain the experience needed to provide services?

Are remaining jobs position appropriately in the labor market?

The City may fund fewer positions because of financial constraints. It still has to recruit and retain qualified employees for the positions it determines are necessary.

Budget decisions determine what the City can afford. Compensation decisions help determine whether the City can recruit and retain the workforce needed with that capacity.



The Compensation Questions Pasco Has to Balance

A sound compensation program balances several questions at the same time.

Internal equity

Do pay relationships inside Pasco make sense?

External market

What are comparable employers paying for similar work?

Workforce needs

Can Pasco recruit and retain qualified people?

Employee groups

How do represented and non-represented systems interact?

Affordability

What can the City sustainably fund?

No single salary number answers all of these questions.



What does an Employee Receive Besides Salary?

Base pay is important, but it is only one part of the employment package.

Direct compensation

- Base salary or hourly wage
- Specialty or incentive pay
- Other negotiated or assignment pay

Benefits

- Health insurance
- Retirement
- Deferred compensation
- Other employer-paid benefits

Paid time Off

- Vacation / PTO
- Sick leave
- Holidays and floating days
- Other leave provisions

Two employers can pay the same salary and still provide different total compensation packages.



How Does a Pay Range Work?

The pay range belongs to the job. An employee's actual pay is where that person falls within the range.



The midpoint is a reference point for the job. It is not an automatic salary target for every employee.

The value assigned to the job and the amount paid to an individual employee are related — but not the same.



Not Every Pay Increase Is the Same

These actions are sometimes discussed as if they are interchangeable. They are not.

COLA / general adjustment

Moves the broader salary structure.

Step increase

Moves an eligible employee through an existing range.

Market adjustment

Addresses a specific job or group with a documented market gap.

Reclassification

Re-evaluates placement when the work itself materially changes.

Different pay actions solve different compensation problems.



Washington’s Wage Environment Continues to Change

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	2026	2027
WA minimum wage-legal wage floor	\$17.13/hr	\$17.73/hr
Annual change		+3.5%
Minimum salary for overtime exemption — <i>Wage-and hour requirement</i>	\$80,168	\$92,196
West Size B/C CPI-U, June–June- <i>Measure of consumer prices</i>		+2.9%

These measures provide economic and legal context. None independently determines what Pasco employees should be paid.



Does the Pay Make Sense Inside Pasco?

Compensation professionals call this internal equity.

- Responsibility and complexity
- Knowledge, training, licenses, or education
- Decision-making authority
- Supervisory responsibility
- Size and scope of the job
- Working conditions

The question

Do the pay relationships between jobs make sense based on the work and level of responsibility?

Internal equity does not mean every job is paid the same. It means the relationships should be explainable and consistent.

Jobs with different levels of responsibility should have pay relationships that make sense.



Pay Compression: When Pay Relationships No Longer Reflect Differences in Responsibility

Compensation professionals call this pay compression.

Healthy differentiation

Manager



Supervisor



Employee



Greater responsibility is accompanied by a meaningful pay difference.

Compressed relationship

Manager



Supervisor



Employee



The pay differences narrow even though responsibility still differs.

Market competitiveness and internal equity have to be considered together.



We Compare the Work – Not Just the Job Title

A credible market comparison starts with the actual work — not the job title.

We compare:

- Actual duties
- Responsibility and complexity
- Required qualifications
- Decision-making authority
- Supervision and scope

We do not rely on:

- Job title alone
- A similar-sounding department
- An employer with very different scope
- A match that does not reflect the actual work

The quality of the job match matters more than whether the titles are identical.



Who Should Pasco Compare To?

A comparator is useful only when it helps answer a market question for comparable work.

Comparator group

Pasco and Kennewick used the same public-sector comparator group in the Baker Tilly work. Richland used a different process with some overlapping employers.

Job-by-job matching

Not every comparator has a good match for every Pasco classification. A city can be useful for one job and not another.

Purpose

The goal is not to find the employer that pays the most. The goal is credible market information for similar work.

Good market analysis depends on the quality of the job match — not the number of cities in a spreadsheet.



Is Pasco Paid Too High or Too Low?

There is no single answer for the entire City. Different jobs can sit in different places compared with the market.

Below market

Close to market

Above market



A valid conclusion requires job-by-job analysis using credible matches. One salary, one employee, or one comparator does not establish the market position of the entire City.

Whether Pasco pays high, low, or close to market should be answered with job-by-job data.



What Does It Mean to Lead, Meet, or Lag the Market?

Market data shows where pay sits. Compensation philosophy determines the market position an employer chooses to target.

LAG

Target below the selected market reference point.

MEET

Target around the selected market reference point.

LEAD

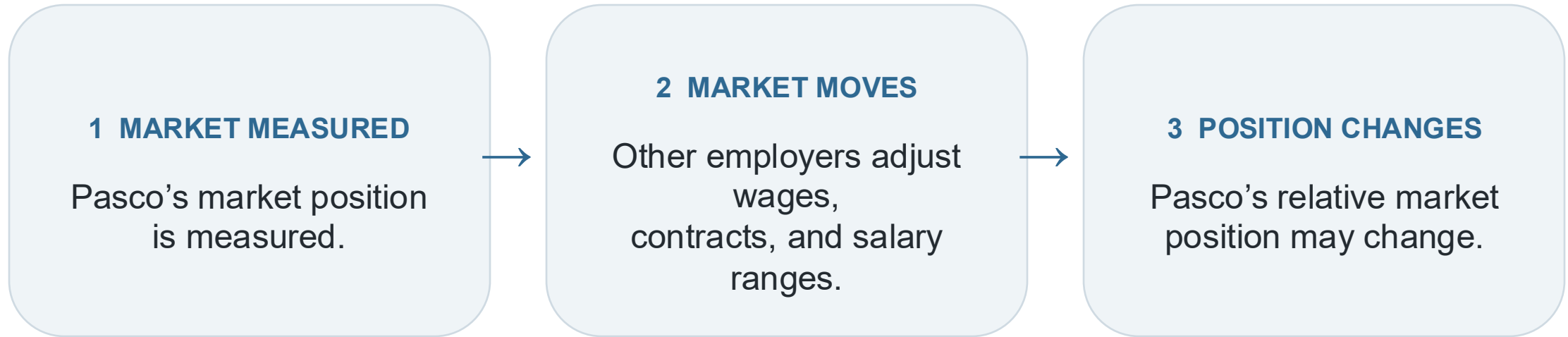
Target above the selected market reference point.

Market position is a policy choice. Market data informs that choice; it does not make the choice.



The Labor Market Does Not Stand Still

A compensation study shows where pay sits at a point in time. The market continues to move.



Pasco does not have to reduce pay to fall behind the market.
If comparable employers' pay moves faster, Pasco's relative position changes.



COLAs and Market Adjustments Do Different Jobs

A general increase and a classification-specific market gap are two different compensation issues.

COLA / general adjustment

Moves the broader pay structure.

Helps maintain the structure over time.

Does not automatically correct a specific job that is significantly behind.

Market adjustment

Addresses a specific job or group with a documented market gap.

Can be targeted where evidence supports it.

Does not replace maintaining the broader structure.

General pay movement maintains the structure; market adjustments address specific gaps.



How Did Pasco Get Here?

Pasco already had an established framework. The 2023-2024 study provide market information to help evaluate that framework

2023/2024 • PASCO	Began comprehensive classification and compensation work with Baker Tilly.
KENNEWICK	In 2025 used Baker Tilly and the same public-sector comparator group and implemented an updated structure.
RICHLAND	In 2026, used a different consultant and later implemented an updated compensation structure.
CURRENT	Pasco is reviewing current market information, actual job duties, internal relationships, and financial capacity.

Pasco's compensation framework has remained consistent, while the market information used to evaluate compensation has continued to change.



Compensation Is One Part of Recruitment and Retention

Pay matters — but it is not the only reason employees choose to join or stay with an employer.

Attract

Competitive ranges help attract qualified applicants, particularly for specialized or hard-to-recruit work.

Retain

Significant market gaps can make it harder to retain experienced employees after the City has invested in their knowledge and development.

Pay is not everything

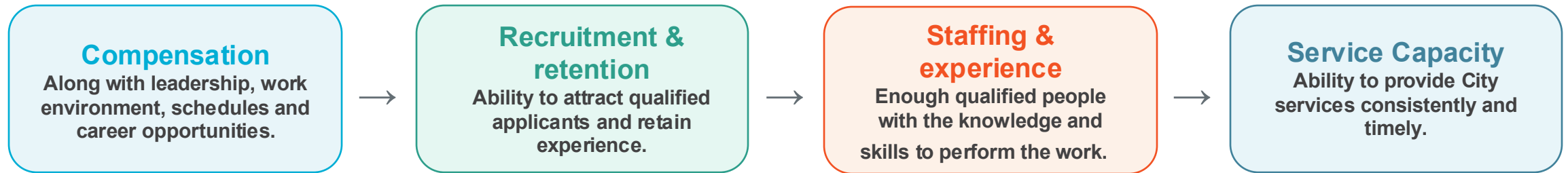
Leadership, schedules, work environment, career opportunities, and job design also affect retention.

With fewer positions, the City's ability to recruit and retain qualified employees in the positions it continues to fund becomes increasingly important.



Workforce Capacity Affects Service Delivery

City services are delivered by people. The City's ability to recruit and retain qualified employees affects its capacity to provide those services.



Compensation cannot replace staffing capacity, but it can affect the City's ability to recruit and retain qualified employees for the positions it chooses to fund.



Compensation Decisions Are Made Within an Established Framework

Pasco already has a framework for how compensation decisions are made and what factors are considered.

Authority & rules

- City Council and City Manager authority
- Adopted salary schedules and budgets
- Municipal Code and City policies

Factors considered

- Internal job relationships and responsibility
- Workforce availability and comparable market pay
- Cost-of-living and financial conditions
- Collective bargaining agreements and applicable law

The framework balances internal relationships, the outside market, workforce needs, bargaining obligations and financial realities.



Not Every Employee's Pay Is Set the Same Way

Pasco has represented and non-represented employees. Their compensation can change through different processes and at different times.

Represented employees

Wages and many benefits are negotiated through collective bargaining.

Different bargaining groups may have different wage increases, leave provisions, benefits, and specialty pay.

Non-represented employees

Compensation is administered through City salary structures, Municipal Code, policies, and approved budgets.

Those structures may move differently from negotiated bargaining-unit compensation.

Pasco does not have one pay system that moves every employee in exactly the same way.



Pasco Does Not Have One Benefit or Compensation Package

Benefits and other compensation provisions can vary by employee group and bargaining agreement.

Benefits can differ by group

- Health benefits
- Vacation / PTO
- Sick leave
- Holidays and floating days
- Deferred compensation

Other provisions can differ too

- Certification or specialty pay
- Longevity pay
- Education or degree pay
- Leave cash-out provisions
- Other negotiated compensation

It is not accurate to look at one salary or benefit and assume every City employee receives the same compensation package.



Base Pay Does Not Always Tell the Whole Story

SALARIED-Exempt

Base Pay

- + Annual Salary
- + Benefits available to the position/group
- + Generally no overtime pay eligibility
- + Other compensation only where applicable

=TOTAL COMPENSATION STRUCTURE

HOURLY/REPRESENTED POSITION

Base Pay

- + Base hourly wage
- + Benefits available to that employee/bargaining group
- + Overtime pay when eligible
- + Specialty, certification, longevity, shift or other negotiated pay, when applicable

=DIFFERENT COMPENSATION STRUCTURE

An annual salary and an hourly base wage are not necessarily directly comparable. A fair comparison requires understanding what is included in each compensation structure.



Identifying a Compensation Issue Does Not Decide What the City Can Afford

Understanding the compensation issue and deciding what the City can sustainably fund are two separate questions.

Financial question

- Available revenue and reserves
- Service priorities
- Staffing levels
- Long-term financial stability

A wage freeze may reduce short-term costs, but if the labor market continues to move, the City's relative market position can decline and create future recruitment, retention, compression, or market-adjustment pressures.

Compensation question

- Internal job relationships
- Market competitiveness
- Recruitment and retention
- Collective bargaining obligations

Market information identifies compensation risk. It does not create an automatic funding obligation. Council must determine what the City can afford to address, when, and within available resources.



Key Points to Remember

These are the ideas that should carry forward into future compensation decisions.

Compare the work.

Not just the title.

Look inside and outside.

Internal equity and the external market both matter.

Different pay actions solve different problems.

A COLA, step, market adjustment and reclassification are not interchangeable.

The labor market keeps moving.

Doing nothing does not necessarily preserve Pasco's market position.

People provide City services.

Compensation is one factor affecting the City's ability to recruit and retain qualified employees.

Affordability still matters. Identifying a compensation issue does not automatically determine what the City can fund.





Questions & Discussion

Thank you.

No compensation action is requested as part of this educational presentation.

AGENDA REPORT

FOR: City Council October 6, 2026
TO: Harold Stewart, City Manager City Council Regular Meeting: 10/19/26
FROM: Kevin Hebdon, Finance Director
Finance
SUBJECT: Presentation - 2027-2028 Budget Utilities and Other Funds

I. ATTACHMENT(S):

Budget Message - Utilities Summary
2027-2028 Budget Presentation

II. ACTION REQUESTED OF COUNCIL / STAFF RECOMMENDATIONS:

Discussion

III. FISCAL IMPACT:

N/A

IV. HISTORY AND FACTS BRIEF:

The City is developing its 2027–2028 biennial budget amid a structural General Fund imbalance, with ongoing expenses growing faster than ongoing revenues. In recent years, reserves have been used to help maintain existing services, but continued reliance on one-time funds is not sustainable.

Staff reviewed expenses, identified efficiencies and potential reductions, and developed multiple scenarios using different levels of service reductions, reserves and revenue. The proposed budget reflects that work and includes significant impacts to staffing and City services.

V. DISCUSSION:



2027-2028 Biennial Budget Utilities & Other Funds

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October 19, 2026





Utilities

Five Utilities, Paid for by their Customers



Water

Safe drinking water
for every home and
business



Sewer

Wastewater
collection and
treatment



Irrigation

Non-potable water
for landscapes



Stormwater

Runoff management
and water quality



PWRF

Process water
treatment for food
processors

Unlike the General Fund, utilities are paid for through monthly rates and one-time connection fees, not taxes. Each must cover its own operating costs, repay its debt, and invest in the infrastructure that keeps the system working.

2026 Council's Rate Decisions



Annual increase	2026	2027	2028	2029
Water	20.75%	20.75%	20.75%	9.50%
Sewer	8.00%	8.00%	8.00%	8.00%
Monthly change, residential bill	+\$10.10	+\$11.80	+\$13.83	+\$9.53

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Water

Funds an accelerated capital program, mainly replacing the Butterfield Water Treatment Plant (~\$250M), the most cost-efficient and safe option for the City's primary plant.



Sewer

Much of the increase meets state regulatory requirements, like the additional 8 FTEs, for operating the utility and replaces aging infrastructure.



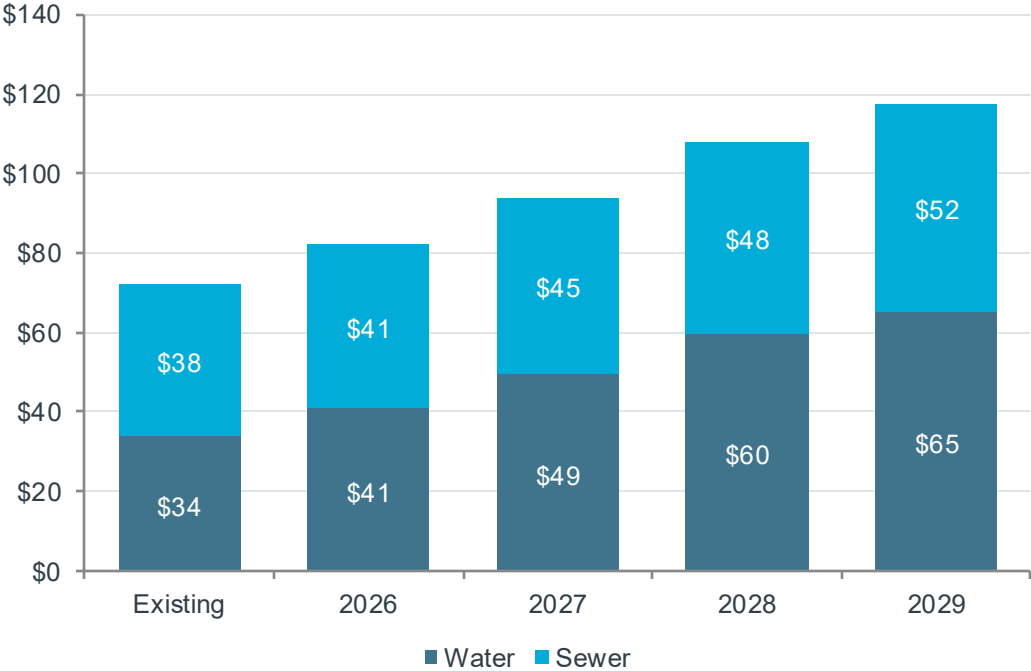
Irrigation

Set in 2025: 17% in 2027 and 3% in 2028, plus a new connection fee to expand service to northwest Pasco.

What it Means for a Typical Home



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Combined monthly bill

\$72.18
Today

\$94.08
2027

\$117.44
2029

Connection Fees: Growth Pays its Share



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New connection (single family)	Existing	New	Change
Water	\$866	\$6,148	+\$5,282
Sewer	\$1,828	\$4,583	+\$2,755
Irrigation	—	\$1,000	+\$1,000
Combined, new home	\$2,694	\$11,731	+\$9,037

Effective January 1, 2027

Before the update, Pasco's combined water and sewer charge was lower than all 13 communities compared. At the new maximum (about \$10,700), Pasco ranks in the middle: below Redmond, Maple Valley, Bellingham, Bothell, Lacey and West Richland, and above Kennewick, Richland and Yakima.



What is a connection fee?

A one-time charge paid when a new home or business first connects to the water or sewer system, separate from the monthly bill. It recovers the cost of the existing system the new home will use, plus projects needed to serve it, so those costs are not shifted to current ratepayers.

Utility Funds at a Glance



2027 Proposed (\$ millions)

Fund	Op. revenue	Op. expense	Debt service	After debt
Water	26.1	15.8	4.0	6.2
Sewer	15.8	12.0	4.9	(1.1)
Irrigation	3.8	3.0	0.7	0.1
Stormwater	2.9	2.4	0.2	0.3
PWRF	26.1	30.2	4.7	(8.8)
Total	74.7	63.4	14.6	(3.4)

2028 Proposed (\$ millions)

Fund	Op. revenue	Op. expense	Debt service	After debt
Water	31.1	15.0	4.0	12.1
Sewer	17.0	12.8	5.0	(0.7)
Irrigation	4.5	3.1	0.7	0.7
Stormwater	2.9	2.4	0.2	0.3
PWRF	26.9	30.0	4.7	(7.8)
Total	82.5	63.4	14.6	4.5

Operations are the day-to-day cost of delivering service, paid by rates. What remains after operating costs must cover debt service and help fund capital. Water is preparing to take on about \$250 million in debt for the replacement of Butterfield WTP over the next three years and needs this added capacity to absorb it.

Why Wages and Benefits are Rising



8 new sewer positions

Required to meet Washington State Department of Ecology minimum staffing.



Medical premiums

City premiums rose significantly in 2026; benefits nearly doubled from 2025 to 2026.



Engineers charged directly

A new accounting practice moves engineering labor from the General Fund to the utilities it supports.



New IUOE contract

Effective Jan. 1, 2026, it revised wage scales for many utility staff.

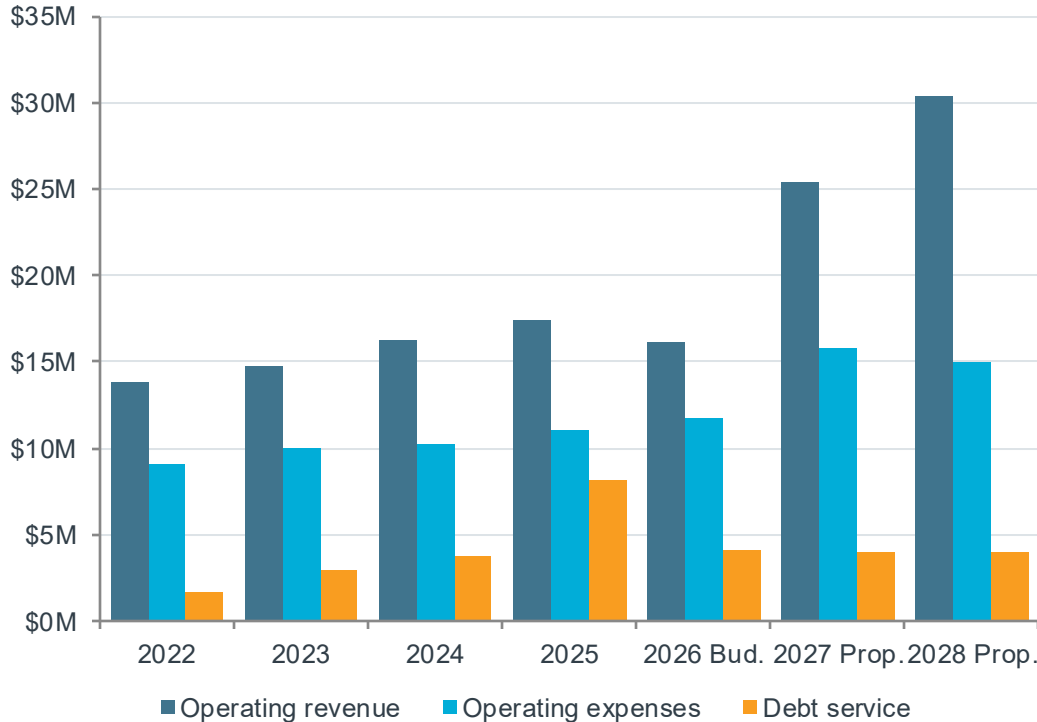


Insurance premiums and treatment chemical costs are also rising faster than inflation. As well as onetime costs like equipment purchases and studies escalate the cost.

Water: Preparing for the Butterfield Plant



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Revenue

- Sales grew from \$13.8M (2022) to \$17.4M (2025), about 8% a year
- New rates in effect starting 2026.
- Rate increases support debt for the ~\$250M Butterfield Water Treatment Plant.
- The 2027–2028 surplus is planned; it narrows once construction debt service comes due.

Water: What's Driving Operating Costs



Personnel **\$2.2M → \$4.7M**

2022 to 2027, up 53% for the reasons shown earlier

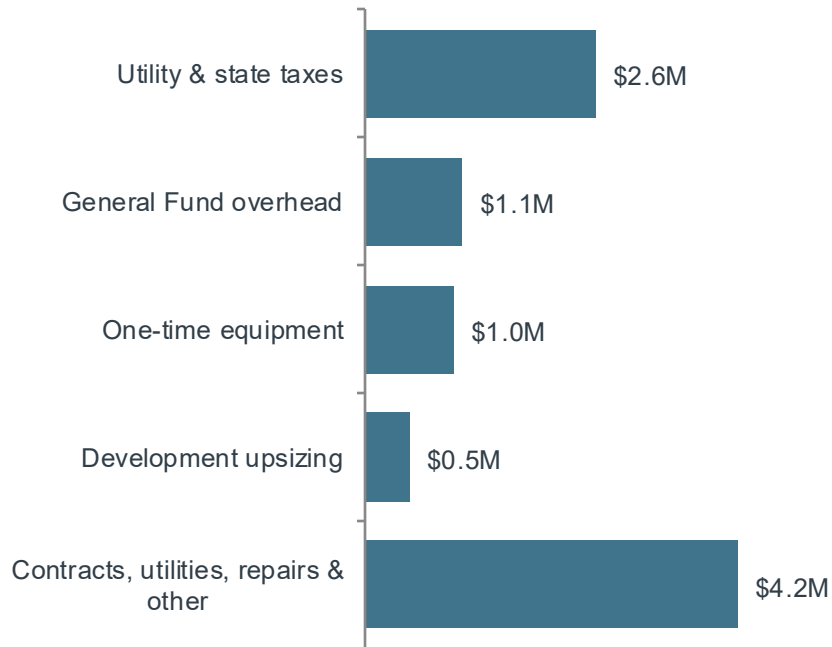
Supplies **\$1.4M → \$1.7M**

Treatment chemicals, the largest item, outpace inflation every year

Services & charges **\$5.4M → \$9.4M**

Covers more than its name suggests (chart)

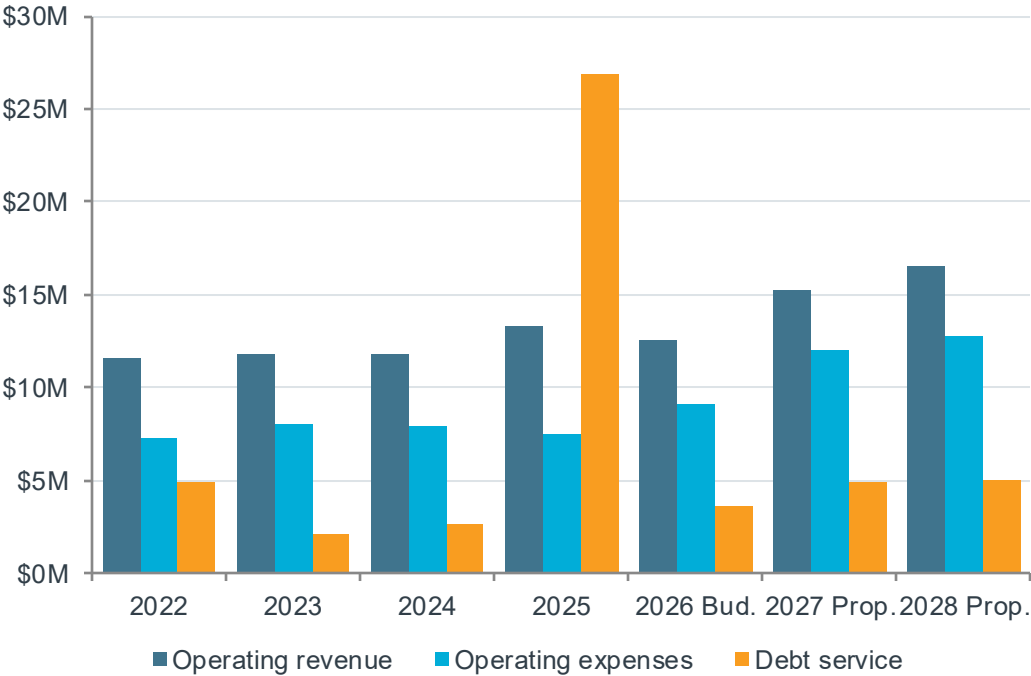
Services & charges, 2027 (\$9.4M, approx.)



Sewer: Thin Margins as New Rates take Hold



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2025 debt service reflects a one-time payment on Local Improvement District financing for sewer main construction.

Revenue

- Sales grew from \$11.5M (2022) to \$13.3M (2025), about 4% a year excluding one-time revenue
- 2026 started 8% annual increases support staffing and replacing aging infrastructure
- Operations after debt: (\$1.7M) in 2027, (\$1.3M) in 2028; staff will delay hiring and purchases where possible

Sewer: What's Driving Operating Costs



Personnel **\$2.4M → \$4.3M**

8 new positions: plant operators, collection and lift station crews, FOG pretreatment. Increase is compounded with the reasons shown earlier for existing positions.

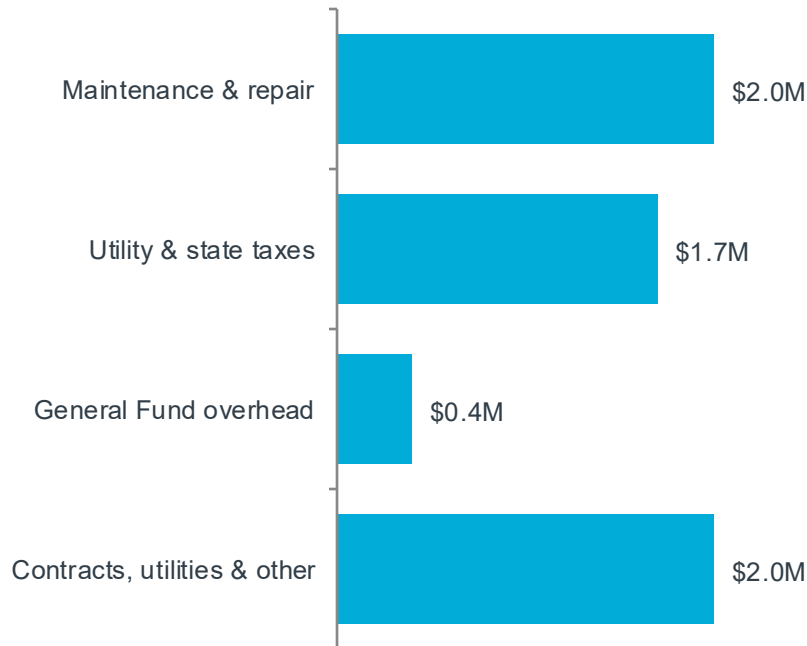
Supplies **\$1.0M → \$1.5M**

All related to higher chemical costs

Services & charges **\$3.8M → \$6.1M**

Maintenance, taxes, overhead and contracts

Services & charges, 2027 (\$6.1M, approx.)



Irrigation, Stormwater and PWRF



Irrigation

- Rates and a new connection fee set by the 2025 study
- Major project maintains system pressure and expands service to northwest Pasco
- Razor-thin margins; maintenance deferred; staff monitoring closely



Stormwater

- Needs a new rate study to stay financially sustainable
- Budget defers capital work and proposes staff reduction
- Comprehensive rate and fee study planned for 2027–2028



PWRF

- Significant changes in technology, infrastructure, rates and costs over three years
- About \$69.3M in investment tax credits held in the Economic Development fund
- New rates and nitrogen removal options under review; budget may be revised



Other Funds

Economic Development

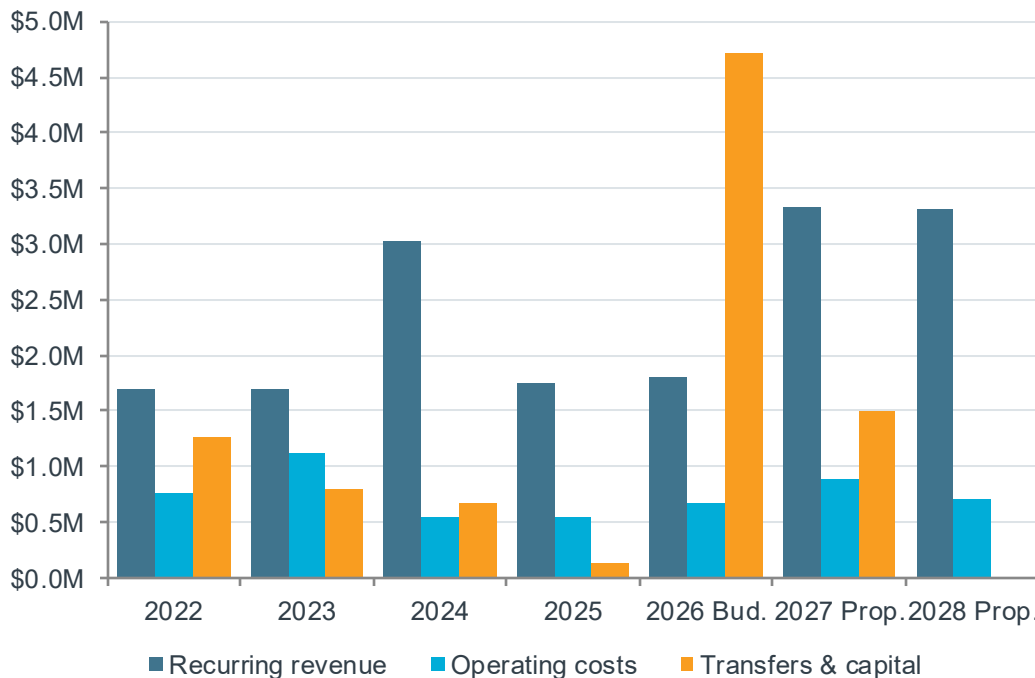


- Holds one-time and economic development resources, including lease and convention center revenue
- Invests in sites, infrastructure and partnerships that grow the tax base
- Maintains farms and its infrastructure with PWRF utility
- Purchases properties that may benefit economic development purposes

Economic Development: Revenue and Uses



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Excludes one-time items: a \$66.3M extraordinary item and a \$6.5M interfund loan, both in 2025.

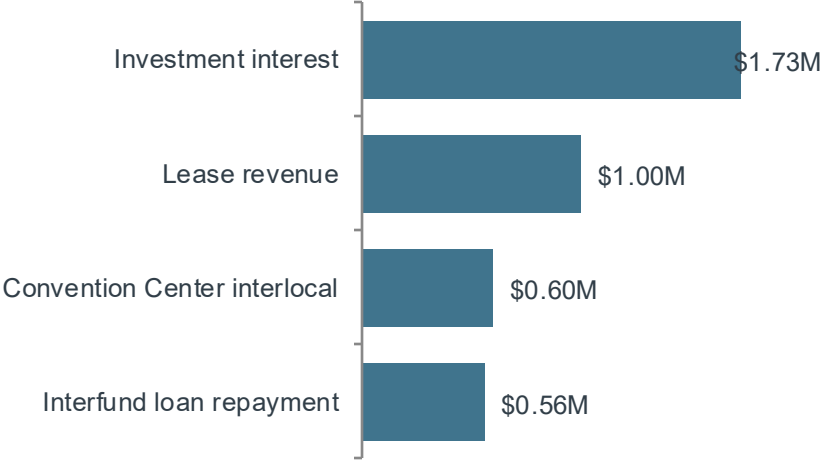
Key points

- Recurring revenue nearly doubles to \$3.3M, led by \$1.7M in investment interest
- \$66.3M one-time item in 2025 from the PWRP investment tax credits and \$3.5M in 2026. These funds constitute the Risk Pool Reserve for the PWRP utility.
- Operating costs stay under \$1M a year to maintain farm operations
- \$1.5M transfer in 2027 for down payment on softball fields. More discussions are needed on this particular project

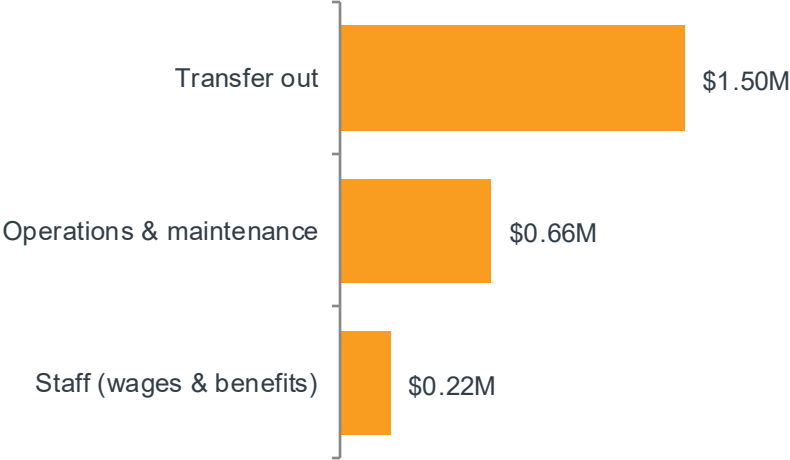
Economic Development in 2027



Sources: \$3.9M



Uses: \$2.4M



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The fund lent \$6.5M to City’s medical fund in 2025. Repayment begins in 2027: about \$0.8M a year in principal and interest.



Old Fire Pension

- Pays pension benefits to retired firefighters in the City's pre-LEOFF plan
- Funded by investment earnings on the fund's balance



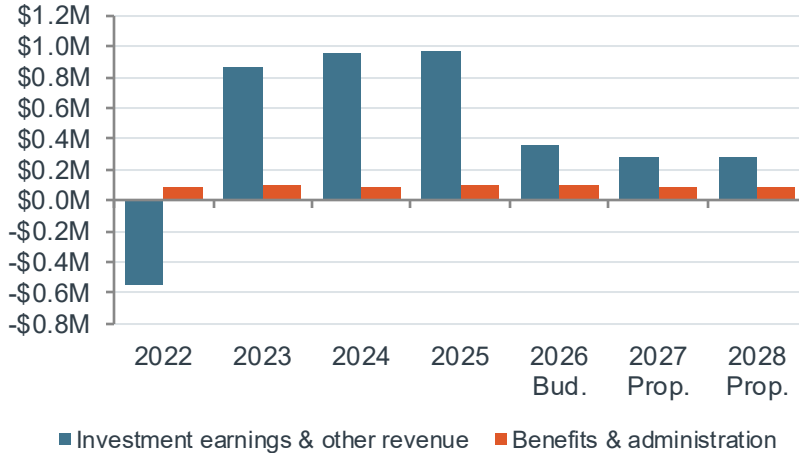
Old Fire OPEB

- Pays retiree medical costs for eligible retired firefighters
- Also funded by investment earnings; no new members join

Firefighter Retirement Funds



Old Fire Pension



Old Fire OPEB



- Benefits are stable: about \$80,000 a year in pensions and \$90,000 in retiree medical premiums
- Investment earnings cover benefits in normal years, but swing with markets (a loss in 2022)
- Budgets assume modest gains; actual results will vary

Three funds that serve the community



Cemetery

- Operates the City cemetery: burials, grave and niche sales, headstones, markers and grounds care
- Supported by sales and service fees and General Fund



Athletics

- Youth and adult sports leagues: basketball, volleyball, softball, football, cross country, and community runs
- Supported by registration fees and sponsorships and General Fund



Senior Center

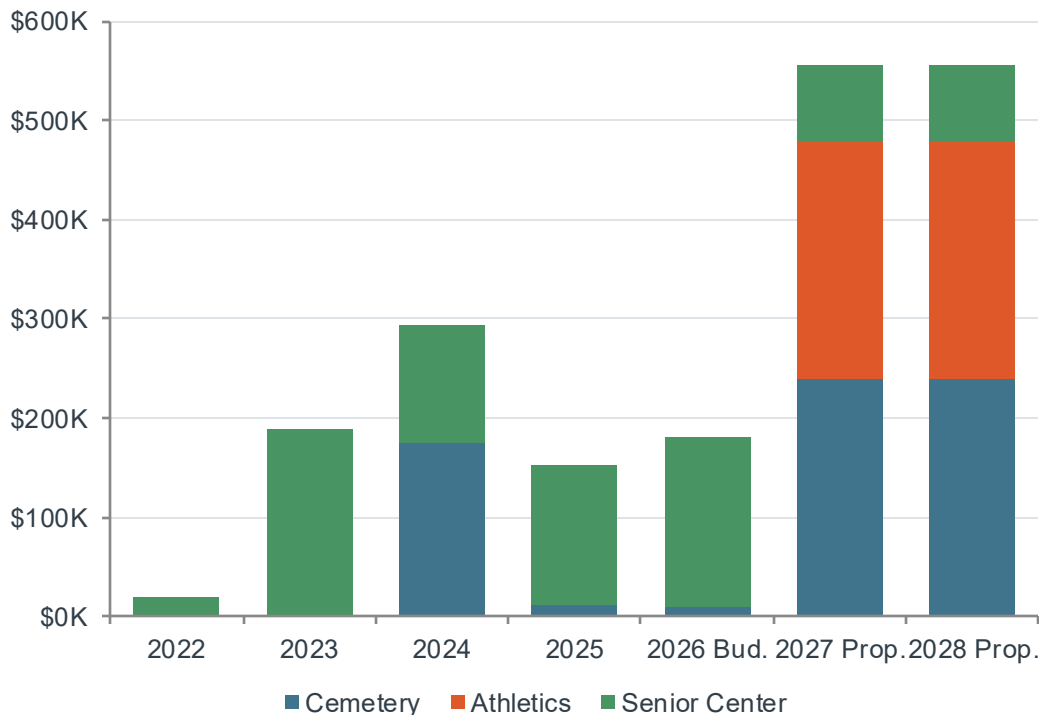
- Classes, activities and space for older adults, including the senior meals program
- Supported mainly by the General Fund

Each fund charges fees for its services; the General Fund covers the difference.

General Fund Support



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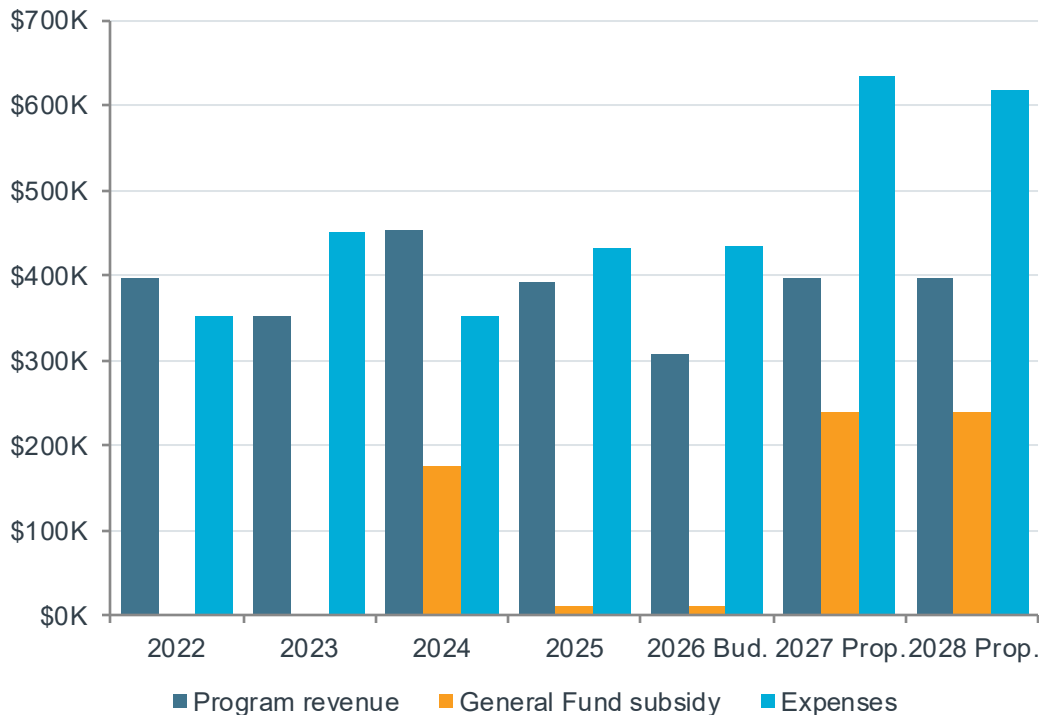
Key changes

- To provide transparency, labor costs have been moved to proper funds
- While in past there might not have been direct subsidy, 2027-2028 reflects the true impact of providing such services

Cemetery



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Key changes

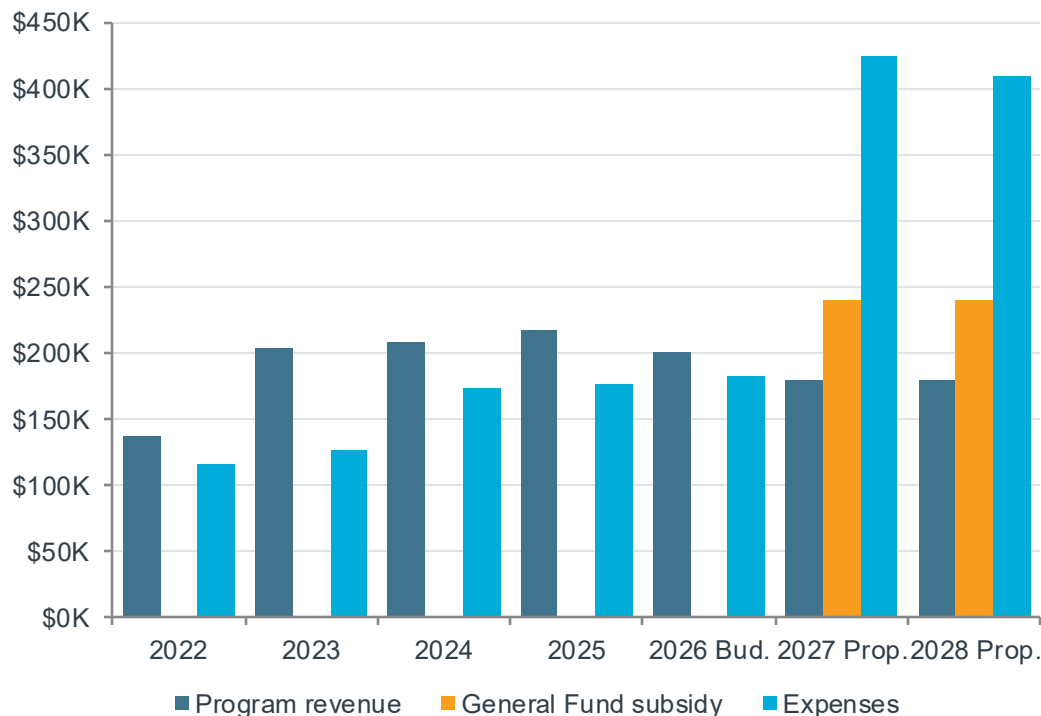
2025 actual → 2027 proposed

- Fees steady at about \$396K, led by headstones (\$165K) and grave sales (\$85K)
- Personnel \$171K → \$282K: wages and medical premiums.
- Subsidy rises from \$10K to \$240K a year
- Recommendation includes revising fees to reduce reliance on the General Fund

Athletics



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Key changes

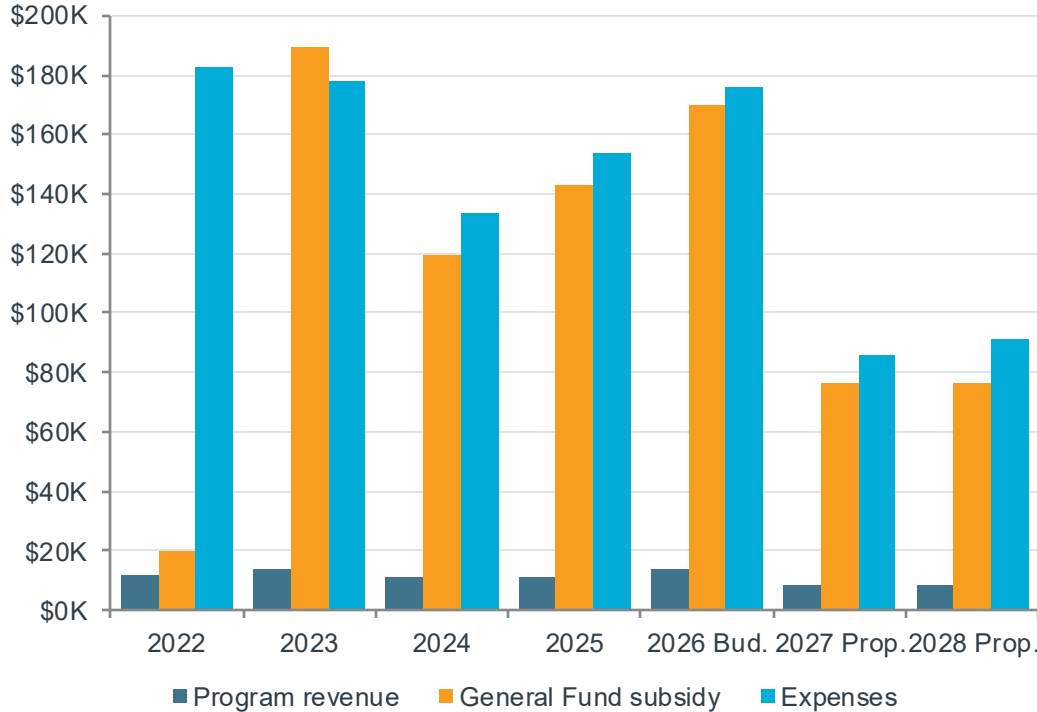
2025 actual → 2027 proposed

- Fees about \$179K (fee study underway)
- Current fee structure = 100% of cost of services/supplies/officials + 20% admin fee, does not include FT staff cost of managing programs
- FT staff added: wages \$26K → \$162K, benefits \$5K → \$50K [1.42 FTE Recreation Specialist, moved from General Fund]
- Program supplies average \$74K annually, these are recouped by fees for registration
- New \$215K General Fund subsidy

Senior Center



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Key changes

2025 actual → 2027 proposed

- Expenses fall from \$154K to \$86K
- Regular staff replaced with part-time and seasonal staff; benefits drop from \$21K to \$4K
- Fees remain small, about \$8K a year
- Subsidy falls from \$143K to \$76K
- Recommendation includes closing Senior Program, would allow for more rentals

Thank you
Questions and discussion

Honorable Mayor and City Council, Pasco residents, business owners/operators, and interested parties:

I am pleased to present you the City of Pasco’s preliminary biennial budget for the years 2027-2028. Staff developed this budget in furtherance of the adopted City Council Goals, Citizen Satisfaction Survey, and consideration for a sustainable financial future. If adopted, this budget would bring the General Fund close to structural balance for the first time in several years, with no use of reserves in 2027 and \$2.5 million in 2028. In the last two biennium's, the City planned to use an average \$6.5 million per year in reserves to balance the budget. This proposal builds on hard choices the City Council has already made and adopting it will require more. This message explains why the proposal is necessary, what it would do, and the decisions now before Council.

General Fund

General Fund at a Glance

General Fund	2026 Projected*	2027 Proposed	2028 Proposed
Revenues	\$78.64M	\$88.6M	\$86.4M
Expenditures	\$85.77M	\$88.3M	\$89.1M
Planned use of reserves	(\$7.13M)	\$0.25M	(\$2.7M)

How We Got Here

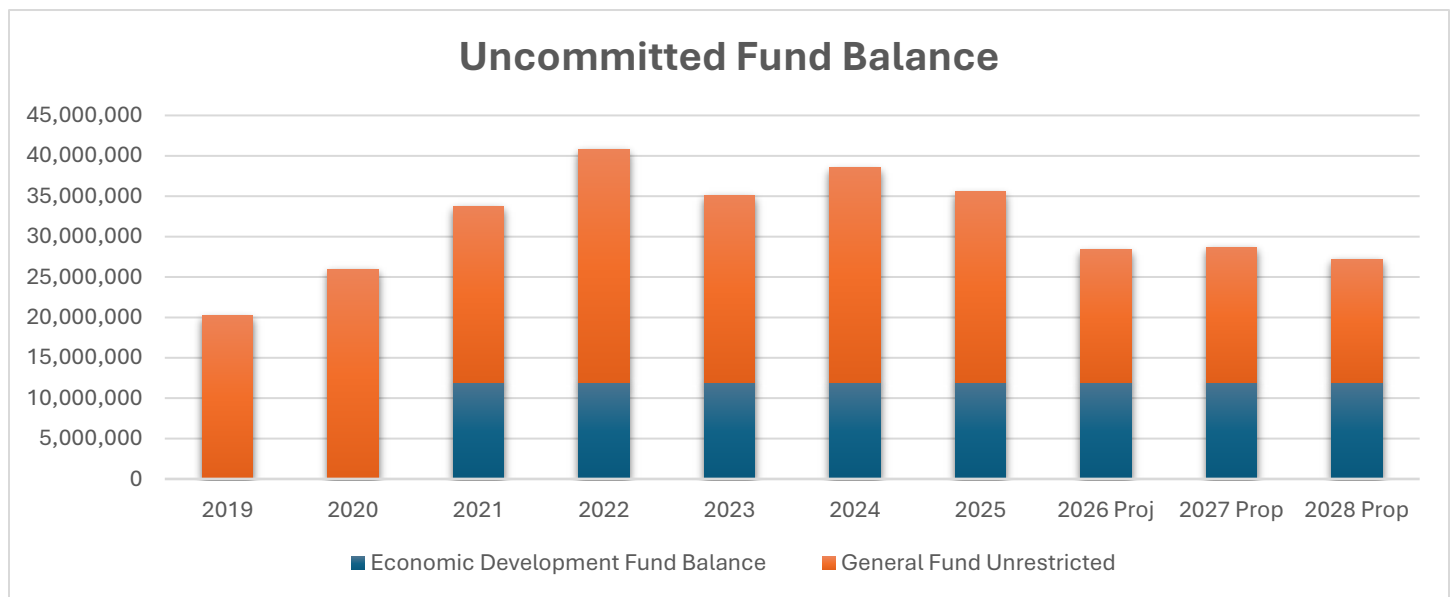
Pasco is one of the fastest-growing cities in Washington. With about 82,900 residents, we are now nearly the size of Kennewick and larger than Richland. Growth brings opportunity, but it also brings more calls for service, more streets and parks to maintain, and more demand for every City department.

In the 2023–2024 budget, the City added 52.4 General Fund positions. Those additions were based on strong projections for retail growth, anchored by major commercial development and the businesses it was expected to attract. High interest rates, inflation, loss of a major prospective retailer, and a cooling economy slowed that growth. Sales tax, our largest General Fund revenue, leveled off to \$20.1 million in 2022. Spending, meanwhile, continued to rise. The gap was filled with reserves since 2023; that path is not sustainable.

General Fund Reserves

The graph below shows the reserve growth and usage in the last seven years and anticipated balance at the end of this biennium. Government Finance Officers Association (GFOA) recommends a minimum of two months operating expenses (\$14.7 million) and best practice of 3-6 months of operating expenses (\$20-47M) for all local governments. It is also important to note that by end of this biennium the reserves will be at the minimum recommended reserves. A \$12 million transfer was made from General Fund to Economic Development Fund in 2021 for a land purchase to accommodate needed land capacity for the Process Water Reuse Facility being constructed. The purchase fell through last minute and the funds have been kept in the Economic Development Fund with a plan to purchase land. With a new revenue source available to purchase such land, the \$12 million could be used for other purposes with Council action. However, with the discussions around a potential Softball field purchase, staff will be asking for more clarity and direction on this topic in coming months.

Even with the significant cuts proposed in this recommended budget, the City would still be looking to use reserves in 2028; a fact highlighting the systemic revenue challenge for cities in Washington State where property taxes revenues are restricted to an increase of 1%, but expenses increase more rapidly.



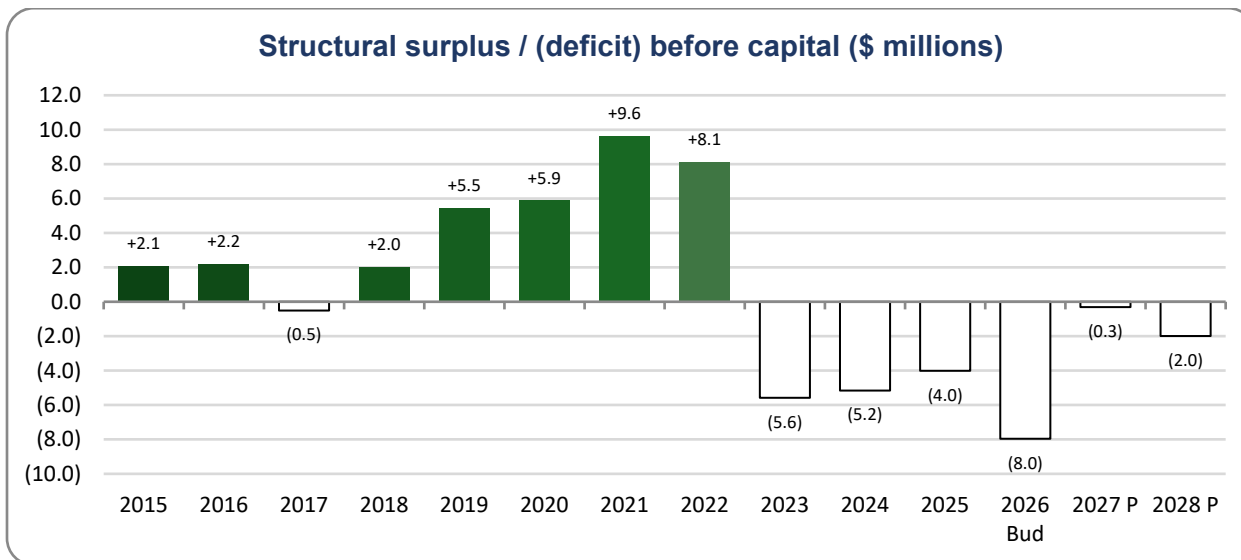
The Big Picture: Ongoing Revenue vs. Ongoing Costs

The clearest way to see the problem is to separate ongoing activity from one-time capital and bond activity.

?

\$ in Millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Bud	'27 Prop	'28 Prop
Operating revenue	41.3	43.0	46.0	49.4	55.7	58.4	68.1	70.7	72.0	79.5	78.8	80.3	80.4	80.7
Operating expense	37.2	38.5	44.0	45.5	46.2	47.7	53.8	58.1	70.9	75.9	72.7	79.5	69.6	71.7
Debt service	0.8	1.2	1.2	1.2	1.3	2.4	1.9	2.6	3.8	5.5	5.5	5.5	5.6	5.6
Recurring transfers	1.2	1.1	1.4	0.7	2.7	2.4	2.7	1.8	2.8	3.2	4.7	2.8	5.4	5.4
Structural result	2.0	2.2	(0.5)	2.0	5.5	5.9	9.6	8.1	(5.6)	(5.2)	(4.0)	(7.5)	.3	(2.0)
Capital & land transfers	3.4	6.0	1.0	0.2	1.5	8.9	19.1	2.0	9.2	12.1	14.1	--	7.7	6.4

\$ in Millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Bud	'27 Prop	'28 Prop
GO bond proceeds	9.1	—	—	—	20.2	—	—	—	12.3	39.3	—	—	—	—

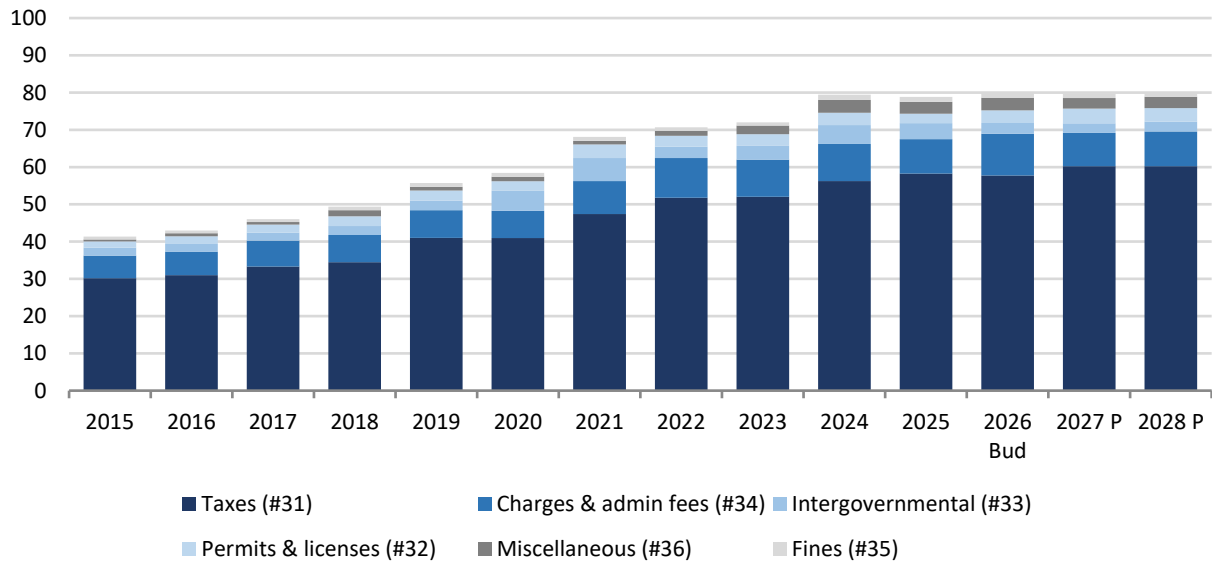


In 2018, City swept its banked property tax capacity of \$1.8M to build three new fire stations. During 2019-2024, there were significant construction projects like Amazon, Darigold, schools, that brought one time Construction Sales Tax revenue to the City. Until 2023, the General Fund generated ongoing surpluses. Those surpluses, and the reserve they built, were used to pay for fire stations, the \$12M Council-approved land purchase transfer to the Economic Development fund mentioned previously, and other capital projects.

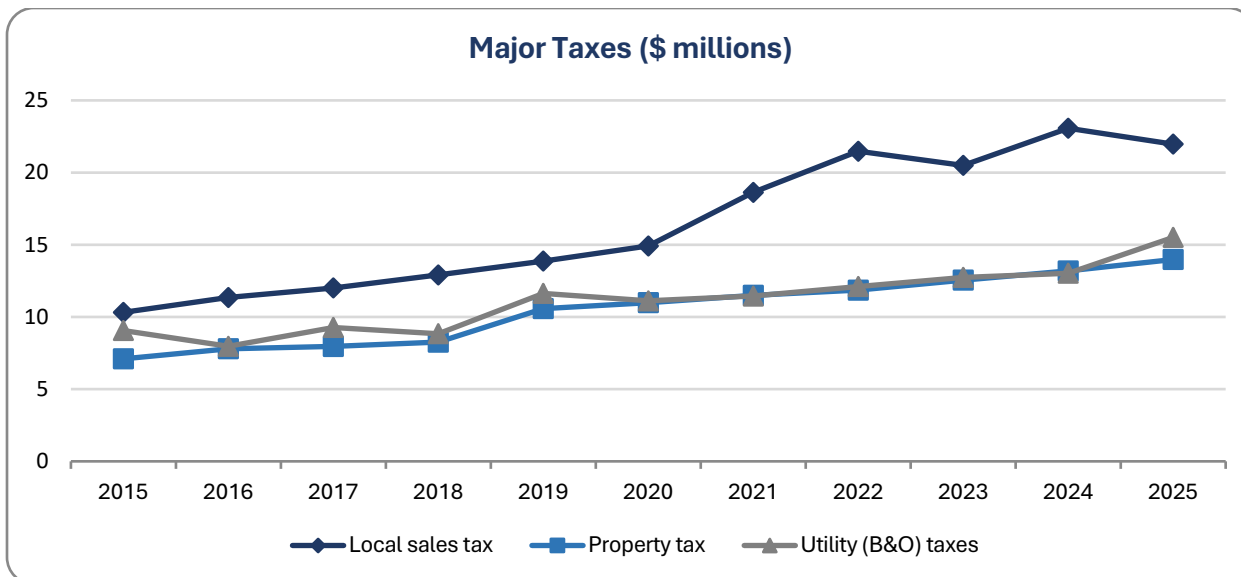
In 2023, the City added 53.4 General Fund positions increasing costs \$12.8M in a single year. In the same period, all agencies began experiencing higher inflation caused by the pandemic, resulting in significant labor, supplies, services, and capital cost increases; in many cases inflation was much higher than the general inflation. Revenue grew only \$1.3M during this same period. The General Fund has run an ongoing deficit every year since.

The Big Picture: Operating Revenues

Operating revenue by roll-up, excluding bonds and loans (\$ millions)



\$ millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26 Proj	'27 Prop	'28 Prop
Taxes	30.2	31.0	33.3	34.5	41.0	41.0	47.4	51.8	52.0	56.2	58.2	59.2	60.2	60.3
Permits & licenses	1.7	2.0	2.2	2.6	2.8	2.6	3.6	2.9	3.2	3.3	2.5	3.0	4.5	4.2
Intergovernmental	2.1	2.1	2.1	2.4	2.6	5.4	6.2	3.1	3.7	5.0	4.3	2.9	2.6	2.6
Charges & fees	6.0	6.3	6.9	7.3	7.4	7.3	8.8	10.6	10.0	10.0	9.3	9.9	9.0	9.3
Fines & penalties	0.8	0.7	0.8	0.9	1.0	1.0	1.1	1.0	0.9	1.4	1.3	1.1	1.2	1.2
Miscellaneous	0.5	0.8	0.7	1.6	1.0	1.2	1.0	1.3	2.3	3.4	3.2	2.4	2.9	3.1
Operating revenue	41.3	43.0	46.0	49.4	55.7	58.4	68.1	70.7	72.0	79.5	78.8	78.5	80.4	80.7
Loan Proceeds	0.2	—	(0.2)	—	2.0	1.7	0.8	3.4	0.3	(0.5)	(2.7)	—	—	—
Bonds & other	9.2	1.1	0.6	0.4	21.5	0.2	0.8	2.6	15.2	43.1	1.6	0.1	7.7	5.2



Taxes

- **Sales tax** grew steadily from \$10.3M (2015) to \$13.9M (2019), then surged to \$21.5M by 2022. It peaked at \$23.1M in 2024 and fell to \$22.0M in 2025. Staff projects revenues to be \$20.7M in 2027 and \$20.1M in 2028.

Sales tax is the General Fund’s largest revenue stream and includes regular Retail Sales Tax, as well as Criminal Justice and Public Safety Sales Tax. The latter two taxes are mandated to provide public safety services to the residents of Pasco, while the regular retail tax funds all general services. Since 2014, sales tax revenues have trended upward, averaging more than 5% growth annually. This growth has been fueled by new construction and supported by an expanding commercial inventory, auto, and large equipment sales. Even during the COVID pandemic, the City received strong sales revenue due to increased activity in construction and vehicles sales. It should be noted City has high exposure to industries like vehicle sales that are sensitive to national economic trends like recession and interest rates. City needs to ensure that it is properly mitigating for the negative trends in future by maintaining healthy reserves.

- **Property tax** grew from \$7.1M (2015) to \$14.0M (2025). The largest step was 2019 (+\$2.3M). when the property tax increases that were deferred/banked for nearly two decades were implemented, increasing the annual property tax allocation by nearly \$1.8M. State law limits property tax revenue to 1% a year plus new construction.

A major challenge faced by the City is to manage the real world increases in the costs of providing essential services and increasing demands with the limitations of Initiative 747 (I-747). I-747 limits yearly property tax increases to the lessor of 1% (excluding new construction) or the Implicit Price Deflator (IPD). This means that even though the City’s assessed valuation has been increasing significantly, the increase in property tax revenue across the City cannot follow the same trajectory. Property tax revenue for the City has been increasing higher than 1% due to new construction; however, a recession could significantly affect future revenues.

- **Utility (B&O) taxes** grew from about \$9.1M (2015) to \$15.5M (2025). Council also increased the utility tax rate from 8.5% to 10% for City owned utilities in 2026. Cable and telephone taxes continue to decline.

The City's Water, Sewer, Irrigation, Stormwater, and Reuse utilities are subject to utility tax at 10% rate. Companies who provide natural gas, electricity, phone, cable, and garbage services in the City limits pay 8.5%. The General Fund receives 88.23% of utility tax revenues collected, the Street Fund receives 2.35%, and the Overlay Fund receives 9.42%.

Permits and Licenses

Permits and licenses grew from \$1.7M (2015) to a peak of \$3.7M in 2021, then fell to \$2.5M in 2025 as development slowed. Plan check fees followed the same pattern, peaking at \$1.5M in 2021 and falling to \$0.6M. Staff are currently conducting a comprehensive development fees study. The study's initial results indicate the City is subsidizing 50% of development fees it could charge to developers. This recommended budget includes raising permit fees to reduce the 50% subsidization to 20%, resulting in approximately an additional \$1.3 million in general fund revenue.

Grants and Intergovernmental

This roll-up held at about \$2.1–2.6M from 2015 to 2019. It more than doubled in 2020–2021 with one-time federal pandemic aid (\$2.8M and \$2.6M), then fell back. It is budgeted at \$2.6M in 2027–2028, about where it was a decade ago.

Charges and Admin Fees

Charges grew from \$6.0M (2015) to a peak of \$10.6M (2022). The largest item is interfund administrative charges to other funds, which grew from \$2.2M to about \$3.2M. Engineering CIP chargebacks peaked at \$2.9M in 2024, and police service reimbursements grew to \$1.3M in 2025. The drop in 2027 reflects Public Works Engineering charges moving out of the General Fund; the cost for Engineering team is also removed from the General fund.

Fines and Miscellaneous

Fines are stable at about \$0.8–1.4M. Miscellaneous revenue grew mainly from investment interest, which rose from about \$0.1M a year prior to 2022 to \$1.4M in 2025. That interest is earned on reserves and bond proceeds, so it will fall as those balances are spent.

Loans and Bond Receipts

These are one-time financing sources, not ongoing revenue. They include GO bond proceeds (2015, 2019, 2023 and 2024), interfund loan repayments (mostly 2019–2022), and asset sales. They inflate total revenue in the years received and should not be used to judge whether the budget is balanced.

The Big Picture: Operating Expenses

\$ millions	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	26 proj	'27 Prop	'28 Prop
Wages	18.2	18.0	20.2	21.3	22.1	22.7	24.3	26.9	31.8	35.0	34.1	33.3	32.4	33.6
Benefits	6.9	6.9	7.4	7.5	7.9	7.8	8.3	8.9	10.5	11.7	11.4	13.3	11.7	12.4
Supplies	1.3	1.3	1.3	1.4	1.2	1.4	1.9	2.0	2.8	2.3	1.3	1.3	1.8	1.5
Services	10.8	12.1	14.8	15.1	15.0	15.5	19.0	19.8	24.4	25.9	25.2	27.5	23.6	24.2
Capital outlay	0.1	0.3	0.2	0.2	0.2	0.3	0.2	0.6	1.4	1.0	0.7	0.4	0.1	0.04
Principal	0.5	0.8	0.8	0.8	0.8	1.3	0.8	1.3	2.4	3.3	1.6	1.8	2.4	2.5
Interest	0.3	0.4	0.4	0.4	0.5	1.1	1.1	1.4	1.4	2.2	3.8	3.3	3.2	3.1
Total	38.1	39.7	45.2	46.6	47.5	50.1	55.7	60.8	74.7	81.4	78.2	80.9	75.2	77.3

This chart does not include transfers out. For 27 and 28 those are \$13.1M and \$11.8M respectively.

Wages

Wages rose from \$18.2M in 2015 to \$35.0M in 2024, up 92%. Growth averaged 4.9% a year from 2015 to 2019 but accelerated to 8.2% a year from 2022 to 2025. The largest growth was in 2023 (+\$4.9M), when 53.4 General Fund positions were added. Overtime peaked at \$2.4M in 2023, 2024 and has since fallen to \$1.9M. Nearly 95% of overtime is from public safety, where staffing requirements drive the need for overtime. The proposal reduces wages to \$29.6M in 2027, \$4.5M below 2025 actual and \$7.1M below the 2026 budget.

Benefits

Benefits grew only 3-4% a year through 2022, then 8.8% a year from 2022 to 2025. Key drivers:

- Employer medical premiums rose from \$3.5M (2022) to \$4.0M (2025). Through September 2026, they are already \$4.5M, signaling a sharp 2026 increase.
- Employer medical premiums rose from \$3.9M (2023) to \$6.0M (2026 projected)
- Workers' compensation rose from \$0.5M to \$1.4M (+162%).
- Deferred compensation contributions doubled, from \$0.7M to \$1.4M.

Supplies

Supplies were steady at about \$1.3–1.4M from 2015 to 2020, peaked at \$2.8M in 2023, and fell back to \$1.3M in 2025. This category has already been reduced and is too small to close the gap. Increase proposed for this biennium is not related to true supplies purchase but a placeholder for expenses needed to make future wage adjustments and implement the proposed budget. As Council directs staff and approves a budget, this number will be adjusted.

Services

Services more than doubled, from \$10.8M (2015) to \$25.9M (2024). Drivers include organizational services (\$2.7M to \$3.8M since 2022), legal services (\$1.0M to \$1.8M), insurance premiums (\$0.9M to \$2.0M, and \$2.3M through September 2026), and new long-term lease costs for police and fire vehicles and equipment (\$1.7M in 2025). At times, the cost outpaces general inflation significantly. For example, cost for voter registration and file maintenance cost increased by 300%, increasing from \$94K to \$312K.

Capital outlay

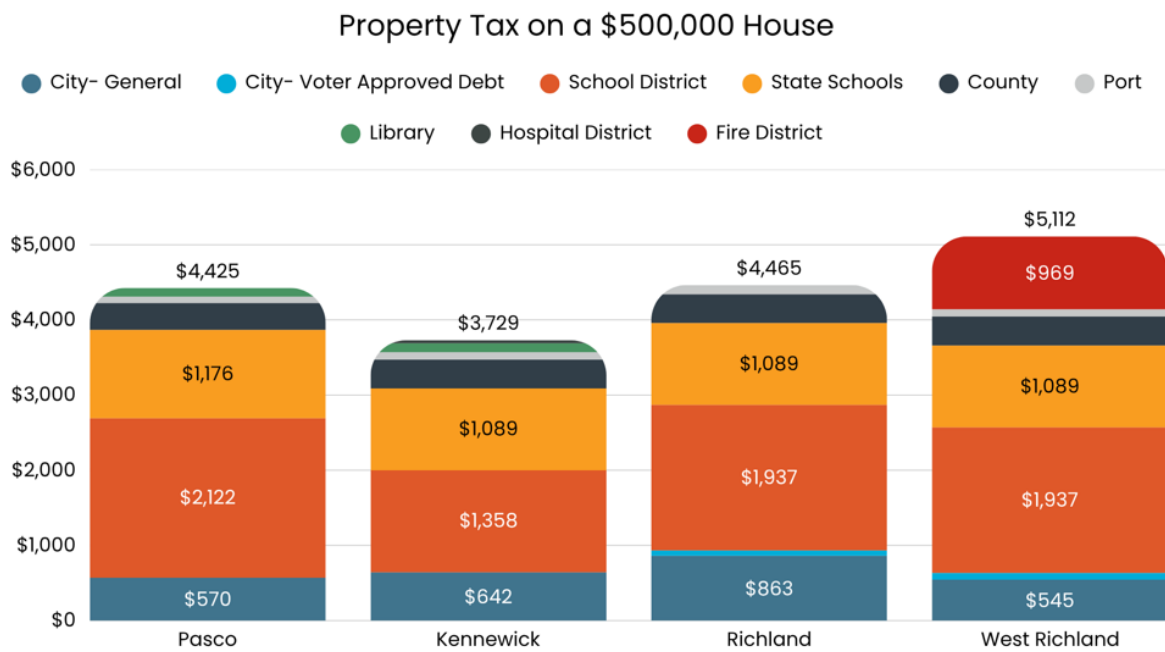
Equipment, servers and other capital outlay are small and one-time, generally \$0.1-0.3M a year, with a peak of about \$1.4M in 2023. They are budgeted at only \$0.1M in 2027.

Debt service

Each bond issue has added a new layer of annual debt service: about \$0.8M in 2015, \$2.4M after the 2019 bonds, and \$5.5M after the 2023 and 2024 bonds. Bond interest alone rose from \$0.2M (2015) to \$3.8M (2025). Debt service is budgeted at \$5.6M a year in 2027 and 2028 and must be paid before any service.

A Revenue Structure That Lags Our Neighbors

Pasco's revenue challenge is structural. Our property tax rate is the lowest of the three Tri-Cities, even though our assessed valuation is highest. While the City’s portion of the property tax collection remains one of the lowest to comparable cities, the graph below gives a complete picture of the property taxes that property owners pay in City of Pasco. It illustrates why Pasco property owners feel they are taxed proportionally to other cities and expect similar level of services; however, the portion of property tax coming to the City is lower than the other cities, impacting our ability to provide same level of service.



Our sales tax base is smaller than Kennewick's, partly because more of our economy is agricultural and industrial rather than retail. However, important to remember that our sales tax has nearly doubled in the last decade and Pasco has ability to grow similarly in the next decade with prudent governance.

City (Data from 2024)	Population	Assessed Valuation	Levy Rate	Property Tax	Sales Tax	Combined
Pasco	82,500	12,331,147,293	\$1.08	\$13.3M	\$20.5M	\$33.8M
Kennewick	84,750	11,625,611,226	\$1.33	\$15.4M	\$28.0M	\$43.4M
Richland	63,320	11,675,343,501	\$1.78	\$20.8M	\$17.0M	\$37.8M

Together, property and sales tax bring Pasco about \$410 per resident. Kennewick collects about \$512 per resident and Richland about \$597. If Pasco's revenue matched Kennewick's, the City would have roughly \$9.6 million more each year to serve residents.

Pasco has experienced rapid growth over a prolonged period that has transformed the City into a dynamic and vibrant community of over 82,000 people. Today Pasco is a regional hub of commerce with a diverse population, quickly rising education levels and household incomes. As part of this transformation, Pasco has experienced changing demographics, infrastructure challenges, increased demands for services in all sectors: social, education, emergency response, utilities, transportation, etc. Limited growth in revenue and increasing demand in services has strained the City's finances, but the community is still expected to grow and the City government is regulatorily required to plan for this growth.

The Big Picture: Recommended Solution to the Structural Deficit

City of Pasco is providing services that it can no longer afford to provide. This recommended budget implements difficult decisions to cut many services in public safety, parks, recreation, streets, permitting and planning are now necessary to rebalance the General Fund to projected revenues, without further depleting reserves or increasing taxes on citizens. While activity in Broadmoor area will help, even when fully built, it will not generate enough new revenue to mitigate the current deficit levels. Further increases in interest rates and inflation could slow down housing and other economic activities. Additionally, the City has drawn down on its reserve fund balance for the past four consecutive years. Council has directed me to balance the budget to ensure City's financial sustainability. I directed staff to bring back recommendations that cut 20% of their respective General Fund department budget, amounting to nearly \$14.6M. Each department director met that directive. A difficult prioritization effort followed, but unfortunately, almost all cuts had to be accepted to bring forth a balanced budget. Some areas like Municipal Court, Human Resources and Safety were not reduced significantly because their size and regulatory requirements which cannot be met if staffing and resources are reduced further, or there are significant operational impacts if the programs were reduced.

The proposed budget includes significant cuts to positions

- **54.5 FTE reduction Citywide** under the no-reserves scenario, even after accounting for 8 required Sewer Utility positions.
- **Police:** 22 FTE reductions — 18 commissioned, 2 non-commissioned and 2 management positions.
- **Fire:** 15 FTE reductions — 14 staff and 1 management position.
- Additional position reductions in **Community & Economic Development, City Manager's Office, Finance, Parks & Recreation, Public Works, and Information Technology.**
- **Public Works** is also reducing 5 FTE to help reduce dependencies on the General Fund

Reduction of services

- **Public Safety:** Close one fire station and remove an engine and medic unit; reduce Police support operations and lobby hours; close the Lewis Street and Alderwood police stations; and reduce community engagement and other programs.
- **Parks & Recreation:** Close **Memorial Aquatic Park year-round**; discontinue the Senior Center and after-school programs; remove portable restrooms from parks and recreation facilities; and reduce parks and open-space maintenance.
- **Community Events:** Discontinue City-supported events including **Fiery Foods Festival, Grand Old 4th. Parade and Fireworks, Cinco de Mayo, Winterfest, Music & Movies, Memorial Day, Veterans Day and Spooky Hall.**
- **Development & Code Enforcement:** Longer permit wait times and reduced Code Enforcement responsiveness.
- **Roadway Maintenance:** winter weather response limited to Tier 1 routes; traffic calming program and non-essential routine maintenance are eliminated. Operational focus will be on emergency response, life and safety and critical infrastructure maintenance.

Staffing

The table below shows the City of Pasco's historical full-time equivalent (FTE) allocations. For 2025–2026 and 2027–2028, it separates authorized FTEs from budgeted FTEs to identify positions that have been, or are proposed to be, frozen.

This proposed budget reduces 54.5 FTEs across all funds and adds 8 FTEs to the Sewer Utility to meet Department of Ecology minimum staffing requirements, for a net reduction of nearly 46.5 FTEs. Fire Department reductions appear in two funds, the General Fund and the Ambulance Fund. Human Resources, Parks and Recreation, and Public Works are also split across multiple funds. The table excludes positions reimbursed through the Pasco Public Facilities District; additional work is needed to properly reflect the position allocation for PPFD activities.

FTE Allocation								
General Fund-Departments	2021	2022	2023	2024	2025-2026		2027-2028	
					Auth	Budget	Auth	Budget
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Municipal Court	15.85	15.85	17.85	17.85	17.85	15.85	17.85	15.85
City Manager	5.00	5.00	9.00	9.00	9.50	8.50	9.50	6.50
Human Resources	5.50	6.50	7.00	7.00	7.00	6.00	7.55	6.55
Police	92.00	96.00	110.00	110.00	113.00	107.00	113.00	85.00
Fire	38.00	38.50	47.50	47.50	47.00	44.50	43.30	35.10
Parks & Recreation	23.55	24.55	30.55	30.55	30.55	26.55	30.25	29.2
Information Technology	11.00	11.00	14.40	14.40	14.40	13.40	14.40	10.40
Facilities	5.00	5.00	9.00	9.00	9.00	7.00	9.00	7.00
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	17.05	19.05	21.55	21.55	21.55	20.55	24.00	20.00
Community & Economic Development	25.00	28.00	32.00	32.00	32.00	29.00	32.00	28.00
Engineering & PW Admin	10.65	13.65	16.65	16.65	15.80	15.80	1.35	1.05
Sub-Total General Fund	257.60	272.10	324.50	324.50	326.65	303.15	311.20	253.65

Other Funds								
Streets	7.50	7.50	7.50	7.50	7.67	7.67	16.25	13.05
CDBG	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Martin Luther King Center	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.00
Ambulance	43.75	44.25	56.85	56.85	57.35	56.85	59.80	50.5
ARPA	0.00	1.00	0.50	0.50	0.50	0.50	0.00	0.00
Animal Shelter Operations	0.00	0.00	20.00	20.00	22.00	22.00	22.00	20.00
Cemetery	1.50	1.50	1.50	1.50	2.00	2.00	2.30	2.30
Senior Center	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water/Sewer Utility	63.36	65.36	78.86	79.86	78.93	78.93	96.45	95.95
Equipment RR	6.69	6.69	10.19	10.19	9.30	8.30	6.95	5.95
Internal Medical Insurance	0.50	0.50	1.00	1.00	1.00	1.00	1.45	1.45
Sub-Total Other Funds	127.25	130.75	180.35	181.35	182.70	181.20	209.15	191.20
Total, City-wide	384.85	402.85	504.85	505.85	509.35	484.35	520.35	444.85

**3 FTE Information Technology positions funded by Utilities missing from 2025-2026 staff count*

**Staff is conducting a full audit of temporary, seasonal, and part-time employees for compliance with state and federal laws. Staff will present a revised headcount once the audit is completed, including the headcount approved for PFD later if needed.*

Summary for General Fund

For most of the past decade, the City's General Fund lived within its means. From 2015 to 2022, ongoing revenue exceeded ongoing costs by a combined \$35 million, and that strength helped Pasco build new police and fire stations and invest in strategic land. Since 2022, that picture has changed. Revenue growth slowed from about 8% a year to under 4%, as sales tax leveled off and federal pandemic aid ended. Costs continued to grow at nearly 8% a year, driven by staffing added in 2023, rising benefit costs, and debt payments that are now nearly seven times what they were in 2015. Since 2023, the City has drawn on reserves every year to cover the gap. That cannot continue. Because wages and benefits make up nearly two-thirds of General Fund operating costs, and debt payments are fixed, closing a gap of this size requires reducing positions and services.

Ambulance Services

Access to sustainable, reliable, and efficient ambulance service for its residents, businesses and visitors has been a top priority for the Council and the community. The needs and structure of this fund are unique; as in, this is a highly regulated area with high equipment standards, constantly increasing and sometimes widely fluctuating costs for medical supplies, and a specialized workforce requiring significant ongoing training and advanced certifications. Furthermore, the fund shares much of its resources with Fire services which is funded out of General Fund.

The Ambulance Fund pays for the City's emergency medical services and ambulance transport. It is funded mainly by the monthly ambulance utility fee, transport fees, and the federal Ground Emergency Medical Transportation (GEMT) program. The General Fund also provides a \$420,000 annual subsidy.

It is important to note that the fund experiences a high population of Medicare, Medicaid and uninsured patients. In the case of Medicare and particularly Medicaid, this demographic composition results in lower reimbursement revenue from the federal government as compared to private insurance reimbursement. These lower reimbursements, coupled with the high number of uninsured patients, have an adverse impact on revenues to the fund, which in turn has necessitated increases in monthly rates. During the 2019-2020 biennium, Washington State and ambulance service providers have made considerable progress in implementing the Ground Emergency Medical Transport (GEMT) program, which in part provides reimbursement to local ambulance providers for service to Medicaid patients, including transport. 70% of the calls for services received by City's Fire/Ambulance department are ambulance related. Historically, City has subsidized the fund directly and indirectly. Directly, in form of a \$420,000 annual subsidy that gets transferred from General to Ambulance Fund; this is a regulatory requirement. Indirectly; by funding much of the personnel and infrastructure needed to sustain the Ambulance fund. In the past decade, City has actively implemented measures like evaluating ambulance utility fee on a regular basis, proportionately charging high demand users, offsetting expenses with grant programs like GEMT etc. to increase the financial independence and sustainability of this fund.

During its most recent rate study, Council guided staff to implement the policy of the fund sustaining itself up to 80% of its costs; allowing for a 20% subsidy from General Fund. This allowed staff to move personnel, supplies and services costs from General Fund to Ambulance Fund in this biennium. As a conservative measure, Firefighters and Paramedic positions are budgeted with a 60/40 split between Ambulance and General Fund; getting close to the policy goal of 80%.

\$ Millions	2022	2023	2024	2025	2026 Proj.	2027 Prop.	2028 Prop.
Ambulance utility fee	5.58	5.84	6.27	6.90	10.27	10.00	10.30
Transport fees, net of Medicare discounts	1.51	2.25	2.61	2.25	2.58	2.50	2.70
GEMT, net of discounts	3.66	2.14	2.90	3.26	2.4	3.80	3.80
Federal grants (DHS)	0.01	0.92	1.09	1.12	0.00	0.00	0.00
General Fund subsidy & other transfers	0.43	0.57	0.56	0.94	0.45	0.42	0.42
Total revenue	11.33	11.81	13.61	14.57	15.70	16.76	17.26
Total expense	10.40	12.45	13.78	14.45	13.65	15.59	16.24
Net result	0.92	(0.64)	(0.18)	0.13	2.05	1.18	1.02

The Big Picture: Operating Revenues

Ambulance Utility Fee: The fund has stabilized after two years in the deficit. It ran deficits of \$0.64M in 2023 and \$0.18M in 2024. It is projected to end 2026 with a \$1.1M surplus, and surpluses of \$1.2M in 2027 and \$1.0M in 2028. The turnaround is driven by Council's recent rate increase. Council raised the ambulance utility fee to account for inflation, the added cost of operating more fire stations, and the fund's

reliance on the federal GEMT program. Utility fee revenue rose from \$6.9M in 2025 to \$10.0M in 2027, and it is the fund's largest and most stable revenue source.

GEMT: GEMT is a significant source of revenue but an uncertain one. Net GEMT revenue has ranged from \$2.1M to \$3.7M a year and is budgeted at \$3.8M, about 23% of fund revenue. Because it depends on federal Medicaid rules and annual reconciliations, it can change with little notice. The rate increase was designed in part to reduce this risk. GEMT helps us mitigation the transport revenue is eroded by Medicare discounts. Gross transport fees grew from \$2.5M to \$5.8M (2022–2025), but Medicare discounts grew faster, from \$1.0M to \$3.6M. Bad debt adds \$0.2–0.7M a year.

Federal Grant: City received a SAFER grant to staff Fire Station 85. Since the grant expired, the City has absorbed more than \$2 million in personnel costs to keep the station staffed.

The Big Picture: Operating Expenses

Personnel costs make up for more than 75% of the funds expenses, and this cost continues to climb. Wages and overtime grew from \$5.4M (2022) to \$10.7 (2025); with overtime expenses averaging nearly \$700K in the last five years. Workers' compensation rose from \$160k to \$700k and employer medical premiums from \$0.65M to \$1.53M. The 2027-2028 budget includes a distinct reduction of \$1.8-1.9M a year in negative budget adjustments to wages and benefits.

The Big Picture: Policy and Its Impact

The reduction in personnel costs in ambulance fund is related to our proposal to reduce the number of fire-stations. This option is separate and distinct from the policy decision to move the Ambulance fund to be more self-reliant. While this is not the desired option, staff have evaluated the call volumes and response times and believe that we can still serve the community at NFPA standards. However, there will be impact to such action in the response to overlapping calls, response times, overtime cost, and increased reliance on mutual aid for significant events. It is rare for a community to close a fire station; most cities relocate a fire station as development patterns and population distribution changes. City could, at a later time, open this Fire Station at a different location when the funding situation is improved. Closing of a Fire Station reduces 12 FTEs, equipment costs like fire trucks and ambulances, utilities, supplies etc. The impact on the community and our staff is significant, including the timeline to open a new Station and train and recruit new Firefighters. However, the financial challenge of the City makes this difficult option an important one to consider.

Street Fund

Pasco's streets are among the most visible services the City provides. Every resident, business and visitor depends on them. This section of the 2027–2028 Proposed Budget describes the condition of the Street Fund, the changes proposed for the coming biennium, and the challenges that remain.

The Big Picture: Operating Revenues

The Street Fund pays for day-to-day street maintenance, including pavement repair, striping, signs, traffic signals and street lighting. For years, it has relied on revenue sources that do not grow with the City:

- Motor vehicle fuel tax, the fund's largest dedicated revenue, has been flat at about \$1.0 million a year since 2022. The state distributes it on a per-gallon basis, so it does not rise with inflation and falls as vehicles become more fuel-efficient.
- Franchise fees have declined by more than half, from \$355,000 in 2022 to \$170,000 in 2025.
- Utility tax transfers from the General Fund have grown modestly, from \$220,000 to about \$360,000.

Meanwhile, Pasco has kept growing, adding new streets, signals and streetlights that must be maintained. The fund ran deficits of \$58,000 in 2023 and \$487,000 in 2024 and is projected to end 2026 about \$350,000 short. General Fund has provided subsidies to this fund over the years, including a \$1.0 million subsidy in 2025.

\$ Millions	2022	2023	2024	2025	2026 Proj.	2027 Prop.	2028 Prop.
Motor vehicle fuel tax	0.97	0.99	0.96	0.96	0.96	1.10	1.10
Franchise fees & permits	0.38	0.33	0.31	0.19	0.19	0.26	0.26
Interfund maintenance charges	0.62	0.63	0.62	0.68	0.75	1.25	1.27
General Fund subsidy	—	—	—	1.00	—	1.00	1.00
Utility tax & other transfers	0.53	0.28	0.31	0.36	0.36	0.36	0.36
Total revenue	2.51	2.29	2.24	3.41	2.30	4.01	4.02
Total expense	2.47	2.35	2.72	3.13	2.65	4.00	3.99
Net result	0.04	(0.06)	(0.49)	0.28	(0.35)	0.01	0.03

The Big Picture: Operating Expenses

The proposed budget balances the Street Fund in both years, with total revenue and expense of about \$4.0 million a year. Key changes include:

- Engineers move to the funds they serve. As part of a citywide change, all engineers are moving out of the General Fund and into the funds whose work they support. The Street Fund will host the engineers who have historically worked on transportation infrastructure. As a result, personnel

costs in the Street Fund rose from about \$0.9 million in 2025 to about \$1.8 million in 2027, net of budget adjustments.

- Reimbursement for capital work. When these engineers work on capital projects, the projects and other funds will reimburse the Street Fund for their time. The proposed budget includes about \$500,000 a year in reimbursements from capital projects, in addition to existing interfund maintenance charges.
- Clearer cost of operations. Placing staff in the funds they serve makes the true cost of each program visible. Council and the community will be able to see what it costs to operate and engineer the street system, separate from General Fund services.
- A continued General Fund subsidy of \$1.0 million a year. Street fund has proposed reduction of some staff that will have limited impact to crew work.
- From Council direction on October 5th Council Meeting, some but not significant, cost from this fund will be borne by Transportation Benefit District fund.

The Big Picture: Policy and Its Impact

There is no margin for error. The fund is balanced by only \$6,000 in 2027 and \$33,000 in 2028. A cold winter, a signal failure or higher electricity costs could push it into deficit. The \$1.0 million annual subsidy competes directly with police, fire, parks and other General Fund services. The budget assumes engineers will charge their capital project time to the projects they support. If capital slows or is delayed, the Street Fund will absorb more of their cost. Streetlight electricity is budgeted at \$393,000 in 2027, up from \$268,000 in 2022. Employer medical premiums and insurance continue to climb. With new funding structure that provides for transparency in service cost, staff recommends the budget as is prepared with continued monitoring and discussion on how this fund can be stabilized for future. Important to note that much of Street services are in similar positions and are heavily subsidized by General Fund.

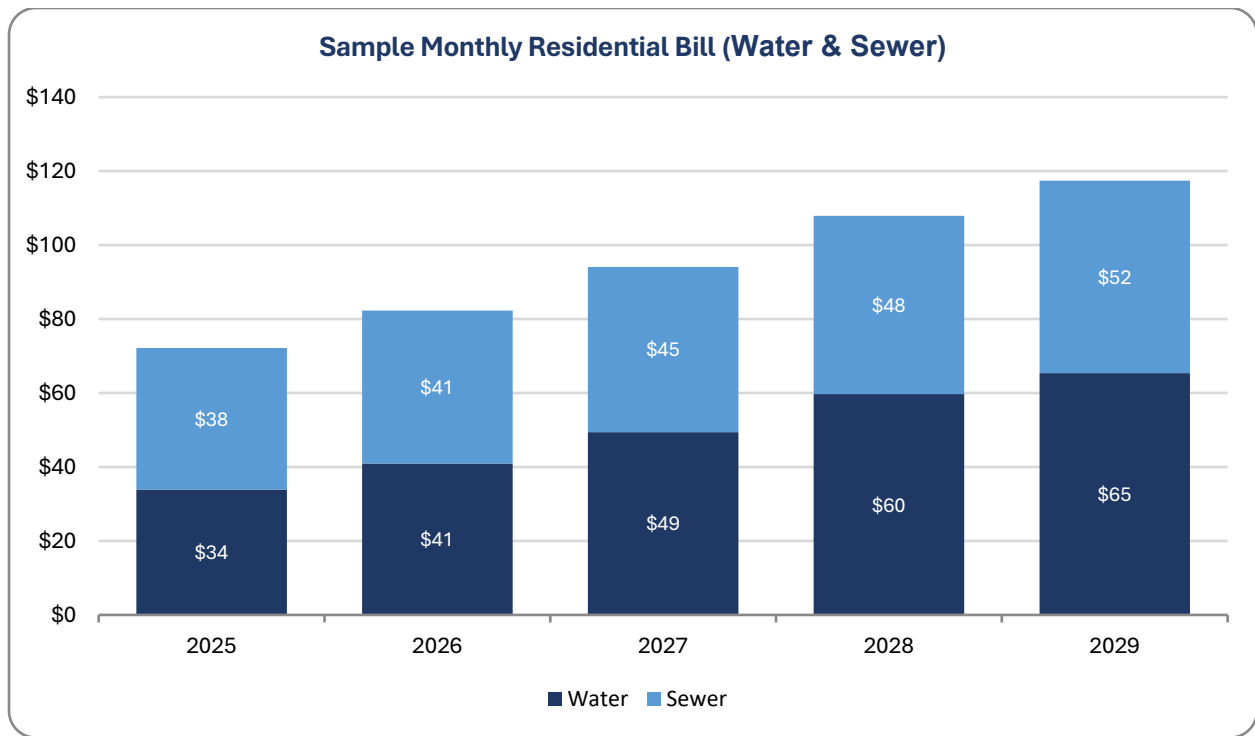
UTILITY

The City's five utilities deliver services every resident and business depends on: safe drinking water, wastewater collection and treatment, irrigation water, stormwater management, and treatment of process water for our food processing industry. Unlike the General Fund, these utilities are paid for by the customers who use them, through monthly rates and one-time connection fees, not through taxes. Each must cover its own operating costs, repay its debt, and invest in the infrastructure that keeps the system working.

This proposed budget comes at an important moment. Pasco's water and sewer systems are aging and nearing capacity at the same time as the community continues to grow. In early 2026, Council reviewed a comprehensive rate and connection fee study for water and sewer services and made difficult decisions to put these utilities on sound footing.

Council's Rate and Connection Fee Decisions

Rates



Sample residential bill	2026	2027	2028	2029
Water	20.75%	20.75%	20.75%	9.50%
Sewer	8.00%	8.00%	8.00%	8.00%
Monthly Change to Residential Utility Bill	+\$10.10	+\$11.80	+\$13.83	+\$9.53

In early 2026, Council made water and sewer rate and connection fee adjustments after a comprehensive rate study and community outreach.

Water Rates: New rates allow the utility to fund an accelerated capital program, mainly replacement of the Butterfield Water Treatment Plant (~\$250 million); the most cost efficient and safe option to replace City’s primary water treatment plan.

Sewer Rates: Council also approved new sewer rates. Large part of increase will go to meet regulatory requirements in the operations of the utility, as well as replacement of aging infrastructure.

Irrigation Rates: In 2025, Council made irrigation rate adjustments and established a new connection fee to expand the system to northwest part of town; increasing rates by 17% for 2027 and 3% for 2028.

Connection Fees

New connection (single family)	Existing	New	Change
Water	\$866	\$6,148	+\$5,282
Sewer	\$1,828	\$4,583	+\$2,755
Irrigation	-	\$1,000	+\$1,000
Combined – new home	\$2,694	\$11,731	+\$9,037

A connection fee is a one-time charge a property owner pays when a new home or business first hooks up to the City's water or sewer system. It is separate from the monthly utility bill. This fee is charged to recover the cost of the existing system that the new home will be using, as well as cost of specific projects that are needed to accommodate the home.

Even with this significant adjustment about to be effective in 2027, Pasco's existing combined charge was lower than all 13 communities compared. At the new maximum (about \$10,700), Pasco ranks in the middle, below Redmond, Maple Valley, Bellingham, Bothell, Lacey and West Richland, and above Kennewick, Richland and Yakima.

Utility Funds at a Glance

2027 Proposed (\$ Millions)

Fund	Operating Revenue	Operating Expense	Debt Service	Operations after Debt
Water	26.1	15.8	4.0	6.2
Sewer	15.8	12.0	4.9	(1.1)
Irrigation	3.8	3.0	0.7	0.1
Stormwater	2.9	2.4	0.2	0.3
PWRF	26.1	30.2	4.7	(8.8)
Total	74.7	63.4	14.6	(3.4)

2028 Proposed (\$ Millions)

Fund	Operating Revenue	Operating Expense	Debt Service	Operations after Debt
Water	31.1	15.0	4.0	12.1
Sewer	17.0	12.8	5.0	(0.7)
Irrigation	4.5	3.1	0.7	0.7

Fund	Operating Revenue	Operating Expense	Debt Service	Operations after Debt
Stormwater	2.9	2.4	0.2	0.3
PWRF	26.9	30.0	4.7	(7.8)
Total	82.5	63.4	14.6	4.5

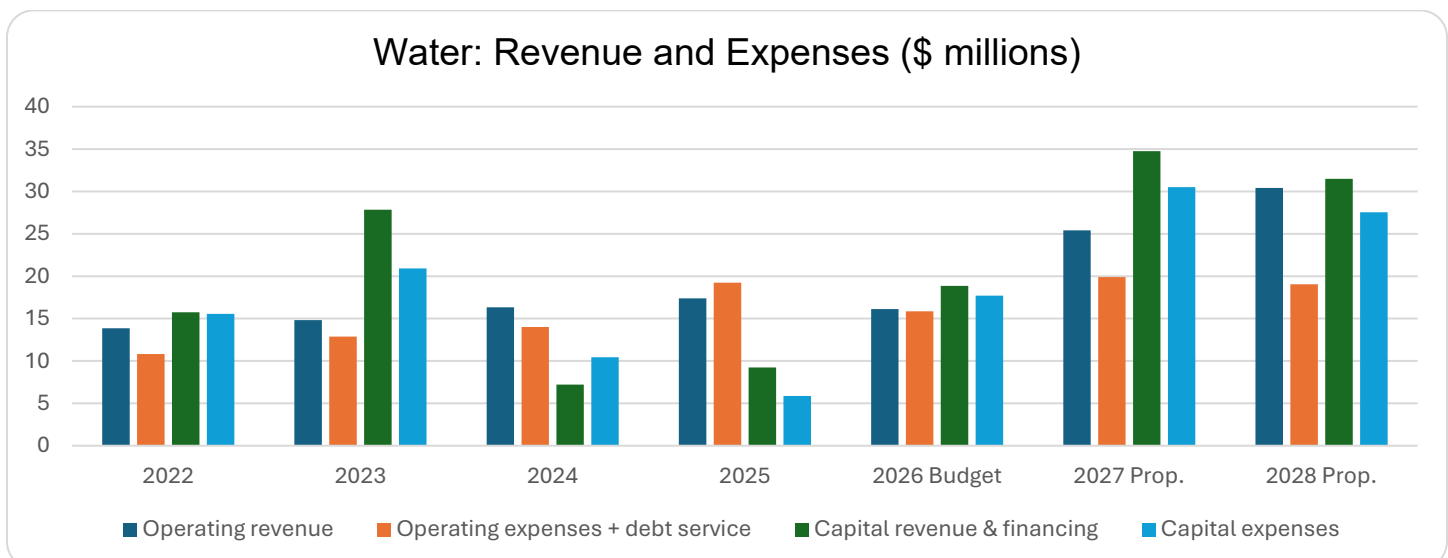
Operations are the day-to-day cost of delivering the service, paid for by rates. A utility's operating margin, what is left after operating costs, must cover debt service and help fund capital. Capital costs vary significantly and hence it is most helpful to focus on the services ability to support new debt after current operations and existing debt service. Water service is geared to acquire \$250M in debt service in next three years and will require the additional capacity currently seen to be able to absorb such significant undertaking.

In 2027-2028 budget, there is higher than traditional increase in wages and benefits. This is due to three factors:

1. Sewer service has added 8 FTE to comply with minimum staffing requirements set by Washington State Department of Ecology.
2. Increase in medical insurance premium costs.
3. Implementation of a new accounting practice to charge City's Engineering team directly to the areas that they support. Their labor cost was moved from General Fund to respective Utility funds.
4. Large number of staff in utilities are part of our IUOE Bargaining unit. A new contract effective January 1, 2026, revised existing wage scales, increasing personnel costs. Furthermore, city's medical premiums rose significantly in 2026, a large contributor for the benefits nearly doubling from 2025 to 2026.

Finally, the fund has experienced higher inflation increases in insurance premium costs and chemical costs.

Water Utility



Operating	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Amended Budget	2027 Proposed	2028 Proposed	Change 2025–2027
Operating revenue								
Regular sales	\$13,849,279	\$14,807,765	\$16,139,276	\$17,207,515	\$15,993,431	\$25,182,000	\$30,182,000	+46%
Permits, fees & penalties	—	—	\$181,195	\$171,700	\$140,973	\$226,500	\$226,500	+32%
Total operating revenue	\$13,849,279	\$14,807,765	\$16,320,471	\$17,379,215	\$16,134,404	\$25,408,500	\$30,408,500	+46%
Operating expenses								
Wages	\$1,567,350	\$2,024,120	\$2,222,982	\$2,271,026	\$2,729,204	\$3,234,401	\$3,381,299	+42%
Benefits	\$649,698	\$802,533	\$816,526	\$836,139	\$1,289,303	\$1,513,584	\$1,627,486	+81%
Subtotal: wages & benefits	\$2,217,047	\$2,826,652	\$3,039,508	\$3,107,165	\$4,018,507	\$4,747,985	\$5,008,785	+53%
Supplies	\$1,432,700	\$1,370,277	\$1,148,140	\$1,162,860	\$1,380,838	\$1,699,950	\$1,630,150	+46%
Services & charges	\$5,424,902	\$5,820,233	\$6,042,962	\$6,760,575	\$6,388,720	\$9,400,048	\$8,390,260	+39%
Total operating expenses	\$9,074,650	\$10,017,162	\$10,230,611	\$11,030,600	\$11,788,065	\$15,847,983	\$15,029,195	+44%
Operating margin (revenue less expenses)	\$4,774,629	\$4,790,603	\$6,089,860	\$6,348,615	\$4,346,339	\$9,560,517	\$15,379,305	+51%
Debt service	\$1,746,242	\$2,853,571	\$3,766,623	\$8,208,736	\$4,063,099	\$4,042,972	\$4,006,387	-51%
Operating Result after debt service	\$3,028,387	\$1,937,032	\$2,323,237	(\$1,860,121)	\$283,240	\$5,517,545	\$11,372,918	n/m

Capital	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Amended Budget	2027 Proposed	2028 Proposed	Change 2025–2027
Capital revenue & financing								
Grants	\$41,636	—	\$53,006	\$103,197	—	\$295,000	—	+186%
Capital contributions, non-cash	\$493,225	\$1,959,773	\$609,514	\$2,004,524	—	—	—	-100%
Interest, special assessments & capital	\$198,046	\$492,446	\$872,752	\$469,425	\$4,741,203	\$680,000	\$19,180,000	+45%
Connection fees & capital charges	\$551,151	\$728,942	\$1,562,097	\$1,288,577	\$811,151	\$4,088,800	\$4,038,800	+217%
Debt proceeds – bonds & loans	\$14,463,345	\$24,658,203	\$4,119,741	\$5,370,536	\$13,301,095	\$29,700,160	\$8,270,160	+453%
Total capital revenue & financing	\$15,747,404	\$27,839,364	\$7,217,109	\$9,236,259	\$18,853,449	\$34,763,960	\$31,488,960	+276%
Capital expenses								
Capital Spending	\$15,564,043	\$20,915,578	\$10,440,616	\$5,869,975	\$17,699,061	\$30,514,160	\$27,552,160	+420%
Total capital expenses	\$15,564,043	\$20,915,578	\$10,440,616	\$5,869,975	\$17,699,061	\$30,514,160	\$27,552,160	+420%
Capital result (sources less uses)	\$183,361	\$6,923,786	(\$3,223,507)	\$3,366,284	\$1,154,388	\$4,249,800	\$3,936,800	+26%
Total fund result (operating + capital)	\$3,211,748	\$8,860,818	(\$900,269)	\$1,506,163	\$1,437,628	\$9,767,345	\$15,309,718	n/m

Revenue

Water sales grew steadily from \$13.8M (2022) to \$17.4M (2025), about 8% a year from growth and prior rate adjustments. The revenue is expected to grow significantly in coming years, which will support the debt service needed to construct the nearly \$250 million Butterfield Water Treatment Plant facility. Next biennium will show significant surplus between revenues and expenses; however, this is as planned and the surplus will reduce once the debt service for the construction comes due.

Expenses

- **Personnel** has grown from \$2.2M (2022) to \$4.7M (2027), up 53% due to factors shared before.
- **Supplies** rose from \$1.4 to \$1.7M from 2022 to 2027. Treatment chemicals are the largest item and have surpassed regular inflation every year.
- **Services:** These costs rose from \$5.4M to \$9.4M in 2027. The category covers more than its name suggests:
 1. Taxes: Nearly \$1.6M is paid by the utility in utility taxes to the General fund that helps fund general services like public safety and parks. \$1.0M in paid to State on an annual basis.
 2. General Fund overhead: nearly \$1.1M for shared services such as Utility Billing, Human Resources and IT.

3. Equipment: Budget includes nearly \$1.0M in one-time costs to purchase equipment like emergency power generator, loader and other vehicles.
4. Contracted services: meter reading, testing and inspections, studies, plan amendments and water rights management.
5. Utilities and fees: license fees, water right leases, and electric and other utilities.
6. Maintenance, replacement and repair: pump rebuilds, VFD and HVAC replacements etc.
7. Development upsizes participation at \$0.5M. This cost will vary based on development patterns.

Sewer Utility

2

Operating	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Amended Budget	2027 Proposed	2028 Proposed	Change 2025– 2027
Operating revenue								
Regular sales & charges	\$11,540,208	\$11,775,456	\$11,775,058	\$13,334,330	\$12,633,339	\$15,240,000	\$16,459,200	+14%
Permits, fees & penalties	\$14,036	\$14,036	\$14,040	\$15,040	\$14,040	—	—	-100%
Total operating revenue	\$11,554,244	\$11,789,492	\$11,789,098	\$13,349,370	\$12,647,379	\$15,240,000	\$16,459,200	+14%
Operating expenses								
Wages	\$1,730,079	\$2,007,468	\$2,112,281	\$2,095,931	\$2,375,836	\$2,865,613	\$3,282,760	+37%
Benefits	\$695,071	\$793,035	\$817,234	\$780,308	\$1,109,307	\$1,416,582	\$1,732,575	+82%
Subtotal: wages & benefits	\$2,425,150	\$2,800,503	\$2,929,515	\$2,876,238	\$3,485,143	\$4,282,195	\$5,015,335	+49%
Supplies	\$985,425	\$945,814	\$1,042,102	\$1,008,755	\$1,245,554	\$1,506,700	\$1,455,800	+49%
Services & charges	\$3,848,008	\$4,285,348	\$3,940,267	\$3,629,644	\$4,355,069	\$6,182,200	\$6,311,149	+70%
Total operating expenses	\$7,258,583	\$8,031,665	\$7,911,884	\$7,514,638	\$9,085,766	\$11,971,095	\$12,782,284	+59%
Operating margin (revenue less expenses)	\$4,295,661	\$3,757,827	\$3,877,214	\$5,834,732	\$3,561,613	\$3,268,905	\$3,676,916	-44%
Debt service*	\$4,850,622	\$2,069,802	\$2,645,666	\$26,905,225	\$3,605,901	\$4,946,838	\$4,975,773	-82%
Operating result after debt service	(\$554,961)	\$1,688,025	\$1,231,548	(\$21,070,493)	(\$44,288)	(\$1,677,933)	(\$1,298,857)	n/m

*Debt service in 2025 related to issuance to debt for construction of sewer main via Local Improvement District.

Capital	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Amended Budget	2027 Proposed	2028 Proposed	Change 2025–2027
Capital revenue & financing								
Grants	\$79,796	—	\$191,860	—	—	—	—	—
Capital contributions	\$593,063	\$1,720,966	\$477,489	\$1,487,153	—	—	—	-100%
Interest, special assessments & CIP	\$65,710	\$491,275	\$430,205	\$15,491,469	\$4,429,190	\$1,083,020	\$3,515,000	-93%
Connection fees & capital charges	\$1,979,902	\$1,410,454	\$2,035,584	\$1,152,252	\$1,524,756	\$2,749,800	\$2,749,800	+139%
Debt proceeds – bonds & loans	\$15,827,500	\$10,818,861	\$35,383,641	\$20,760,434	\$1,000,055	\$675,000	—	-97%
Total capital revenue & financing	\$18,545,971	\$14,441,556	\$38,518,778	\$38,891,308	\$6,954,001	\$4,507,820	\$6,264,800	-88%
Capital expenses								
Capital spending	\$14,271,742	\$19,826,622	\$23,913,420	\$4,969,345	\$6,391,055	\$3,466,660	\$3,799,946	-30%
Transfers out	—	—	\$1,787,080	—	—	—	—	—
Total capital expenses	\$14,271,742	\$19,826,622	\$25,700,500	\$4,969,345	\$6,391,055	\$3,466,660	\$3,799,946	-30%
Capital result (sources less uses)	\$4,274,229	(\$5,385,066)	\$12,818,277	\$33,921,964	\$562,946	\$1,041,160	\$2,464,854	-97%
Total fund result (operating + capital)	\$3,719,268	(\$3,697,041)	\$14,049,825	\$12,851,471	\$518,658	(\$636,773)	\$1,165,997	n/m

Revenue

Sewer sales grew steadily from \$11.5M (2022) to \$13.3M (2025); when excluding one-time revenue, the revenue has growth about 4% a year from growth and prior rate adjustments. The revenue is expected to grow in coming years with programmed rate increases of 8% each year, which will support additional operational requirements and debt service needed to replace aging infrastructure. The fund is running on thin margins as shown by deficit on operating revenue after debt service. This is mainly due to thin margins during the rate study and unexpected increase in insurance costs, and one time maintenance projects. This is usually expected of a utility fund, cumulative effective of rate increases is expected to resolve this issue; however, staff will be delaying any hiring efforts and purchases as much as possible to balance the operating revenues to expenses.

Expenses

- **Personnel** rose \$2.4M to \$4.3M in 2027 to staff the system to industry and Department of Ecology standards with 8 additional FTE like treatment plant operators, collection and lift station crews, and pretreatment staff for the Fats, Oils and Grease (FOG) program. Employer medical premiums have significantly increased, as they have across service areas within the city.
- **Supplies** rose from \$1M to \$1.5M in 2027; all related to increase in cost of chemical supplies.

- **Services** rose from \$3.8M to \$6.1M in 2027. The category covers more than its name suggests:
 1. Maintenance, replacement and repair (\$2.0M): Routine work such as non-potable pump replacements, end-of-life replacements such as gas flare flame arrester traps and membrane replacements.
 2. Taxes: Nearly \$1.3M is paid by the utility in utility taxes to the General fund that helps fund general services like public safety and parks. \$0.4M paid to State on an annual basis.
 3. General Fund overhead: nearly \$0.4M for shared services such as Utility Billing, Human Resources and IT.
 4. Contracted services: Studies, plan amendments and consultant support. Other services include, for example, regular cleaning of boilers and digesters, laboratory certification, and instrumentation and process control support services.
 5. Utilities and fees: electric, natural gas and other utilities.

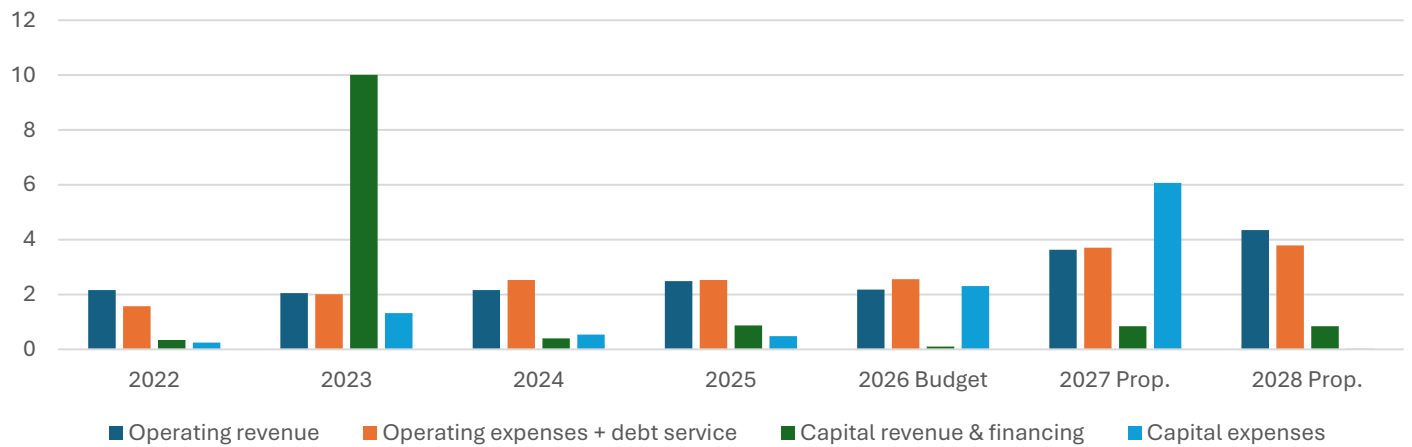
Irrigation, Stormwater, PWRF

Irrigation and stormwater utility are comparatively smaller utilities within the City's repertoire. Council approved rate increases and implemented connection fee based on 2025 rate study for Irrigation utility. A major capital project to sustain current service levels (system pressure) and expand our services to northwest area of town, is in progress and accounts for much of the expense pressure in the fund. The fund has razor thin margins due to increased cost of capital projects. Various maintenance projects and services have been deferred to aid in balancing expenses and revenues. Staff are monitoring this fund to ensure the expenses are within the revenues.

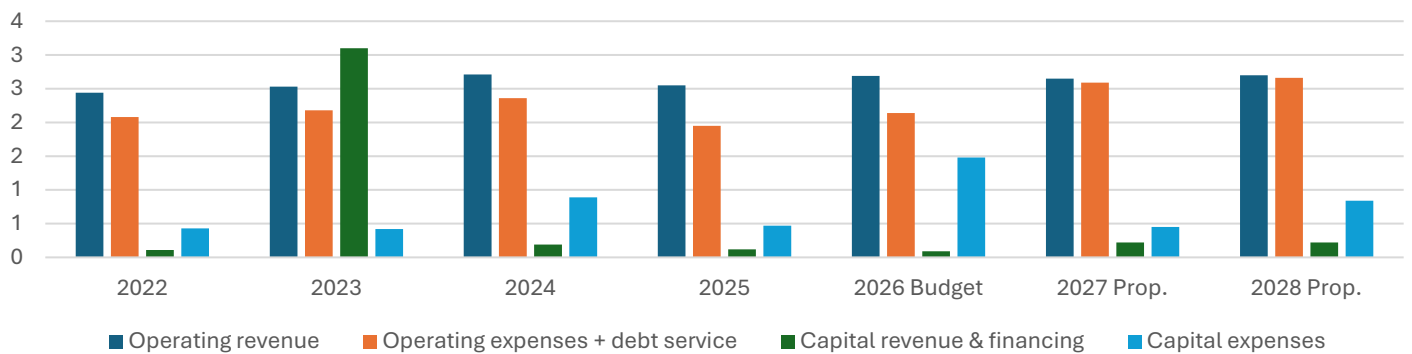
Stormwater utility will require a new rate study to ensure that the fund is financially sustainable. The current proposed budget has deferred capital improvements and proposed staff reduction to alleviate shortfalls. Staff have a comprehensive rate and fees study planned for 2027-2028 biennium.

PWRF facility has undergone significant changes in the last 3 years in the technology, infrastructure and subsequently rates, capital and operating expenses. City has received nearly \$69.3M in investment tax credit (ITC) that is currently housed in City's Economic Development fund. New rates for 2027 and on are being discussed with Council. Furthermore, an evaluation is being conducted to propose solutions for the facility's nitrogen removal system, with potential capital expenditure implications. At this time, staff anticipate that the budgets might need to be revised the following year to reflect the decisions made by Council.

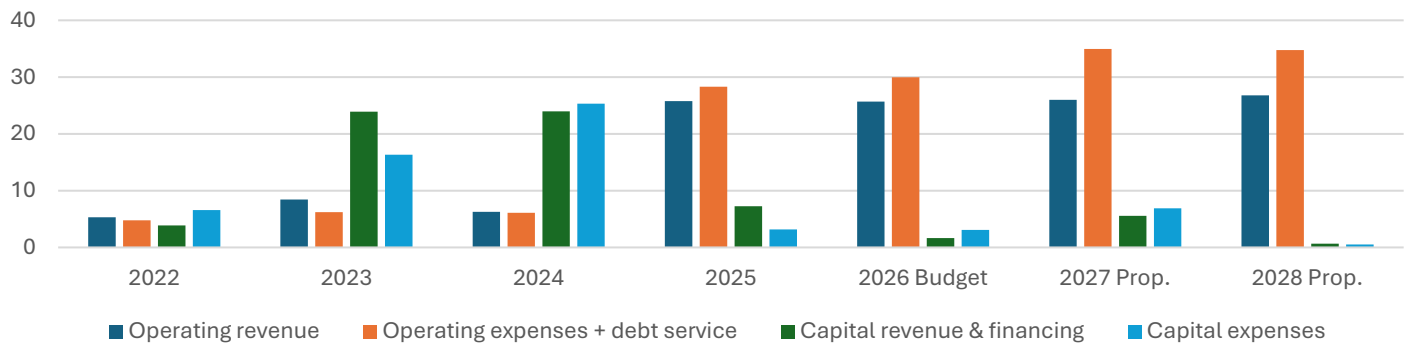
Irrigation: Operating and Capital Revenue and Expenses (\$ millions)



Stormwater: Operating and Capital Revenue and Expenses (\$ millions)



PWRF: Operating and Capital Revenue and Expenses (\$ millions)



Conclusion

The 2027–2028 preliminary budget reflects a difficult but necessary step toward a more sustainable financial future for the City of Pasco. For several years, City has used reserves to maintain services as ongoing costs grew faster than ongoing revenues. That approach provided time and helped limit immediate impacts to the community, but it cannot be sustained indefinitely. The proposed budget substantially reduces that reliance on reserves and moves the General Fund closer to structural balance.

Getting there requires difficult choices. The City has reviewed expenses from the ground up, evaluated staffing, contracts, vehicles and other major costs, and considered where efficiencies could be achieved. However, a financial gap of this size cannot be addressed through efficiencies alone. Because personnel represents a significant share of General Fund operating costs and many other expenses are fixed or necessary to maintain services, the preliminary budget includes reductions that would affect positions, programs and service levels.

These are not reductions we take lightly, nor should their inclusion in the preliminary budget diminish the value of the employees or services affected. Our employees have helped Pasco serve a rapidly growing community through a period of significant change, and the services they provide matter. At the same time, we have a responsibility to present a budget that recognizes the resources available to the City and what it will take to provide those services sustainably over the long term.

There is no scenario that resolves this challenge without tradeoffs. Greater reductions would have greater impacts on employees and services. Greater use of reserves could reduce those impacts in the near term but would leave fewer resources available for future needs. Additional ongoing revenue could preserve services but would carry its own impacts for residents and businesses. Those are policy choices that must ultimately be considered by the City Council on behalf of the community.

The preliminary budget is therefore not the end of the conversation. It provides Council and the community with a clear picture of the City's financial position, the choices available, and the consequences associated with those choices. As Council reviews the proposal, staff will continue to provide the information and analysis necessary to support informed decisions and will communicate openly with employees and the community as that process moves forward.

Pasco remains a growing and resilient community with significant opportunities ahead. The decisions made through this budget process will help determine how we continue providing essential services, investing in our community and positioning the City for the future. Our responsibility is not simply to balance the next budget, but to put Pasco on a financial path that can be sustained for the years ahead.



TO: Mayor, Charles Grimm
Members of the City Council

FROM: Harold Stewart, City Manager

DATE: October 19, 2026

City Manager:

I will not be in attendance at this meeting as I will be at a city manager conference.

At the October 8th TCAS ACA meeting it was recommended to hold a town hall meeting with local animal organizations to discuss needs and solutions for the animal shelter, and potential resources of potential partnership organizations. I am also meeting with potential partners who would like to refurbish the old shelter and return it to an asset for the animal community.

While the Department Heads will provide updates specific to their responsibilities here are several priorities identified by the City Manager since taking office being worked on in addition to the regular day to day operational duties (**Changes/updates from the last report are highlighted in red**):

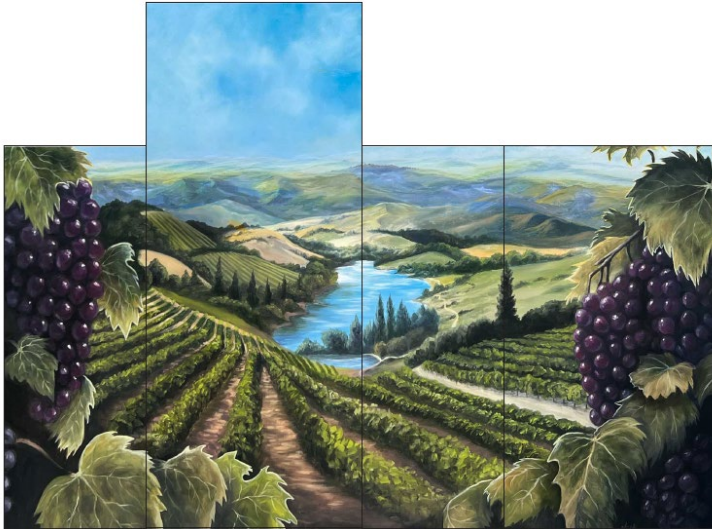
1. **Broadmoor Development**- Meetings are ongoing discussing developer interest, progress, and potential City partnership. Agreements are being negotiated. First agreement with Visconsi was approved at the July 20th Council meeting. A development agreement with Elevated is still being prepared by staff and the consultants and is near completion. The intention is to have the agreement ready for Council action in November.
2. **HAPO Center/Softball Complex**- Leases expired after December 2025. County and City discussing future, roles and partnership going forward. Lease extension has been provided to the County. At the September 8th Council meeting Council directed staff to prepare alternatives for constructing softball fields off of County property.
3. **Animal Shelter**- Serves the entire Tri-Cities. Cost sharing between the three jurisdictions needs re-evaluated and agreed upon. In addition, some issues have arisen with the old facility that will require significant investment to repair. Staff is preparing and identifying the anticipated needs and associated costs to discuss with Council in the near future. Discussions were had by all three Councils. The city managers will discuss and coordinate next steps and conversations with the Councils.
4. **Hiring of IT Director** – The first recruitment was not successful and the position is being recruited again. **On hold pending budget decisions.**
5. **Parks and Recreation Director** – A national recruitment will begin to permanently fill this position. Interviews of finalists are planned for October.
6. **FY 27/28 Budget** - **Staff has presented alternatives and will work with Council to finalize the budget.**
7. **Public Dollars for Public Benefit**- This item was tabled by Council until January 2027.

8. **Essential Public Facilities and LRAs**- Staff recommends that this code update effort should be integrated with the on-going UDC Code update project. Each code update project is on a similar parallel path for public and City Council review and adoption.
9. **Capital Improvement Plan (CIP)/Transportation Improvement Program (TIP)** - The City of Pasco scheduled two public engagement meetings to gather community input on updates to CIP and TIP. The first meeting was held on April 8 at City Hall, with both virtual and in-person attendance options available. The second opportunity for community members to participate in-person was held on April 14 at Rey Reynolds Middle School. **CIP was presented to Council at the October 5th meeting. Final approval will be before the end of the year.**
10. **Crash Prevention Zone** - Discussion and direction took place at the July 6th Council meeting. The approved letter, signed by the mayor has been provided to DOT and a meeting has been scheduled for the last week of July to coordinate next steps. Staff coordinated with the Washington State Department of Transportation (WSDOT) South Central Region and confirmed that WSDOT will provide the necessary traffic and crash data. However, a consultant retained by the City of Pasco will be required to perform a **Highway Safety Manual (HSM) analysis** to determine whether the crash frequency at this location exceeds the expected rate established by the HSM. Completion of this analysis is a prerequisite to establishing a **Crash Prevention Zone**.
11. **Joint Council & Legislative Entity Meetings** - During a recent council meeting, there was discussion around coordinating joint Council and legislative entity meetings with key local partners. Council provided potential entities for these meetings to bring up for consideration. These meetings are intended to help strengthen relationships, align on shared priorities, and support Council's goals and objectives moving forward. Staff is requesting direction from Council on which entities to proceed coordinating annual meetings and to work alongside to build a collaborative agenda.
 - a. Pasco Chamber – **Complete June 23, 2026**
 - b. Pasco School District Board
 - c. Franklin County
 - d. Port of Pasco
 - e. Mid-Columbia Libraries Board
 - f. Union Gospel Mission (UGM), Clean Sweep, & U-Turn for Christ
 - g. LBA
 - h. Visit Tri-Cities
 - i. Tri-City Hispanic Chamber of Commerce
 - j. Downtown Business Roundtable
 - k. Public Health DistrictStaff is reaching out to each of these entities to identify availability and potential dates for future meetings following the budget season.
12. **Data Center Moratorium** – A 6-month moratorium was passed on July 20th via Ordinance no. 4850. Staff is working on preparing the necessary information for public conversation on data centers and their potential impacts on communities, including site visits to communities with existing data centers. A site visit to Quincy has been rescheduled for Oct. 30th.
13. **Utility Box Wraps** – The Pasco Arts & Culture Commission selected 3 artists for the 2026 cycle of utility box wraps. Installation will occur over the next few months.

Artist Name: AnnaMarie Forza

Title of piece: The Valley

Location to be placed: N 28th Avenue & W Sylvester Street



Artist Name: AnnaMarie Forza

Title of piece: Morning Shift

Location to be placed: Sandifur Parkway & Road 103



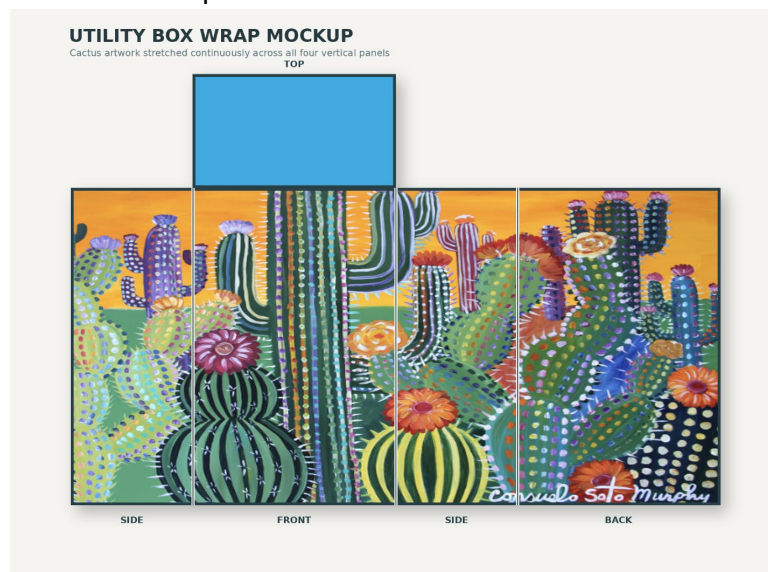
Artist Name: Ben Sanchez

Title of piece: What Makes This Home

Location to be placed: Road 68 & Sandifur Parkway



Artist Name: Consuelo Soto Murphy
 Title of piece: Rd 36 & W Court St
 Location to be placed: N 4th Ave & W Lewis



Meetings attended since the last report: Communication meetings with the Mayor, Mayor Pro Tem, and several Council members; Metro Executive Board meeting; meeting with Burnham; meeting with processors regarding PWRP; ACA management meeting; management team meeting; and many other internal communication and project meetings.

Legal Matters:

Below is a summary of the litigation matters currently pending against the City of Pasco.

1. Arthur West vs. Downtown Pasco Development Authority et al

Counsel: Ogden, Murphey & Wallace LLC

Current Status: Notice of dismissal for want of Prosecution received

- June 2024: The City was notified of a lawsuit filed but the Plaintiff against the Downtown Development Authority, Downtown Development Authority Board members and the City of Pasco alleging violation of the law by deliberating as a quorum and taking action or final action outside context of a lawful public meeting on multiple dates.
- July 2026: Ogden, Murphey & Wallace PLLC received notice of dismissal for want of prosecution. The Plaintiff has 30 days to respond.
- August 2026: Clerk's order of Dismissal filed.

2. Dave Swisher & Farm 2005 LLC v. City of Pasco

Counsel: Adam Rosenberg & Bob Sterbank

Lawsuit & Appeal: Land Use Petition Act Challenge

Current Status: Appeal filed with Division III of the Court of Appeals

- April 2025: The City of Pasco became aware of a lawsuit filed by the Plaintiffs challenging the Hearing Examiner's approval of the Madison Park North Preliminary Plat. The matter was filed as a Land Use Petition Act (LUPA) appeal contesting several conditions of approval imposed by the Hearing Examiner, including:
 - Condition 3 – LID 'No Protest' Condition: The Hearing Examiner required the Plat to include a statement waiving future protests to the formation of a road or utility LID
 - Condition 17 – No Impact Fee Credit Condition: Required collection of parks, transportation and school impact fees at the then-applicable rates. It also specified that a credit against TIFs was not required, based on related Findings of Facts and Conclusions of Law determining that the required improvements to Road 52, Burns Road and Deseret Drive was no "system improvements" as that term is defined in state statute, and therefore no credit against impact fees was required.
 - Condition 19 – Street Improvement Condition: Required the plaintiff t to "ensure that all road alignments are designed and constructed in accordance with PMC 21.15.030(1) and (2), and the City's codes and standards in relationship to adjoining plats and their streets.
 - Condition 21 – School Zone Warning Signs Condition - Required the plaintiff to install school zone advance warning beacons, and Rectangular Rapid Flashing Beacons at the crosswalk leading to the Rosalind Franklin STEM Elementary School.
- December 2025: The Court conducted the hearing on the LUPA petition.
- January 2026: The Court issued an order largely affirming the Hearing Examiner's decision and dismissing the LUPA petition on all but one issue. The Court ruled in favor of the Plaintiff regarding Condition No. 17, finding that the Burns Road and Road 52 improvements constituted part of larger City "system improvements." As a result, the Plaintiff was determined to be entitled to credit against Transportation Impact Fees for the costs associated with those roadway improvements.
- March 2026: The Plaintiff appealed the Superior Court's decision to Division III of the Washington State Court of Appeals.

Lawsuit: Complaint Damages

Current Status: Pending, awaiting resolution of the LUPA matter

- April 2025: Plaintiff filed a lawsuit against the City of Pasco alleging damages resulting from what they characterize as arbitrary, capricious, and unlawful agency actions related to permitting decisions and processing delays associated with the Madison Park North preliminary plat application.
- May 2025: The lawsuit was removed to the United States District Court for the Eastern District of Washington.

3. Corey Bitton, Tamara Bitton, Great Basin Land Co. LLC & Spritz, Inc v. City of Pasco and multiple City Employees

Counsel: Quinn Plant

Current Status: Pending

- December 2025: The City became aware of a lawsuit filed by the Plaintiffs alleging arbitrary enforcement of the Pasco Municipal Code, failure to recognize vested permits, and the absence of constitutionally adequate appeal procedures.
- February 2026: The City filed a Motion for Judgment on the Pleadings. The Plaintiffs subsequently filed motions seeking leave to exceed the applicable page limits and to expedite the hearing schedule. The City opposed both motions.
- March 2026: The Court granted the Plaintiffs' motions for excess pages and for an expedited hearing.
- April 2026: The Court issued a scheduling order governing the progression of the case.

4. Dave Swisher & Farm 2005 LLC v. City of Pasco

Counsel: Adam Rosenberg & Bob Sterbank

Lawsuit: Land Use Petition Act Challenge

Current Status: Lawsuit filed

- May 2026: The City was made aware of a lawsuit filed by the plaintiffs stemming from the City Council's decision to deny and dismiss an appeal for the Madison Park North Phase 1 final plat. The issues the plaintiff has are:
 - Issue 1: Burns Road Right-of-Way Dedication
 - Issue 2: Burns Road Three-Lane Build-Out Exceeds Phase 1 Impacts.
 - Issue 3: LID/ULID Waiver of Protest Statement on the Recorded Plat.
 - Issue 4: City Staff Accelerated School Improvements into Phase 1.

5. Dave Swisher & Farm 2005 LLC v. City of Pasco

Counsel: Adam Rosenberg & Bob Sterbank

Current Status: Notice of Filing of Petition/Notice of Removal to U.S. District Court

- May 2026: The City was made aware of a lawsuit filed by the plaintiffs seeking damages stemming from City's Hearing Examiner's conditions of approval for the Preliminary Plat and the denial of and dismissal of the appeal for the Madison Park North.
- June 2026: Notice of Filing of Petition/Notice of Removal to U.S. District Court

6. Lewis Place, LLC v. City of Pasco

Counsel: Ogden, Murphey & Wallace PLLC

Current Status: The City filed a certified administrative record.

- June 2026: The City of Pasco was made aware of a lawsuit filed by the plaintiffs stemming from the City's hearing examiner's land use decision granting a special use permit for the construction of an RV park at 434 E Lewis Place. This lawsuit involves a Land Use Petition Act (LUPA) challenge to the Hearing Examiner's conditions of approval. The conditions that the plaintiff was arguing against were:
 - Condition 1 – Site Plan Compliance Condition: Required the applicant to submit a revised site plan prior to construction permit issuance demonstrating full compliance with PMC 25.160, including RV spacing requirements, open space, landscaping and buffering standards, dimensional requirements for RV spaces, and all supporting measurements and calculations. Failure to demonstrate compliance could result in permit denial.
 - Condition 2 – Internal Circulation Plan Condition: Required the applicant to submit a revised internal circulation plan prior to construction permit issuance demonstrating safe and functional vehicle movement throughout the site, including compliant traffic circulation, elimination or mitigation of backing movements in one-way drive aisles, and clear identification of travel directions, turning movements, and access points. Additional Special Use Permit review could be required if circulation standards could not be met.
 - Condition 5 – RV Spacing Verification Condition: Required the applicant to demonstrate compliance with PMC 25.160.070(2) and minimum RV separation standards, including 15 feet side-to-side and 12 feet end-to-end spacing between recreational vehicle units, prior to civil plan approval.
 - Condition 7 – RV Site Density Reduction Condition: Required the applicant to modify the site layout and reduce the total number of RV spaces as necessary to achieve compliance with PMC 25.160 standards related to spacing, open space, and internal circulation.
 - Condition 8 – Vehicle Turning Movement Condition: Required the applicant to provide turning movement diagrams demonstrating adequate circulation for recreational vehicles and emergency vehicles, subject to review and approval by the City Engineer and Fire Department.
 - Condition 9 – Sight Distance Compliance Condition: Required the applicant to ensure that sight distance at the site entrance complied with PMC 25.160.070(3) by adjusting signage, fencing, landscaping, or other site features as necessary to maintain unobstructed visibility.
 - Condition 16 – Fire Hydrant Installation Condition: Required installation of a minimum of three internal fire hydrants along internal roadways at locations approved by the Fire Department, unless the Fire Marshal determined in writing that fewer hydrants were sufficient and permitted under the Pasco Municipal Code.

- Condition 24 – Internal Roadway Design Condition: Required the applicant to revise the internal roadway system to comply with PMC 25.160.070(5), limiting one-way roads to areas with drive-through RV spaces and requiring compliant two-way circulation or alternative access where drive-through spaces were not provided.
- July 2026: The designated clerk for the City's hearing examiner submitted a copy of the administrative record for the appeal proceeds.

7. Matthew P. Jensen vs City of Pasco

Counsel: Mix Sanders Thompson, PLLC

Current Status: Lawsuit filed, the City filed notice of appearance

- June 2026: The City was notified of a lawsuit filed by the Plaintiff alleging damages arising from the actions of a City employee during the course of their official duties.
- July 2026: The City filed Notice of Appearance

8. W.S. vs City of Pasco and City of Pasco employees

Counsel: Baker Sterchi Cowden & Rice

Current Status: Lawsuit filed, the City submitted answer and affirmative defenses to Plaintiffs complaint for damages.

- July 2026 : The City was notified of a lawsuit filed by the Plaintiff alleging negligent hiring, training, supervision, and retention of a City employee, as well as vicarious liability under the doctrine of respondeat superior and discrimination based on sex/gender. The lawsuit also alleges that the same City employee committed assault and battery, intentional infliction of emotional distress (outrage), and discrimination based on sex/gender.
- July 2026: The City was notified of a small claims action filed by the Plaintiff alleging that damages resulted from actions taken by City staff during the course of official City operations.

9. Dwayne C Woodard, rep of Estate of Billiene Eva Cameron vs. Sara Madrigal and John Doe Madrigal, Benton County, Benton County Animal Control Authority, City of Kennewick, Tri-Cities Animal Shelter & Control Services and Animal Control Authority and John & Jane Does 1-10

Counsel: Brian Augenthaler

Current Status: Lawsuit filed

- July 2026: The City was notified of a lawsuit filed by Plaintiff alleging a breach of duty by failing to take reasonable measures to abate a known danger to the public.

10. Josephina Garcia as guardian minor L.G.G vs. City of Pasco and Knockerball Tricities LLC

Counsel: Colton Arias & Elizabeth Troutman

Current Status: Summon received.

- August 2026: The City was notified of a lawsuit filed by the Plaintiff alleging negligence due to failure to take reasonable steps to prevent an attendee being exposed to hazards or risks of hazards.

Risk & Safety:

1. The City just completed their 2026 Member Annual Audit with WCIA. The audit was focused on Public Works with an emphasis on roadways. The City completed a questionnaire before the in-person meeting and discussed the responses with the City's assigned Risk Management Representatives. WCIA had no findings and were pleased with the overall audit results.
2. A review of the City's Risk Profile provided by WCIA found that, compared with similar jurisdictions, the City experienced fewer claims overall than projected. However, total incurred costs were significantly higher than expected, primarily due to public safety claims associated with the Police Department.
3. Data below shows different slices of data related to claims and provides data compared to comparable cities within the WCIA risk pool
 - a. Claim volume is below expectation. Pasco recorded 161 claims against an expected 225 - below what a city our size would typically generate.
 - b. Claim cost is well above expectation, and the cause is concentrated. Total losses incurred were \$24.6 million against an expected \$7.3 million. Public Safety accounts for \$21.9 million, or 89 percent, of that total. Majority of this claim is due to one claim.
 - c. When Public Safety is removed, the City performs better than expected.

City of Pasco - Claims by Coverage Type (Incurred from Jun 2025- Jul 2026):

Sub Coverage	Expected Claim Count	Actual Claim Count	Expected Total Incurred	Actual Total Incurred	Actual as % of Expected
Auto Liability	33	25	\$1,570,485.96	\$377,257.69	24.0%
Employment Practices	5	3	\$535,786.85	\$362,104.97	67.6%
Errors & Omissions	6	9	\$161,477.74	\$380,738.84	235.8%
General Liability	149	67	\$2,275,668.07	\$1,635,147.49	71.9%
Public Safety	32	57	\$2,717,524.99	\$21,884,289.32	805.3%
Total	225	161	\$7,260,943.61	\$24,639,538.31	339.3%

Comparable Member Group – Claims by Coverage Type:

Comparable groups include cities like Kennewick, Richland, Walla Walla, Bremerton, Camas, Edmonds etc.

Sub Coverage	Group Claim Count	Group Average Claim Count	Group Total Incurred	Group Average Total Incurred
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Auto Liability	636	25.44	\$30,494,873.03	\$1,219,794.92
Employment Practices	89	3.56	\$10,403,628.07	\$416,145.12
Errors & Omissions	108	4.32	\$3,135,490.16	\$125,419.61
General Liability	2,899	115.96	\$44,187,729.58	\$1,767,509.18
Public Safety	613	24.52	\$52,767,475.53	\$2,110,699.02
Total	4,345	173.80	\$140,989,196.37	\$5,639,567.85

Public Records:

The office received 184 new public records requests during the reporting period of 8/31/26-9/30/26. The backlog from the City Clerk vacancy is being worked down, but an increase in complex, time-consuming requests is slowing overall response times.

Year to date through September 30, the City has received 1,184 requests, up 36.4 percent from 868 during the same period in 2025. As of September 30, 251 requests remain open.

The Police Department accounts for nearly 70% of requests, and the Community and Economic Development Department for 16%. Volume alone does not reflect workload: request complexity varies widely and drives the staff time required to respond.

There has been a significant increase in requests for BWC footage for use in social media and other online content, including YouTube channels and crime podcasts. In the past three days alone, we received 32 requests from a single individual. Additionally, we have received more than 50 BWC footage requests for content-related purposes within the past month.

Below are some hot topics that generated public records requests:

1. Animal Shelter (9)
2. Police Case of High Public Interest (10)
3. Flock/ALPR (7)
4. One Pasco / Axon Connect / Fusus Community Camera Program (6)

Human Resources Director, Sara Matzen

Reporting Month: September 2026

1. Headcount vs. Budgeted Positions

- Active Headcount: 445
- Budgeted Positions: 510.35
- Variance: - 65.35

2. Recruitment Activity

- Open Positions (as of month-end): 14
- Positions Filled This Month: 4
 - Planner I
 - Publics Works Finance Analyst
 - Groundmen II
 - Deputy Court Clerk
- Critical/Hard to Fill positions:

- Senior Engineer: Candidate invited to final round interviews
- Engineering Technician II: Offer has been made. Tentative Start Date of Oct. 26th
- Public Information Officer: Offer has been accepted. Start Day on Oct. 26th

3. Medical Claims – Trends & Budget to Actual

- YTD Claims (Budget vs. Actual): \$7,738,030 vs. \$6,492,970
- % of Budget Used YTD: 83.9%

4. Year to Date (YTD) Medical Claim Costs by Plan

Paid claims through August 31, 2026	Current Member Count	Avg. Monthly Enrollment	Current Enrollment	Total Fixed Costs	Net Paid Claims	Total Plan Cost
Medical/Rx						
PERS	629	234	237	\$343,452	\$2,803,084	\$3,146,537
LEOFF	673	193	191	\$303,988	\$2,302,719	\$2,606,707
Retirees	29	29	29	\$27,745	\$106,431	\$134,176
Total	1,331	456	457	\$1,280,736	\$5,212,234	\$6,492,970

5. Leave Counts

- Protected Leave of Absence (PFML, FMLA)
 - Intermittent Schedule: 11
 - Continuous: 14
- Workers' Compensation: 1

7. Worker Compensation Claims (for prior month)

- # of incidents: 4
- # of time loss cases: 1
- Total YTD # of Cases: 48

8. Turnover Rate (YTD)

- Voluntary: 4.96%
- Involuntary: 1.35%
- Total Turnover YTD: 7.89%
- Average Length of Service at separation: 4.5 years

9. Strategic Projects:

- **Executive Recruitment:**
 - **IT Director:** A candidate has been identified for selection. This position is pending budget outcome.
 - **Communications Manager:** Filled
- **Labor Relations:**
 - **IAFF 1433:** Held our 3rd and 4th contract negotiation sessions.
 - **IUOE (Public Works, Parks, Facilities and Animal Shelter):** Held our 1st contract negotiation session.
 - **PPOA – Non-Uniformed:** Held our 1st contract negotiation session.
- **Employee Benefits:** Preparing for Open Enrollment that will occur October 26th - November 6th.
 - HR will be using our payroll system for enrollment and will be moving away from paper enrollment forms. This is an ongoing process improvement project for the HR department to better utilize our systems and transition away from paper.

- **Recruitment & HR Systems:** Streamlined and clarified the candidate interview process with enhanced communications to hiring manager and interview panel. Incorporated department administrators to assist in scheduling.
 - **Establish Service Level Agreements (SLAs) and standardized recruitment timelines** to improve accountability, operational efficiency, and time-to-fill from job opening through successful hire.
 - **Strengthen candidate communication standards** by providing timely, consistent updates throughout the recruitment lifecycle to enhance the candidate experience, reinforce the City's employer brand, and improve overall customer service.
- **Personnel Processes & Compliance:** Requiring job description update for positions at time of turnover. Implementing a requirement for manager/employee review and acknowledgement of job description at annual performance appraisal.
 - **Transition to Skills-Based Hiring:** Modernize recruitment practices by prioritizing demonstrated competencies, capabilities, and job-related skills over traditional credentials such as degrees and previous job titles. This approach can expand qualified talent pools, reduce unnecessary barriers to employment, and strengthen alignment between candidate capabilities and organizational needs
- **Technology & Process Improvement:** Tested Microsoft 365 AI tool that will source from internal HR files as well as external resources. This is in preparation for ChatGPT subscription ending as part of a cost savings measure.

Finance Director, Kevin Hebdon

AO Engagement

We continue to coordinate with the Washington State Auditor's Office (SAO) regarding the Annual Comprehensive Financial Report (ACFR) and ongoing audits for the PFD and the City. Federal oversight agencies have been notified of the delay.

AP Optimizer

Accounting and IT staff have been working with US Bank Representatives to implement a time saving vendor payment managing system. We are about halfway through the implementation. Once implemented the system will manage all vendor payment information and process vendor payments via ACH and other means where possible like P Card. The City will no longer maintain and manage sensitive vendor payment information and will see a significant reduction in paper checks mailed and postage costs. Potential exists for vendors that accept credit card where we could see increases in rebates through our credit card provider. This will be managed by US Bank and is cost neutral.

2027-2028 Budget Development

Staff and departments continue to work through the budget process. We are encouraged by the work they are doing, and this truly is an all-hands-on-deck approach throughout the City.

Utility Billing Shut Off

We are not yet back to the pre-summer not month shut off levels but are approaching it quickly and hope to see things normalize by the end of October. Staff are busy on the phones, responding to emails, and assisting customers with their billing questions and needs.

Organizational Culture & Staffing Transitions

Accounting Staff

We received a resignation from one of our Accounting Assistants that mainly works in our Treasury functions and continue to be short staffed in other areas in accounting with FMLA and other vacancies.

Team Culture

Overall team morale continues to strengthen as we onboard and train new personnel, which will improve work-life balance across the department. As part of our professional development efforts, staff is currently studying Habit 3 (Put First Things First) from Stephen R. Covey's *The 7 Habits of Highly Effective People*. We are seeing a steady increase in staff engagement through our monthly mandatory Finance Department meetings and other efforts to foster a positive culture.

This past week we celebrated National Customer Service week and honored the great work of our outward facing staff that interact with our customers.

We remain proud to serve the residents of Pasco and appreciate your continued support as we modernize our services, strengthen financial operations, and build a high-performing team.

Community & Economic Development Director, Haylie Matson

Community & Economic Development – Planning and Code Updates

CED is busy working on the Comprehensive Plan Update, Future Land Use Maps, Unified Development Code (UDC), and Critical Areas Ordinance, all due by the end of the year. We have a tight turnaround and a lot of work ahead of us. A few things to note:

CED will be sending a citywide postcard to property owners notifying them of proposed land use and zoning map changes. Feedback is welcome, and requests that cannot be addressed by year-end will be reviewed more closely by staff next year.

On September 30, CED held an outreach event with local applicants and developers. We had a great turnout and received valuable feedback. Notably, at least three of the twenty attendees mentioned improvements to the City's pre-application meetings and development review processes over the past year. While encouraging, we also recognized there is still a lot of work to do to address longstanding issues with the Municipal Code, zoning, and land use maps.

CED is tackling this work in phases. This year's priorities are to address state mandates, correct significant zoning and land use mapping issues, and clarify permitting processes. State requirements include changes related to climate change, housing, transitional housing, co-housing, permit review timelines, and more.

Council will see several draft land use actions toward the end of October. CED has checked in with Council throughout the year on larger topics, including the land capacity analysis, Comprehensive Plan, and commercial zoning issues, so Council should already be familiar with the general direction of these efforts. **The City must adopt the Comprehensive Plan and associated state-mandated code changes by the end of 2026 to remain in compliance and avoid potential delays in grant funding.** Issues that can wait will be carried into next year, while those that cannot will be clearly identified during Council presentations.

We anticipate additional feedback from developers and applicants on the UDC. While staff welcome the comments, we do not have the capacity to address everything this year. Remaining issues will be reviewed and prioritized in future phases in coordination with the

City Manager's Office and Council.

This is a long-term project that we will continue to work through over the next several years, including updates to outdated regulations as needed.

CED is excited to continue cleaning up and streamlining our codes and maps to make the development process clearer and more predictable for our customers and community. We have made progress, but there is plenty more to come.

Code Enforcement Update

During September, Code Enforcement received 186 complaints, opened 101 cases, and closed 99 cases. The most common complaints involved residential properties (33), commercial properties (18), animal issues (14), and blowing dust (9), along with concerns involving rights-of-way, noise, building violations, rental properties, dangerous buildings, and illegally stored vehicles.

At month's end, staff had 252 open cases, 289 cases requiring follow-up, and 148 backlogged complaints pending verification. Staff also handled 768 phone calls, 58 counter contacts, and 26 field contacts unrelated to active cases.

Temporary Code Enforcement Officers

The City's two temporary officers completed 279 inspections in September, helping reduce the complaint backlog and allowing permanent staff to focus on complex cases, property cleanups, voluntary correction agreements, and business licensing.

Temporary officers continue proactive outreach on nuisance properties, dry weeds, RV storage, and unlicensed roadside vending, which has increased seasonally. Alternating weekday, evening, and weekend schedules provide enforcement coverage outside regular business hours.

Code Enforcement Board

On September 3, all five volunteer Board members attended the monthly hearing. Four cases went unchallenged, resulting in penalties, while five cases were continued as property owners worked toward compliance.

Enforcement Priorities

Complaints continue to focus on nuisance properties, particularly weeds and unpermitted construction, with commercial property complaints increasing over previous months. Staff prioritize violations based on severity and public safety risks, including fire hazards.

Code Enforcement emphasizes voluntary compliance through education, direct outreach, Courtesy Correction Notices, and Voluntary Correction Agreements. Staff establish reasonable timelines and phased corrections when appropriate, reducing the need for formal enforcement.

Overall, temporary staffing has improved complaint response, reduced the backlog, expanded proactive enforcement, and allowed greater attention to longstanding and complex violations.

Public Works Director, Maria Serra

October 2026 City Manager's Report - Public Works Department

1 . Winter Weather Response Preparedness

Preparation for the upcoming winter season is underway. Streets crews are stocking snow and ice control materials, including Ice Slicer and liquid magnesium chloride. Equipment inspections are underway, including servicing of dump truck and pickup plows and calibration of deicer truck.

On November 3, PW Operations crews will attend Winter Weather Response Training ,covering plow operations, loading, route management, and review of best practices for de-icing material use.

Crew scheduling is in progress to ensure full day and night coverage, including emergency response.

Updated snowplow and de-icing priority route maps for the 2026–2027 season are being finalized, with draft versions shared with stakeholders such as the Pasco School District, Emergency Services, Columbia Basin College, and Basin Disposal for coordination. Final maps will be publicly available by November 1st.

2. Cable Bridge lighting study

A few years back, the City of Pasco committed to leading the feasibility study and conceptual design for a color-changing lighting system on the Cable Bridge, intended to serve as an economic development/visitor attraction project. This is a regional effort involving private stakeholders and other agencies in the area.

We are nearing completion of that work, with all deliverables anticipated to be finalized in October. Final drafts were provided for review by the Consultant (Psomas), stakeholder comments collected and shared with the consultant. We await final renderings and report. City staff is coordinating with Visit Tri-Cities, on a potential presentation of the consultant's findings to the Visit Tri-Cities Board later this year. This presentation would serve as an appropriate hand-off milestone and it fulfills the intent of the current Interlocal Agreement for Pasco's role in this effort.

The next phase of the project will focus on fundraising. We understand that similar projects in neighboring states have successfully secured legislative funding, supplemented by significant private-sector contributions. Once funding is secured, the project could proceed into final design and construction.

2024-2025 City Council Goals

QUALITY OF LIFE

Promote a high-quality of life through quality programs, services and appropriate investment and re- investment in community infrastructure.

FINANCIAL SUSTAINABILITY

Enhance the long-term viability, value, and service levels of services and programs.

COMMUNITY TRANSPORTATION NETWORK

Promote a highly functional multi-modal transportation system.

COMMUNITY SAFETY

Implement targeted strategies to reduce crime through strategic investments in infrastructure, staffing, and equipment.

ECONOMIC VITALITY

Promote and encourage economic vitality.

CITY IDENTITY

Identify opportunities to enhance City of Pasco identity, cohesion, and image.

2024-2025

METAS DEL CONCEJO MUNICIPAL

CALIDAD DE VIDA

Promover una alta calidad de vida a través de programas, servicios y inversión apropiada y reinversión en la comunidad infraestructura comunitaria.

SOSTENIBILIDAD FINANCIERA

Promover viabilidad financiera a largo plazo, valor, y niveles de calidad de los servicios y programas.

RED DE TRANSPORTE DE LA COMUNIDAD

Promover un sistema de transporte multimodal altamente funcional.

SEGURIDAD DE NUESTRA COMUNIDAD

Implementar estrategias específicas para reducir la delincuencia por medios de inversiones estratégicas en infraestructura, personal y equipo.

VITALIDAD ECONOMICA

Promover y fomentar vitalidad económica.

IDENTIDAD COMUNITARIA

Identificar oportunidades para mejorar la identidad comunitaria, la cohesión, y la imagen.