

**FINANCE & ADMINISTRATION  
COMMITTEE MEETING AGENDA FOR  
September 21, 2020  
1:15 p.m. – 3:15 p.m.**

The Spokane City Council's Finance & Administration Committee meeting will be held at **1:15 p.m. on September 21, 2020** as a Webex Meeting, 808 West Spokane Falls Boulevard, Spokane, Washington.

The meeting will be conducted in a standing committee format. Because a quorum of the City Council may be present, the standing committee meeting will be conducted as a committee of the whole council.

The meeting will be open to the public, with the possibility of moving or reconvening into executive session only with the members of the City Council and the appropriate staff. No legislative action will be taken. No public testimony will be taken and discussion will be limited to appropriate officials and staff.

**AGENDA**

**I. Call to Order**

**II. Approval of Minutes from August 17, 2020 Meeting**

**III. Consent Items**

A. None

**IV. Discussion Requests**

- |  |               |
|--|---------------|
| a) Reserve SMC Change_Sept 2020 (5 min)                    | Tonya Wallace |
| b) General Fund Reserve Balances_Sept 2020 (5 min)         | Tonya Wallace |
| c) Financing for Engineering Services Relocation (5 min)   | Tonya Wallace |
| d) New Lease with Frontier Behavioral Health (5 min)       | Dave Steele   |
| e) CARES Amendment and SBO (5 min)                         | Sally Stopher |
| f) SBO for City COVID-19 Response (5 min)                  | Paul Ingiosi  |
| g) Contract Amendment for Special Counsel Contract (5 min) | Mike Ormsby   |

**V. Standing Topic Discussions**

- |  |                      |
|--|----------------------|
| 1. 21 <sup>st</sup> Century Workforce - Frequency: May, July, September, November (5-10 minutes) | Amber Richards       |
| 2. Intra-fund Budget Transfer Report and General Fund Update (5 min)                             | Paul Ingiosi         |
| 3. Monthly General Fund Report (5 min)   | Paul Ingiosi         |
| 4. Financial Update (10 min)   | Paul Ingiosi         |
| 5. Budget Update - Process (5 min)   | Paul Ingiosi/Wallace |

**VI. Adjournment**

**Next Finance & Administration meeting will be on Monday, October 19, 2020, at 1:15 p.m.**

**AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION:** *The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or [msteinolfson@spokanecity.org](mailto:msteinolfson@spokanecity.org). Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.*

*“A good financial plan is a road map that shows us exactly how the choices we make today will affect our future” – Alexa Von Tobel*

**STANDING COMMITTEE MINUTES**  
**City of Spokane**  
**Finance & Administration Committee**  
**08/017/2020 – DRAFT**

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**Attendance**

Council Member Candace Mumm, Council Member Lori Kinnear, Council President Breean Beggs, Council Member Becky Wilkerson, Council Member Michael Cathcart, Council Member Karen Stratton, Council Member Kate Burke, Tonya Wallace, Paul Ingiosi, Matthew Davis, Tyler Benner, Jay Atwood, Meghann Steinolfson, Brian Schaeffer, Hannahlee Allers, Jake Hensley, Mike Ormsby, Eric Finch, Brian McClatchey, Wes Crago, Erik Poulsen, David Paine, Tim Dunivant, David Steele, Julie O'Berg, Matthew Lowmaster, Kandace Watkins.

Meeting started at 1:15 p.m.

This meeting was conducted through Web Ex

**Approval of Minutes:**

Meeting Minutes for July were approved.

**Agenda Items:**

III. Consent Items were approved without discussion:

- a) **Five Mile Prairie Neighborhood Council Public Art Project Permit and License for Right of Way**

IV. Discussion Items:

- a) **Restoration of Traffic Calming Funds from SPD – Council President**

Council President, briefed the Committee regarding this item. Tonya Wallace (CFO) provided some language changes to the items submitted in the agenda packet. The changes were accepted by Council. CM Cathcart commented that he spoke with Asst. Chief Lundgren prior to the meeting and stated that the feedback was that the return of the funds to the program had a possibility to impact the NRO program. CP responded that the program originally did provide some financial support for the NRO program but that had been eliminated a few years back and the Traffic Calming Program only covered school zone enforcement by SPD as the ordinance indicated on a reimbursement basis only documented by proper paperwork. Please see the agenda packet for submitted documents to the committee.

- b) **Strategic Reserve and Intrafund Transfers Ordinance Changes – Tim Dunivant**

Tim Dunivant, Budget Analyst – Council Office, briefed the Committee regarding this item. Tim stated he had collaborated with Tonya Wallace (CFO) and Paul Ingosi, Director of Mgmt and Budget, identifying some language that required some modification in the drafted ordinances. The intention is for a holistic review to serve as a look back on salary and benefit savings over the year which could be “swept” into the appropriate reserve account once the review had been concluded. Codifying that salary savings may not be used for a different budget line item. This can only occur by SBO (Special Budget Ordinance) but the ordinance outlines the process as well. This would be effective January 1, 2021 in order to start with a fresh, new year. There was

continued discussion about prioritization for reserves including how to fund reserves with any “year-end” surplus. Tonya requested that a standard definition be used and which reserve fund would be funded first. This needs more continued discussion per Tonya. This allows time for talk and tweaks before bringing the final draft before full council. This would include an update to the code by 12/31/2020 and to start 2021 with the intent of managing any surpluses under the enacted ordinances strategic plan as Tonya explained to Council. Please see the agenda packet for submitted documents to the committee.

**c) State Legislative Lobbying Service Agreements Presentation – Erik Poulsen**

Erik Poulsen, Intergovernmental Affairs – Council Office, briefed the Committee regarding this item. The State Legislative Team is asking for an extension to the current contracts with Luke Esser and Nick Federici as contracted Lobbyists in light of the state of the current pandemic. This would be the last extension allowed under the current contract and any new contract would have to be under a new RFP. The extension did have a financial impact with an increase in the contractual amount. The increase in contract amount for the extension was done after research was performed and reflected that the marketplace was paying higher than previous contractual amounts with Esser and Federici. The extension will run through June 30, 2021. Please see the agenda packet for submitted documents to the committee.

**d) Settlement Request of Overbilled Waste Water Charges – Corin Morse**

Marlene Feist emailed requesting on the day of Committee the item be pulled from the agenda. The item was **NOT** briefed. Please see the agenda packet for submitted documents to the committee.

**e) Renewal of Insurance Coverage Presentation – Mike Ormsby**

Mike Ormsby, City Attorney, briefed the Committee regarding this item. His presentation outlined the coverage premiums and recommendations from brokers. There was some discussion around Cyber Insurance and if there was adequate amounts of coverage in place. Mike explained the rates have increased at least 20-30% since last time. The coverage will be in effect starting 9/1/2020. Please see the agenda packet for submitted documents to the committee.

**f) ILA Contract Update and Review – Chief Schaefer/WesCrago**

Wes Crago, City Administrator, briefed the Committee regarding this item. Reported along with Chief Schaefer that the new contract is still in negotiation. They plan to have it come forward soon to City Council and County Commissioners to review for approval. Please see attached presentation.

**g) Department CV Presentations – Tonya Wallace**

Eric Finch, Chief Innovation and Technology Officer, briefed the Committee regarding his department and impacts from COVID. Amber Richards, Director of Human Resources, briefed the Committee on her department impacts from COVID. Meghann Steinolfson, Labor Relations Manager, briefed the Committee on impacts on labor relations due to COVID. Matt Lowmaster, Safety Manager, briefed the Committee on the impacts of COVID on employee safety and submitted claims for injury. Dave Steele, Acting Director of Asset Mgt, briefed the Committee on city owned assets and City Hall cleaning and sanitization – especially around a COVID positive employee. David Paine, Director of Fleet Services, briefed the Committee on the impacts of COVID in his department. Please see the agenda packet for submitted documents to the committee.

**h) Public Safety SPI Refinance Options – Tonya Wallace**

Tonya Wallace, CFO, briefed the Committee regarding this item. Tonya reviewed with Council three options. Tonya recommends Option 3 to be able to end the loan terms earlier. Council felt there was more discussion needed on terms before they could give a directive on which option. Please see the agenda packet for submitted documents to the committee.

**i) CV city Costs Update – Tonya Wallace**

Tyler Benner, Internal Auditor, briefed the Committee regarding this item. Please see the agenda packet for submitted documents to the committee.

**j) 2020 Cost Containment Update – Tonya Wallace**

Tonya Wallace, CFO, briefed the Committee regarding this item. Please see the agenda packet for submitted documents to the committee.

**k) General Fund Reserves – Tonya Wallace**

Tonya Wallace, CFO, briefed the Committee regarding this item. Please see the agenda packet for submitted documents to the committee.

V. Standing Topic Items:

**1. Intra-fund Transfer Report and General Fund Update– Paul Ingiosi**

Paul Ingiosi, Director of Management & Budget, briefed the Committee regarding this item. Please see the agenda packet for submitted documents to the committee and the end of this document for the Intra-Fund Budget Transfer Reports not included in the agenda packet.

**2. Monthly General Fund Report – Paul Ingiosi**

Paul Ingiosi, Director of Management & Budget, briefed the Committee regarding this item. Revenues to date are down 5.4 % some speculation that it could be because of the extension property taxes and state sales tax due to COVID. Please see the agenda packet for submitted documents to the committee.

**3. Financial Update – Paul Ingiosi**

Paul Ingiosi, Director of Management & Budget, briefed the Committee regarding this item. Please see the agenda packet for submitted documents to the committee.

**4. Budget Update – Paul Ingiosi**

Paul Ingiosi, Director of Management & Budget, briefed the Committee regarding this item. Paul stated work continues on the 2021 Budget for presenting to the Council later this year. Please see the agenda packet for submitted documents to the committee.

**Adjournment**

The meeting was adjourned at 3:14 p.m., next meeting calendared for September 21, 2020 at 1:15 p.m.

Prepared by:

Kandace Watkins

Approved by:

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Chair

Council Member Candace Mumm


For further information contact: Kandace Watkins, 625-6718

# MEMO



**Finance Division**  
808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3313  
(509) 625-6845

**Tonya Wallace**  
Chief Financial Officer

To: Mayor Woodward, Council President Beggs, & City Council Members  
From: Tonya Wallace, Chief Financial Officer  
Date: September 11, 2020  
Subject: General Fund Update

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Attached for your information is an update of changes in the General Fund through August 2020.

If you have any questions, please call me at x6845.

2020 Budget as of 08/31/20	\$213,348,921
2020 Adopted Budget	<u>\$206,918,438</u>
Net Addition to Budget	\$ 6,430,483

TW: pi  
pc: City Administrator Wes Crago

Attachment

**ALL CHANGES INCREASING OR DECREASING THE GENERAL FUND AS OF August 31, 2020**

Date	Department	Reason	Additional Expenditure	From Unapp. Reserves	From Add'l Revenue	Encumbrance Carryover	Operating Transfer In	Reference Document
1/31/2020	General Fund	Encumbrance Carryover				\$ 2,989,424.00		
2/3/2020	0300 - Human Services	funding to expand emergency shelter facilities with needed services to ensure that people experiencing homelessness in Spokane are safe and assisted in obtaining the services they need to exit homelessness	\$31,300.00	\$31,300.00				C35887
2/10/2020	0300 - Human Services	funding to expand emergency shelter facilities with needed services to ensure that people experiencing homelessness in Spokane are safe and assisted in obtaining the services they need to exit homelessness	\$18,466.00	\$18,466.00				C35891
2/26/2020	0300 - Human Services	to fund two permanent housing projects to help alleviate emergency need in the community	\$280,000.00	\$280,000.00				C35892
2/26/2020	0020 - Non-Departmental	to budget extra funds for SCRAPS regarding a one-time deficiency payment and to cover a budget deficit for the 2020 contract amount	\$110,000.00	\$110,000.00				C35886
3/23/2020	0520 - Mayor's Office	To create a Director of Emergency Management Position	\$151,800.00	\$151,800.00				C35857
7/1/2020	0680 - Police	To recognize unbudgeted revenue and expenditure pertaining to acceptance of a Spokane Transit Authority contract for law enforcement presence on buses.	\$76,678.00		\$76,678.00			C35918
8/17/2020	0020 - Non-Departmental	To budget CARES Act funds for City response to COVID-19 pandemic.	\$2,902,815.00		\$2,902,815.00			C35929
8/27/2020	0650 - Planning Services	Contra salaries and benefits for grant work performed by Planning Services staff	-\$130,000.00		-\$130,000.00			
		<b>Total</b>	<b>\$3,441,059.00</b>	<b>\$591,566.00</b>	<b>\$2,849,493.00</b>	<b>\$2,989,424.00</b>		



# MEMO



**Finance Division**  
808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3313  
(509) 625-6845

**Tonya Wallace**  
Chief Financial Officer

 To: Mayor Woodward, Council President Beggs, & City Council Members  
From: Tonya Wallace, Chief Financial Officer  
Date: September 11, 2020  
Subject: Intrafund Budget Transfer Report for August 2020

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In accordance with SMC 7.09 – Intrafund Budget Transfers, Section 7.09.020 - Report required, attached please find the report for August 2020.

If you have any questions, please call me at x6845.

TW/pi

pc: City Administrator Wes Crago

Attachment

Intrafund Budget Transfers  
Per SMC 7.09.020  
Report for August 2020

FUND/DEPT	FROM	TO	AMOUNT	PURPOSE
0230 - Civil Service	Various Accounts	Reserve for COVID Cost Containment	\$128,018.00	Move budget authority to COVID cost containment reserve
0230 - Civil Service	Chief Examiner	Various Accounts	\$23,771.00	Move salary savings to budget for temporary seasonal, project employee, overtime, and out of grade
0330 - Communications	Various Accounts	Reserve for COVID Cost Containment	\$15,500.00	Move budget authority to COVID cost containment reserve
0370 - Engineering Services	Various Accounts	Reserve for COVID Cost Containment	\$230,660.00	Move budget authority to COVID cost containment reserve
0410 - Finance	Various Accounts	Reserve for COVID Cost Containment	\$167,037.00	Move budget authority to COVID cost containment reserve
0500 - Legal	Various Accounts	Reserve for COVID Cost Containment	\$145,163.00	Move budget authority to COVID cost containment reserve
0520 - Mayor's Office	Various Accounts	Reserve for COVID Cost Containment	\$70,000.00	Move budget authority to COVID cost containment reserve
0570 - Office of Hearing Examiner	Various Accounts	Reserve for COVID Cost Containment	\$5,000.00	Move budget authority to COVID cost containment reserve
0620 - Human Resources	Various Accounts	Reserve for COVID Cost Containment	\$132,737.00	Move budget authority to COVID cost containment reserve
0680 - Police	Spokane County Intergovernmental	Building Improvements	\$22,868.00	Transfer of funds for security system and fiber upgrades to the Downtown Police Precinct
0680 - Police	Various Accounts	Reserve for COVID Cost Containment	\$1,379,918.00	Move budget authority to COVID cost containment reserve
0680 - Police	Transfer-Out	Building Improvements	\$2,151.00	Building improvements at Gardner facility
0700 - Public Defender	Public Defender I	Public Defender II	\$24,868.00	Progressive promotion
1300 - Library	Various Accounts	Reserve for COVID Cost Containment	\$400,000.00	Move budget authority to COVID cost containment reserve
1460 - Parking Meters	Parking Enforcement Specialist	Program Professional	\$71,268.00	Civil Service position reclass
1970 - Fire/EMS	Various Accounts	Reserve for COVID Cost Containment	\$1,785,000.00	Move budget authority to COVID cost containment reserve
4100 - Water	Certified Water Service Specialist	Water Service Specialist	\$20,314.00	Downgrade of a vacant position for hiring

4490 - Solid Waste Disposal	Equipment Repair/Maintenance	Other Improvements	\$132,500.00	Roadwork to new ash bypass building
5300 - ITSD	Various Accounts	Reserve for COVID Cost Containment	\$298,613.00	Move budget authority to COVID cost containment reserve
5300 - ITSD	Info Systems Analyst I	Info Systems Analyst II	\$29,264.00	Civil Service position reclass
5310 - IT Capital Replacement	Fiber Optics	Reserve for COVID Cost Containment	\$115,451.00	Move budget authority to COVID cost containment reserve
5600 - Accounting Services	Various Accounts	Reserve for COVID Cost Containment	\$168,711.00	Move budget authority to COVID cost containment reserve
5700 - My Spokane	Program Professional	Software (Non-Capitalized)	\$11,500.00	Transfer funds for software purchase and set-up
5700 - My Spokane	Various Accounts	Reserve for COVID Cost Containment	\$24,192.00	Move budget authority to COVID cost containment reserve
5700 - My Spokane	Customer Service Assistant	Customer Service Specialist	\$2,358.00	Progressive promotion
5900 - Asset Management	Various Accounts	Reserve for COVID Cost Containment	\$120,000.00	Move budget authority to COVID cost containment reserve

# Memo

**To:** Spokane City Council Members  
**From:** Tonya Wallace, CFO  
**Cc:** Wes Crago, City Administrator  
Michelle Hughes, Accounting Director  
**Date:** September 21, 2022  
**Re:** General Fund Reserves and SMC Changes

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The City of Spokane has taken great measures to ensure the financial stability of its General Fund. One of those critical measures, and notably a best practice, is the establishment of a Fund Balance policy for the General Fund.

## **Background:**

Fund balance is intended to be a measure of the financial resources available and is categorized based on type of resource and constraints on how those resources can be spent. Generally, “resources” in the General Fund are defined as spendable net assets (cash, investments, & receivables, etc. less payables & other liabilities). As such, there are 5 categories of fund balance:

- Non-spendable – usually inventory items
- Restricted – usually federal or state grants that are restricted in use
- Committed – *usually restricted by the legal actions of the local government*
- Assigned – *usually restricted by designations of the local government*
- Unassigned – *not restricted*

Unrestricted

The last three categories (Committed, Assigned and Unassigned) are termed “unrestricted” and represent an accumulated unspent balance of monies from prior years.

It is highly recommended, if not essential, that the City maintain adequate levels of fund balance to mitigate risk, ensure the continuation of critical services with stable tax rates, and promote a healthy bond rating. The following topics are intended to invite discussion to amend the City’s code regarding General Fund Balance reserves accordingly.

**Appropriate Unrestricted Fund Balance Level** – Generally, an adequate level of unrestricted fund balance should take into account the specific issues of the local government. In the absence of a detailed analysis, best practice as recommended by GFOA, is 16.67% of general operating revenues or general operating expenditures.

- ✓ At a minimum, Finance suggests that the City maintain an unrestricted fund balance, excluding encumbrances, at a level of 15% to 20% of budgeted general operating expenditures. Expenditures appear to be more predictable than revenues and would, therefore, be a preferred measure for fund balance levels. City Council may deem it appropriate to have a higher level due to the portion of unrestricted fund balance committed and/or assigned to other purposes.

**Portions of Unrestricted Fund Balance** – The City currently has its unrestricted fund balance segregated as follows:

- **Encumbrances** – to account for commitments contractually made by the City at the end of the fiscal year based on the balance of outstanding purchase orders.
- **Revenue Stabilization Account** (or reserve) – basically to ensure the continuation of critical services in the event of revenue losses funded at a level equal to 3.5% of budgeted revenues.
- **Contingency Account** (or reserve) – basically to ensure the City's ability to address an unplanned or emergent event funded at a level equal to 10% of budgeted expenditures.
- **Unappropriated Reserve** - the remaining amount of the unrestricted fund balance for any purpose deemed appropriate by the City Council.

As of Dec. 31, 2019, the **Budgetary General Fund Balance** was classified as follows, based on constraints:

Assigned Funds for Encumbrance Rollover	\$ 2,989,424
Revenue Stabilization Reserve Balance	7,248,506
Contingency Reserve Balance	20,691,844
Unappropriated Fund Balance	<u>19,612,969</u>
<b>Budgetary General Fund Balance</b>	<b>\$47,553,318</b>

This equaled 23.0% of the 2020 Adopted Budgeted Expenses for the General Fund.

**Priority Funding Order** – Generally, when a local government opts to establish more than one assigned or committed reserve or account, the highest priority reserve or account for funding is the one that protects against an emergent or unplanned situations.

- ✓ Finance suggests that the City fund special reserves or accounts in the following priority order:

  - **Contingency Reserve** – to ensure that funding is available for unplanned or emergent events. These events *typically* do not meet the criteria for use of the Revenue Stabilization Reserve.
  - **Revenue Stabilization Reserve** – to ensure priority programs continue in the event that program revenue or overall city revenue is temporarily impacted.
  - **Strategic Reserve** – to provide seed funding for initiatives or pilot programs that could not alternatively be funded.

**Alternative** – The City Council may want to consider combining the Contingency Reserve and Revenue Stabilization Reserve into a single “Emergency/Revenue Stabilization Reserve”. A single reserve could be funded at 13.5% of budgeted operating expenditures. This is a very common practice and offers greater financial flexibility to address issues based on the combined criteria. The approval process would be same as currently described.

**Funding Level Formulas** – The simpler, the better! Reserves are funded from unused prior year resources, defined to be net resources of the General Fund. The policy question asked is to what level the special reserves or accounts should be funded. The answer is commonly either a flat dollar amount, like \$1 million, or a % of operating revenue or expenditures.

- ✓ Finance suggests that the following funding level formulas:

  - **Contingency Reserve** – 10% of budgeted operating expenditures.
  - **Revenue Stabilization Reserve** – 3.5% of budgeted operating revenues.
  - **Strategic Reserve** – 1% to 3% of budgeted operating expenditures.

These funding level formulas are easy to understand and calculate. Additionally, they would collectively ensure that the City maintain a total unrestricted balance of 15% to 20% of budgeted expenditures.

*Use and Replenishment* – The use of any unrestricted fund balance, regardless of which reserve or account, should require authorization from the City Council.

Replenishment of reserves is dependent on the economic and operational situation.

- ✓ Finance suggests that the following replenishment guidelines:
- Excess net resources at the end of a fiscal year should be used to replenish the reserves up to the stated levels as soon as reasonably available.
  - Replenishment plans should be incorporated as part the long-term financial planning process and reviewed by the City Council.

## General Fund and Reserve Accounts

- A. There is established a “General Fund” into which all sums of money collected by the City for any purpose whatsoever shall be deposited unless otherwise provided by ordinance directing the deposit into some specific fund other than the General Fund.
- B. A healthy unappropriated fund balance in the General Fund is needed to provide cash flow to pay expenditures when due. A fund balance reserve target allows for cash flow while the City waits to receive tax collections and shared revenues. The unrestricted fund balance is also a security against unforeseen changes or needs.

The General Fund total unrestricted fund balance target should be approximately 15-20% of operating expenditures. The unrestricted fund balance shall never fall below fifteen percent (15%) of the operating expenditures unless authorized by the City Council. Staff will incorporate a plan that restores the funding level(s) as part of the City’s long-term financial planning process.

- C. For purposes of this section, unrestricted fund balance is the residual net resources in the General Fund more than the non-spendable, restricted, and committed for encumbrances fund balance amounts (i.e., surplus) or excess of non-spendable, restricted, and committed for encumbrances fund balance amounts over total fund balance (i.e., deficit).
- D. As part of the unappropriated fund balance, there is established within the General Fund a **Contingency Reserve** equal to at least ten percent (10%) of current-year budgeted General Fund operating expenditures. The reserve shall be created and maintained to pay for emergencies that cannot reasonably be accommodated by current budget appropriations.
  - 1. Appropriation from the Contingency Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.
  - 2. If funds are spent from the Contingency Reserve, it should be replenished as resources become available.
  - 3. Disbursements from the Contingency Reserve are for the purpose of meeting extraordinary expenditures as deemed by the City Council, in consultation with the chief financial officer or designee, to meet the following criteria:
    - a. Unforeseen circumstances arising after the adoption of the annual budget which require an unavoidable and non-continuing allocation; or
    - b. Unforeseen emergency threatening health and/or safety of the citizens; or
    - c. Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or
    - d. Significant operating efficiencies can be achieved resulting in clearly identified near-term and offsetting cost savings.

- E. As part of the unappropriated fund balance, there is established within the General Fund a **Revenue Stabilization Reserve** equal to at least three and one half percent (3.5%) of current-year budgeted General Fund operating revenues, after the Contingency Reserve is fully funded. This reserve would exclude any non-revenues and inter-fund loans within the current year from the calculation. The reserve shall be created and maintained for the revenue stabilization for future city operations and to fund ordinary and ongoing city activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in general fund revenues.
1. Appropriation from the Revenue Stabilization Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.
  2. If funds are spent from the Revenue Stabilization Reserve, it should be replenished as resources become available.
  3. Disbursements from the Revenue Stabilization Reserve are for the purpose of mitigating the impact of revenue shortfalls on critical and core services deemed by the City Council, in consultation with the chief financial officer or designee, to meet the following criteria:
    - a. The revenue shortfall results from revenue collections considered to be materially short of the amount budgeted; and
    - b. The revenue shortfall is expected to persist through the end of the fiscal year; and
    - c. The revenue shortfall is reasonably expected to persist for a period no longer than three (3) years. A revenue shortfall expected to persist beyond three (3) years shall be directly addressed in the current annual budget process through long-term budget measures.
- F. As part of the unappropriated fund balance, there is established within the General Fund a **Strategic Initiative Reserve** equal to at least 1% of current-year General Fund budgeted operating expenses, after the Contingency Reserve and Revenue Stabilization Reserve are fully funded. The reserve shall be created and maintained to provide one-time seed money for initiatives that advance the City's strategic plan.
1. Appropriation from the Strategic Initiative Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.
  2. If funds are spent from the Strategic Initiative Reserve, it should be replenished as resources become available.
- G. The City shall endeavor to avoid the appropriation of fund balance for recurring operating expenditures. If at any time the utilization of a special reserve to pay costs in accordance with criteria outlined in this Section, the chief financial officer, or designee, will include a replenishment strategy through the long-term financial forecasting process on future reserve targets. The strategy will be deliberated by the City Council and become part of the annual budget process whereby the City Council shall approve any proposed incremental amounts.



## General Fund and Reserve Accounts — Establishment

A. There is established a “General Fund” into which all sums of money collected by the City for any purpose whatsoever shall be deposited unless otherwise provided by ordinance directing the deposit into some specific fund other than the General Fund.

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B. A healthy unappropriated fund balance in the General Fund is needed to provide cash flow to pay expenditures when due. A fund balance reserve target allows for cash flow while the City waits to receive tax collections and shared revenues. The unrestricted fund balance is also a security against unforeseen changes or needs.

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The General Fund total unrestricted fund balance target should be approximately 15-20% of operating expenditures. The unrestricted fund balance shall never fall below fifteen percent (15%) of the operating expenditures unless authorized by the City Council. Staff will incorporate a plan that restores the funding level(s) as part of the City’s long-term financial planning process.

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C. For purposes of this section, unrestricted fund balance is the residual net resources in the General Fund more than the non-spendable, restricted, and committed for encumbrances fund balance amounts (i.e., surplus) or excess of non-spendable, restricted, and committed for encumbrances fund balance amounts over total fund balance (i.e., deficit).

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D. As part of the unappropriated fund balance, there is established within the General Fund a Contingency Reserve equal to at least ten percent (10%) of current-year budgeted General Fund operating expenditures. The reserve shall be created and maintained to pay for emergencies that cannot reasonably be accommodated by current budget appropriations.

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1. Appropriation from the Contingency Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.

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2. If funds are spent from the Contingency Reserve, it should be replenished as resources become available.

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3. Disbursements from the Contingency Reserve are for the purpose of meeting extraordinary expenditures as deemed by the City Council, in consultation with the chief financial officer or designee, to meet the following criteria:

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a. Unforeseen circumstances arising after the adoption of the annual budget which require an unavoidable and non-continuing allocation; or

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b. Unforeseen emergency threatening health and/or safety of the citizens; or

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c. Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or

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d. Significant operating efficiencies can be achieved resulting in clearly identified near-term and offsetting cost savings.

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E. As part of the unappropriated fund balance, there is established within the General Fund a Revenue Stabilization Reserve equal to at least three and one half percent (3.5%) of current-year budgeted General Fund operating revenues, after the Contingency Reserve is fully funded. This reserve would exclude any non-revenues and inter-fund loans within the current year from the calculation. The reserve shall be created and maintained for the revenue stabilization for future city operations and to fund ordinary and ongoing city activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in general fund revenues.

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1. Appropriation from the Revenue Stabilization Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.
2. If funds are spent from the Revenue Stabilization Reserve, it should be replenished as resources become available.
3. Disbursements from the Revenue Stabilization Reserve are for the purpose of mitigating the impact of revenue shortfalls on critical and core services deemed by the City Council, in consultation with the chief financial officer or designee, to meet the following criteria:

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- a. The revenue shortfall results from revenue collections considered to be materially short of the amount budgeted; and
- b. The revenue shortfall is expected to persist through the end of the fiscal year; and
- c. The revenue shortfall is reasonably expected to persist for a period no longer than three (3) years. A revenue shortfall expected to persist beyond three (3) years shall be directly addressed in the current annual budget process through long-term budget measures.

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F. As part of the unappropriated fund balance, there is established within the General Fund a Strategic Initiative Reserve equal to at least 1% of current-year General Fund budgeted operating expenses, after the Contingency Reserve and Revenue Stabilization Reserve are fully funded. The reserve shall be created and maintained to provide one-time seed money for initiatives that advance the City's strategic plan.

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1. Appropriation from the Strategic Initiative Reserve requires approval by the City Council and is done by the standard special budget ordinance procedure.
2. If funds are spent from the Strategic Initiative Reserve, it should be replenished as resources become available.

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G. The City shall endeavor to avoid the appropriation of fund balance for recurring operating expenditures. If at any time the utilization of a special reserve to pay costs in accordance with criteria outlined in this Section, the chief financial officer, or designee, will include a replenishment strategy through the long-term financial forecasting process on future reserve targets. The strategy will be deliberated by the City Council and become part of the annual budget process whereby the City Council shall approve any proposed incremental amounts.

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~~B. — There is established within the general fund a revenue stabilization account which shall consist of a specific portion of the unappropriated general fund balance as determined by this section and which shall be used for the revenue stabilization for future city operations and to fund ordinary and ongoing city activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in general fund revenues. The revenue stabilization account shall be funded as follows:~~

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~~1. — At the conclusion of each and every fiscal year commencing with year 2018 and every year thereafter, that year's unappropriated general fund balance shall be automatically transferred into the revenue stabilization account until such time as the revenue stabilization account is funded to the targeted funding level as listed in this section:~~

~~2. — Additional funds may be added to the revenue stabilization account during the ensuing fiscal year in accordance with standard special budget ordinance procedures:~~

~~3. — The targeted funding level within the revenue stabilization account shall initially be three and one-half percent (3.5%) of current year budgeted general fund revenues:~~

~~a. — Annually during each budget cycle, the chief financial officer, or designee, shall report to the city council on the revenue stabilization account including current and proposed future funding levels consistent with revenue growth projected in the City's six-year general fund financial forecast and a discussion of investment activity within the account for the period and investment planning in place for future periods. This annual report shall also include analysis and consideration of the proper targeted funding level going forward in relation to changing conditions and prudent fiscal practices:~~

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~~b. — Disbursements from the revenue stabilization account may be made to mitigate a general fund revenue shortfall deemed by the city council, in consultation with the chief financial officer or designee to meet the following criteria:~~

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~~i. The revenue shortfall results from revenue collections considered to be materially short of the amount budgeted, or the revenue shortfall results from projected baseline (existing) budgeted revenues for any ensuing year increasing by less than the assumed long-term revenue growth rate in the City's six-year general fund projection for the immediate year; and~~

~~ii. The revenue shortfall is expected to persist through the end of the fiscal year; and~~

~~iii. The revenue shortfall is reasonably expected to persist for a period no longer than three (3) years. A revenue shortfall expected to persist beyond three (3) years shall be directly addressed in the current annual budget process through long-term budget measures:~~

~~c. — Disbursements from the revenue stabilization account may include amounts budgeted in the general fund to supplement revenue shortfalls that occur in other City funds:~~

~~d. — Appropriation from the revenue stabilization account is by the standard special budget ordinance procedure.~~

~~C. — There is established within the general fund a contingency reserve account which shall consist of a specific portion of the unappropriated general fund balance.~~

~~1. — When the revenue stabilization account is at the targeted funding level as specified in SMC 07.08.010(B)(3), and every year thereafter, that year's remaining unappropriated general fund balance shall be automatically transferred into the contingency reserve account~~

~~2. — Additional funds may be added to the contingency reserve account in such amounts and at such additional times during the ensuing fiscal year in accordance with standard special budget ordinance procedures.~~

~~3. — The targeted funding level within the contingency reserve account shall be ten percent (10%) of current year budgeted general fund expenditures.~~

~~During each budget cycle, the chief financial officer, or designee, shall report to the city council on the contingency reserve account including current and estimated future funding levels consistent with the City's six-year general fund financial forecast. This annual report shall include analysis and consideration of the proper targeted funding level in relation to changing conditions and prudent fiscal practices.~~

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~~4. — Disbursements from the contingency reserve account are for the purpose of meeting extraordinary expenditures as deemed by the city council, in consultation with the chief financial officer or designee, to meet the following criteria:~~

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~~a. — Unforeseen circumstances arising after the adoption of the annual budget which require an unavoidable and non-continuing allocation; or~~

~~b. — Unforeseen emergency threatening health and/or safety of the citizens; or~~

~~c. — Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or~~

~~d. — Significant operating efficiencies can be achieved resulting in clearly identified near term and offsetting cost savings.~~

~~5. — Appropriation from the contingency reserve account is by the standard special budget ordinance procedure.~~

~~During such time that both the revenue stabilization and contingency reserve accounts are at the targeted funding levels, any unappropriated fund balance in ensuing years should first be used to pay for existing oblig~~

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~~Dispositions rather than to fund new programs.~~

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# General Fund Reserve Report

Sep-20

	Beginning Balance	Source/(Use)	Ending Balance
<b>Revenue Stabilization Reserve</b>	<b>7,248,506</b>		
Revenue Loss Coverage		(8,500,000)	
PS SIP Savings		-	
2020 Cost Containment		6,601,907	<b>5,350,413</b>
<b>Contingency Reserve</b>	<b>20,691,844</b>		
Emergency Shelter Facilities (QR1)		(49,766)	
COVID-19 Response Cost		-	<b>20,642,078</b>
<b>Unappropriated Reserve</b>	<b>19,612,969</b>		
Permanent Housing Projects (QR1)		(280,000)	
SCRAPS Contract Increase (QR1)		(110,000)	
Emergency Managemnt (QR1)		(151,800)	
Labor Agreements in excess of Budget		(8,000,000)	
Other/Funding Gap		(3,500,000)	<b>7,571,169</b>
<b>TOTALS</b>	<b>47,553,319</b>	<b>(13,989,659)</b>	<b>33,563,660</b>
<b>% of General Fund Operating Expenditures</b>	<b>23.0%</b>		<b>16.2%</b>

# Memo

**To:** Spokane City Council Members  
**From:** Tonya Wallace, CFO  
**Cc:** Mayor Woodward  
Wes Crago, City Administrator  
Scott Simmons, Director of Public Works  
**Date:** September 14, 2020  
**Re:** Engineering Construction Management Relocation Expenses

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**Request:** Staff requests approval to finance, via a Spokane Investment Pool (SIP) loan, an amount *up to* \$1.2 million for the estimated cost of relocating Engineering Construction Management from their current location on the east half of the N. Foothills property that was exchanged with the Spokane Public School District (SPSD) during 2019, to the City's old Fleet facility on the Foothills campus.

**Background:** The east half of the N. Foothills property (transferred to SPSPD) is currently occupied by the City's Engineering Construction Management Department, in which SPSPD leased back to the City until March 1, 2021.

Staff considered many alternatives and cost scenarios based on space needs, such as use of the Multimodal Center, the Nelson Center, and cooperative arrangements with the County. Alternatives considered ranged from \$1.0 million for temporary trailers to \$2.5 million for newly construction space. The best and lowest cost option proposed is to repurpose and creatively renovate the City's old Fleet facility, currently an underutilized city asset. Estimated construction costs for the proposal are \$800,000, plus up to \$400,000 more for design, permits, and other costs.

**Recommendation:**

Staff suggests a SIP loan up to \$1.2 million, repaid over a 5-year period through chargeback fees to the City's construction projects. The estimated annual debt service is \$240,000. The annual debt service cost would be incorporated as part of the operating cost charged to construction projects, which are primarily street and utility projects.

## Briefing Paper

### Finance Committee

<b>Division &amp; Department:</b>	Finance – Asset Management
<b>Subject:</b>	Property Lease Agreement with Frontier Behavior Health @ Intermodal Facility
<b>Date:</b>	00/31/2020
<b>Author (email &amp; phone):</b>	<a href="mailto:dsteele@spokanecity.org">dsteele@spokanecity.org</a> 625-6064
<b>City Council Sponsor:</b>	Councilwoman Mumm
<b>Executive Sponsor:</b>	Tonya Wallace
<b>Committee(s) Impacted:</b>	N/A
<b>Type of Agenda item:</b>	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
<b>Alignment:</b> (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	2020-2025 Six Year Citywide Capital Improvement Program.
<b>Strategic Initiative:</b>	
<b>Deadline:</b>	9/21/2020
<b>Outcome:</b> (deliverables, delivery duties, milestones to meet)	New property lease with Frontier Behavior Health at the Intermodal Facility
<b>Background/History:</b> The Intermodal Facility is owned by the City and supported by the general fund, leasing space in the building to 3 <sup>rd</sup> parties helps activate the space, increases foot traffic, and provides revenue to offset the cost to the General Fund.	
<b>Executive Summary:</b> <ul style="list-style-type: none"> <li>New lease with Frontier Behavior Health for office space on the 3<sup>rd</sup> floor.</li> <li>The tenant will be providing tenant improvements as a lease revenue offset for the first 19 months, and then will be paying full service market rate for the remainder of the lease term.</li> </ul>	
<b>Budget Impact:</b> Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.) <i>Match requirements will be determined at the time of award.</i>	
<b>Operations Impact:</b> Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A Specify changes required: Known challenges/barriers:	





**Goodale & Barbieri Company**  
818 W. Riverside Ave Ste 300  
Spokane, WA 99201  
Phone: 509-459-6109  
Fax: 509-344-4939

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**LEASE AGREEMENT**  
(Multi Tenant Gross Lease)

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of this \_\_\_\_\_ day of July, 2020, between City of Spokane, a Washington State Municipal Corporation ("Landlord"), and Frontier Behavioral Health, a Washington Public Benefit Corporation ("Tenant"). Landlord and Tenant agree as follows:

**1. LEASE SUMMARY.**

- a. **Leased Premises.** The leased commercial real estate i) consists of an agreed area of approximately +/- 2,566 rentable square feet and is outlined on the floor plan attached as Exhibit A (the "Premises"); ii) is located on the land legally described on attached Exhibit B; and iii) is commonly known as 221-F Spokane Intermodal Facility at 221 W 1st Avenue Spokane, WA 99201 (suite number and address). The Premises do not include, and Landlord reserves, the exterior walls and roof of the Premises; the land beneath the Premises; the pipes and ducts, conduits, wires, fixtures, and equipment above the suspended ceiling; and the structural elements of the building in which the Premises are located (the "Building"). The Building, the land upon which it is situated, all other improvements located on such land, and all common areas appurtenant to the Building are referred to as the "Property." The Building and all other buildings on the Property as of the date of this Lease consist of an agreed area of +/- 27920 rentable square feet.
- b. **Lease Commencement Date.** The term of this Lease shall be for a period of seventy nine (79) months and shall commence on August 1, 2020 or such earlier or later date as provided in Section 3 (the "Commencement Date"). Tenant shall have no right or option to extend this Lease, unless otherwise set forth in a rider attached to this Lease (e.g., Option to Extend Rider, CBA Form OR).
- c. **Lease Termination Date.** The term of this Lease shall expire at midnight on February 28, 2027 or such earlier or later date as provided in Section 3 (the "Termination Date").
- d. **Base Rent.** The base monthly rent shall be (check one): ☐ \$ \_\_\_\_\_, or ☒ according to the Rent Rider attached hereto ("Base Rent"). Rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord. TENANT ACKNOWLEDGES AND AGREES TO PAY THE APPROPRIATE LEASEHOLD EXCISE TAX DURING THE MONTHS OF \$0.00 RENT AS SHOWN IN THE RENT RIDER. THE MONTHLY AMOUNT FOR THE LEASEHOLD EXCISE TAX DURING ZERO LEASE YEAR IS \$328.48 PER MONTH. FROM LEASE YEAR 1 UNTIL THE LEASE EXPIRATION, THE LEASEHOLD EXCISE TAX IS INCORPORATED IN THE MONTHLY RENT AMOUNT.
- e. **Prepaid Rent.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ \_\_\_\_\_ as prepaid rent, to be applied to the Rent due for months \_\_\_\_\_ through \_\_\_\_\_ of the Lease.
- f. **Security Deposit.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ 2,886.75 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the form of (check one): ☐ cash, ☐ letter of credit according to the Letter of Credit Rider (CBA Form LCR) attached hereto, or ☒ check.
- g. **Permitted Use.** The Premises shall be used only for general office and for no other purpose without the prior written consent of Landlord (the "Permitted Use").
- h. **Notice and Payment Addresses.**  
Landlord: City of Spokane c/o Goodale & Barbieri Co.  
818 W. Riverside Ave, Ste 300  
Spokane, WA 99201  
Fax No.: 509-344-4939  
Email: info@g-b.com  
  
Tenant: Frontier Behavioral Health ATTN: AP  
107 S. Division Street



**Goodale & Barbieri Company**  
818 W. Riverside Ave Ste 300  
Spokane, WA 99201  
Phone: 509-459-6109  
Fax: 509-344-4939

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Spokane, WA 99202

Fax No.:

Email: CDUNLAK@FBHWA.ORG

**2. PREMISES.**

- a. **Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.
  - b. **Acceptance of Premises.** Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises or the condition of all mechanical, electrical, and other systems on the Premises. Except for any tenant improvements to be completed by Landlord as described on attached Exhibit C (the "Landlord's Work"), Tenant shall be responsible for performing any work necessary to bring the Premises into a condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had adequate opportunity to investigate the Premises; acknowledges responsibility for making any corrections, alterations and repairs to the Premises (other than the Landlord's Work); and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.
  - c. **Tenant Improvements.** Attached Exhibit C sets forth all of Landlord's Work, if any, and all tenant improvements to be completed by Tenant (the "Tenant's Work"), if any, that will be performed on the Premises. Responsibility for design, payment and performance of all such work shall be as set forth on attached Exhibit C. If Tenant fails to notify Landlord of any defects in the Landlord's Work within thirty (30) days of delivery of possession to Tenant, Tenant shall be deemed to have accepted the Premises in their then condition. If Tenant discovers any major defects in the Landlord's Work during this 30-day period that would prevent Tenant from using the Premises for the Permitted Use, Tenant shall notify Landlord and the Commencement Date shall be delayed until Landlord has notified Tenant that Landlord has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises. The Commencement Date shall not be delayed if Tenant's inspection reveals minor defects in the Landlord's Work that will not prevent Tenant from using the Premises for the Permitted Use. Tenant shall prepare a punch list of all minor defects in Landlord's Work and provide the punch list to Landlord, which Landlord shall promptly correct. TENANT MAY NOT MAKE ANY REPAIRS, ALTERATIONS, OR ADDITIONS TO THE PREMISES WITHOUT FIRST PROCURING LANDLORD'S WRITTEN CONSENT.
3. **TERM.** The term of this Lease shall commence on the Commencement Date specified in Section 1, or on such earlier or later date as may be specified by notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for possession and specifying the Commencement Date, which shall not be less than \_\_\_\_ days (thirty (30) days if not filled in) following the date of such notice.
- a. **Early Possession.** If Landlord permits Tenant to possess and occupy the Premises prior to the Commencement Date specified in Section 1, then such early occupancy shall not advance the Commencement Date or the Termination Date set forth in Section 1, but otherwise all terms and conditions of this Lease shall nevertheless apply during the period of early occupancy before the Commencement Date.
  - b. **Delayed Possession.** Landlord shall act diligently to make the Premises available to Tenant; provided, however, neither Landlord nor any agent or employee of Landlord shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the Premises to Tenant as provided in this Lease. If possession is delayed, the Commencement Date set forth in Section 1 shall also be delayed. In addition, the Termination Date set forth in Section 1 shall be modified so that the length of the Lease term remains the same. If Landlord does not deliver possession of the Premises to Tenant within \_\_\_\_ days (sixty (60) days if not filled in) after the Commencement Date specified in Section 1, Tenant may elect to cancel this Lease by giving notice to Landlord within ten (10) days after such time period ends. If Tenant



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gives notice of cancellation, the Lease shall be cancelled, all prepaid rent and security deposits shall be refunded to Tenant, and neither Landlord nor Tenant shall have any further obligations to the other. The first "Lease Year" shall commence on the Commencement Date and shall end on the date which is twelve (12) months from the end of the month in which the Commencement Date occurs. Each successive Lease Year during the initial term and any extension terms shall be twelve (12) months, commencing on the first day following the end of the preceding Lease Year. To the extent that the tenant improvements are not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Lease, the Lease shall nevertheless commence on the Commencement Date set forth in Section 1.

**4. RENT.**

- a. **Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first day of each month during the Lease term beginning on (check one): ☒ the Commencement Date, or ☐ \_\_\_\_\_ (if no date specified, then on the Commencement Date), and shall also pay any other additional payments due to Landlord ("Additional Rent") (collectively, "rent" or "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall also constitute Additional Rent, and upon failure of Tenant to pay any such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.
- b. **Late Charges; Default Interest.** If any sums payable by Tenant to Landlord under this Lease are not received within five (5) business days after their due date, Tenant shall pay Landlord an amount equal to the greater of \$100 or five percent (5%) of the delinquent amount for the cost of collecting and handling such late payment in addition to the amount due and as Additional Rent. All delinquent sums payable by Tenant to Landlord and not paid within five (5) business days after their due date shall, at Landlord's option, bear interest at the rate of fifteen percent (15%) per annum, or the highest rate of interest allowable by law, whichever is less (the "Default Rate"). Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.
- c. **Less Than Full Payment.** Landlord's acceptance of less than the full amount of any payment due from Tenant shall not be deemed an accord and satisfaction or compromise of such payment unless Landlord specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which Landlord claims. Any portion that remains to be paid by Tenant shall be subject to the late charges and default interest provisions of this Section.

5. **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deliver to Landlord the security deposit specified in Section 1 above. Landlord's obligations with respect to the security deposit are those of a debtor and not of a trustee, and Landlord may commingle the security deposit with its other funds. If Tenant breaches any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the security deposit to the payment of any sum in default and any damage suffered by Landlord as a result of Tenant's breach. Tenant acknowledges, however, that the security deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant, and any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages for Tenant's default. If Landlord applies the security deposit as contemplated by this Section, Tenant shall, within five (5) days after written demand therefor by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the security deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required by Section 12 of this Lease.
6. **USES.** The Premises shall be used only for the Permitted Use specified in Section 1 above, and for no other business or purpose without the prior written consent of Landlord. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises, the Building, or



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the Property, or cause the cancellation of any insurance on the Premises, the Building, or the Property. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done on the Premises, the Building, or the Property which will obstruct or interfere with the rights of other tenants or occupants of the Property, or their employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, or to injure or annoy such persons.

7. **COMPLIANCE WITH LAWS.** Tenant shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Landlord represents to Tenant that as of the Commencement Date, to Landlord's knowledge but without duty of investigation, and with the exception of any Tenant's Work, the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans With Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure at its sole cost any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Tenant shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Tenant's Permitted Use at its sole cost and expense. Otherwise, if changes or alterations are required by law, rule, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.
8. **UTILITIES AND SERVICES.** Landlord shall provide the Premises the following services: water and electricity for the Premises seven (7) days per week, twenty-four (24) hours per day, and heating, ventilation and air conditioning from 12:00 a.m. to 11:59 p.m. Monday through Friday; 12:00 a.m. to 11:59 p.m. on Saturday; and 12:00 to 11:59 p.m. on Sunday, and Landlord shall also provide janitorial service to the Premises and Building five (5) nights each week, exclusive of holidays. Heating, ventilation and air conditioning services will also be provided by Landlord to the Premises during additional hours on reasonable notice to Landlord, at Tenant's sole cost and expense, at an hourly rate reasonably established by Landlord from time to time and payable by Tenant, as and when billed, as Additional Rent. If water and electricity services are not separately metered to the Premises, Tenant shall pay its proportionate share of all charges for any utilities that are jointly metered based on the ratio which the rentable square feet of the Premises bears to the total rentable square feet served by the joint meters. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility charges which are above those usual and customary for the Permitted Use, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage.

Tenant shall furnish all other utilities (including, but not limited to, telephone, Internet, and cable service if available) and other services which Tenant requires with respect to the Premises, and shall pay, at Tenant's sole expense, the cost of all utilities separately metered to the Premises, and of all other utilities and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord as described above. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and Rent shall not abate as a result thereof.

9. **TAXES.** EXCEPTING ANY SUMS NOW OR HEREAFTER PAYABLE AS LEASEHOLD EXCISE TAX PURSUANT TO RCW. CH. 82.29A, WHICH IS INCLUDED IN THE BASE RENT, Tenant shall pay all taxes, assessments, liens and license fees ("Taxes") levied, assessed or imposed by any authority having the direct or indirect power to tax or assess any such liens, related to or required by Tenant's use of the Premises as well as all Taxes on Tenant's personal property located on the Premises. Landlord shall pay all Taxes with respect to the Building and the Property, including any Taxes resulting from a reassessment of the Building or the Property due to a change of ownership or otherwise.

10. **COMMON AREAS**

- a. **Definition.** The term "Common Areas" means all areas, facilities and building systems that are provided and designated from time to time by Landlord for the general, non-exclusive use and convenience of Tenant with other tenants and which are not leased or held for the exclusive use of a particular tenant. To



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the extent that such areas and facilities exist within the Property, Common Areas include hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas, lobby or mall areas, common heating, ventilating and air conditioning systems, common electrical service, equipment and facilities, and common mechanical systems, equipment and facilities. Tenant shall comply with reasonable rules and regulations concerning the use of the Common Areas adopted by Landlord from time to time. Without advance notice to Tenant and without any liability to Tenant, Landlord may change the size, use, or nature of any Common Areas, erect improvements on the Common Areas or convert any portion of the Common Areas to the exclusive use of Landlord or selected tenants, so long as Tenant is not thereby deprived of the substantial benefit of the Premises. Landlord reserves the use of exterior walls and the roof, and the right to install, maintain, use, repair and replace pipes, ducts, conduits, and wires leading through the Premises in areas which will not materially interfere with Tenant's use thereof.

- b. **Use of the Common Areas.** Tenant shall have the non-exclusive right, in common with such other tenants to whom Landlord has granted or may grant such rights, to use the Common Areas. Tenant shall abide by rules and regulations adopted by Landlord from time to time and shall use its best efforts to cause its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, to comply with those rules and regulations, and not interfere with the use of Common Areas by others.
- c. **Maintenance of Common Areas.** Landlord shall maintain the Common Areas in good order, condition and repair. In performing such maintenance, Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises.

- 11. **ALTERATIONS.** Tenant may make alterations, additions or improvements to the Premises, including any Tenant Work identified on attached Exhibit C (the "Alterations"), only with the prior written consent of Landlord, which, with respect to Alterations not affecting the structural components of the Premises or utility systems therein, shall not be unreasonably withheld, conditioned, or delayed. Landlord shall have thirty (30) days in which to respond to Tenant's request for any Alterations so long as such request includes the names of Tenant's contractors and reasonably detailed plans and specifications therefor. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises, the Building, or the Property, and Landlord's consent shall not be required for Tenant's installation or removal of those items. Tenant shall perform all work at Tenant's expense and in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord, and in a manner so as to not unreasonably interfere with other tenants. Tenant shall pay, when due, or furnish a bond for payment (as set forth in Section 19) all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or the Property or any interest therein. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration, and it shall become Landlord's property. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.
- 12. **REPAIRS AND MAINTENANCE; SURRENDER.** Tenant shall, at its sole expense, maintain the Premises in good condition and promptly make all non-structural repairs and replacements necessary to keep the Premises safe and in good condition, including all HVAC components and other utilities and systems to the extent exclusively serving the Premises. Landlord shall maintain and repair the Building structure, foundation, subfloor, exterior walls, roof structure and surface, and HVAC components and other utilities and systems serving more than just the Premises, and the Common Areas. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises, the Building, or the Property and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. Notwithstanding anything in this Section to the contrary, Tenant shall not be



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responsible for any repairs to the Premises made necessary by the negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate set forth in Section 4 shall be due and payable as Additional Rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.

13. **ACCESS AND RIGHT OF ENTRY .** After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of (a) showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term, and (b) posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.
14. **SIGNAGE.** Tenant shall obtain Landlord's written consent as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Tenant shall install any approved signage at Tenant's sole expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.
15. **DESTRUCTION OR CONDEMNATION**
  - a. **Damage and Repair.** If the Premises or the portion of the Building or the Property necessary for Tenant's occupancy are partially damaged but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and the portion of the Property necessary for Tenant's occupancy to the extent required below and this Lease shall not terminate. Tenant may, however, terminate the Lease if Landlord is unable to restore the Premises within six (6) months of the casualty event by giving twenty (20) days notice of termination.

The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are damaged. If insurance proceeds are not available or are not sufficient to pay the entire cost of restoring the Premises, or if Landlord's lender does not permit all or any part of the insurance proceeds to be applied toward restoration, then Landlord may elect to terminate this Lease and keep the insurance proceeds, by notifying Tenant within sixty (60) days of the date of such casualty.

If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or fifty percent (50%) or more of the rentable area of the Property are entirely destroyed, or partially damaged and rendered untenable, by fire or other casualty, Landlord may, at its option: (a) terminate this Lease as provided herein, or (b) restore the Premises and the portion of the Property necessary for Tenant's occupancy to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Lease term (after considering any option to extend the term timely exercised by Tenant) then either Tenant or Landlord may elect to terminate the Lease. If, within sixty (60) days after receipt by Landlord from Tenant of notice that Tenant deems the Premises or the portion of the Property necessary for Tenant's occupancy untenable, Landlord fails to notify Tenant of its election to restore those areas, or if Landlord is unable to restore those areas within six (6) months of



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the date of the casualty event, then Tenant may elect to terminate the Lease upon twenty (20) days' notice to Landlord unless Landlord, within such twenty (20) day period, notifies Tenant that it will in fact restore the Premises or actually completes such restoration work to the extent required below, as applicable.

If Landlord restores the Premises or the Property under this Section, Landlord shall proceed with reasonable diligence to complete the work, and the base monthly rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a Rent abatement only if the damage or destruction of the Premises or the Property did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises or the Property. Landlord shall have no obligation to carry insurance of any kind for the protection of Tenant; any alterations or improvements paid for by Tenant; any Tenant Work identified in Exhibit C (regardless of who may have completed them); Tenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

- b. **Condemnation.** If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or 50% or more of the rentable area of the Property are made untenable by eminent domain, or conveyed under a threat of condemnation, this Lease shall terminate at the option of either Landlord or Tenant as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises or the portion of the Property taken by the condemning authority. All Rents and other payments shall be paid to that date.

If the condemning authority takes a portion of the Premises or of the Building or the Property necessary for Tenant's occupancy that does not render them untenable, then this Lease shall continue in full force and effect and the base monthly rent shall be equitably reduced based on the proportion by which the floor area of any structures is reduced. The reduction in Rent shall be effective on the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are condemned. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building or the Property and Tenant shall make no claim for the value of its leasehold. Tenant shall be permitted to make a separate claim against the condemning authority for moving expenses if Tenant may terminate the Lease under this Section, provided that in no event shall Tenant's claim reduce Landlord's award.

**16. INSURANCE.**

- a. **Tenant's Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name Landlord, its property manager (if any), and other parties designated by Landlord as additional insureds using an endorsement form acceptable to Landlord, and shall insure Tenant's activities and those of Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000, and a deductible of not more than \$10,000. Tenant's insurance will be primary and noncontributory with any liability insurance carried by Landlord. Landlord may also require Tenant to obtain and maintain business income coverage for at least six (6) months, business auto liability coverage, and, if applicable to Tenant's Permitted Use, liquor liability insurance and/or warehouseman's coverage.



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- b. **Tenant's Property Insurance.** During the Lease term, Tenant shall pay for and maintain special form clauses of loss coverage property insurance (with coverage for earthquake if required by Landlord's lender and, if the Premises are situated in a flood plain, flood damage) for all of Tenant's personal property, fixtures and equipment in the amount of their full replacement value, with a deductible of not more than \$10,000.
- c. **Miscellaneous.** Tenant's insurance required under this Section shall be with companies rated A-/VII or better in Best's Insurance Guide, and which are admitted in the state in which the Premises are located. No insurance policy shall be cancelled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limits of such policies be considered as limiting the liability of Tenant under this Lease. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, and such failure continues for three (3) days after notice from Landlord, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be Additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of Rent hereunder.
- d. ~~LANDLORD'S INSURANCE. LANDLORD SHALL CARRY SPECIAL FORM CLAUSES OF LOSS COVERAGE PROPERTY INSURANCE OF THE BUILDING SHELL AND CORE IN THE AMOUNT OF THEIR FULL REPLACEMENT VALUE, AND SUCH OTHER INSURANCE OF SUCH TYPES AND AMOUNTS AS LANDLORD, IN ITS DISCRETION, SHALL DEEM REASONABLY APPROPRIATE.~~
- e. **Waiver of Subrogation.** Landlord and Tenant hereby release each other and any other tenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such property policies or to the extent of liabilities exceeding the limits of such policies.

**17. INDEMNIFICATION**

- a. **Indemnification by Tenant.** Tenant shall defend, indemnify, and hold Landlord harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Tenant or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel reasonably acceptable to Landlord in defense of any action within Tenant's defense obligation.
- b. **Indemnification by Landlord.** Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Landlord or Landlord's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Tenant in defense of any action within Landlord's defense obligation.
- c. **Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's





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indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.

- d. **Exemption of Landlord from Liability.** Except to the extent of claims arising out of Landlord's gross negligence or intentional misconduct, Landlord shall not be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to any property of Tenant or of its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, other licensees or invitees, or any other person in or about the Premises or the Property.
- e. **Survival.** The provisions of this Section shall survive expiration or termination of this Lease.
18. **ASSIGNMENT AND SUBLETTING.** Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld, conditioned, or delayed. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such Transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorneys' fees, upon demand of Landlord, up to a maximum of \$1,250.

If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interest in Tenant, shall constitute a Transfer under this Section.

As a condition to Landlord's approval, if given, any potential assignee or sublessee otherwise approved by Landlord shall assume all obligations of Tenant under this Lease and shall be jointly and severally liable with Tenant and any guarantor, if required, for the payment of Rent and performance of all terms of this Lease. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption agreement and documents.

19. **LIENS.** Tenant shall not subject the Landlord's estate to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, within ten (10) days after Landlord's demand, at Tenant's expense, either remove the lien or furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien.
20. **DEFAULT.** The following occurrences shall each constitute a default by Tenant (an "Event of Default"):
- a. **Failure To Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following five (5) days' notice from Landlord of the failure to pay.
  - b. **Vacation/Abandonment.** Vacation by Tenant of the Premises (defined as an absence for at least fifteen (15) consecutive days without prior notice to Landlord), or abandonment by Tenant of the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Lease). Tenant's vacation or abandonment of the Premises shall not be subject to any notice or right to cure.
  - c. **Insolvency.** Tenant's insolvency or bankruptcy (whether voluntary or involuntary); or appointment of a receiver, assignee or other liquidating officer for Tenant's business; provided, however, that in the event of



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any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.

- d. **Levy or Execution.** The taking of Tenant's interest in this Lease or the Premises, or any part thereof, by execution or other process of law directed against Tenant, or attachment of Tenant's interest in this Lease by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.
- e. **Other Non-Monetary Defaults.** The breach by Tenant of any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section or elsewhere in this Lease, which breach continues for a period of thirty (30) days after notice by Landlord to Tenant of the breach.
- f. **Failure to Take Possession.** Failure by Tenant to take possession of the Premises on the Commencement Date or failure by Tenant to commence any Tenant Improvement in a timely fashion.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event less than thirty (30) days after notice by Tenant to Landlord. If Landlord fails to cure any such default within the allotted time, Tenant's sole remedy shall be to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

21. **REMEDIES.** Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

- a. **Termination of Lease.** Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than notice of termination from Landlord to Tenant shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less the net proceeds, if any, of any re-letting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's Reletting Expenses (as defined below). Landlord shall be entitled to either collect damages from Tenant monthly on the days on which rent or other amounts would have been payable under the Lease, or alternatively, Landlord may accelerate Tenant's obligations under the Lease and recover from Tenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Tenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Lease after the time of award exceeds the amount of rent loss that Tenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, or which in the ordinary course would be likely to result from the Event of Default, including without limitation Reletting Expenses described below.
- b. **Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may



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determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all Reletting Expenses (defined below); second, to pay any indebtedness of Tenant to Landlord other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises and after deducting Landlord's Reletting Expenses. "Reletting Expenses" are defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs of securing new tenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

- c. **Waiver of Redemption Rights.** Tenant, for itself, and on behalf of any and all persons claiming through or under Tenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Lease for the Lease term or any extension thereof.
  - d. **Nonpayment of Additional Rent.** All costs which Tenant is obligated to pay to Landlord pursuant to this Lease shall in the event of nonpayment be treated as if they were payments of Rent, and Landlord shall have the same rights it has with respect to nonpayment of Rent.
  - e. **Failure to Remove Property.** If Tenant fails to remove any of its property from the Premises at Landlord's request following an uncured Event of Default, Landlord may, at its option, remove and store the property at Tenant's expense and risk. If Tenant does not pay the storage cost within five (5) days of Landlord's request, Landlord may, at its option, have any or all of such property sold at public or private sale (and Landlord may become a purchaser at such sale), in such manner as Landlord deems proper, without notice to Tenant. Landlord shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and (iv) the balance, if any, to Tenant. Nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent.
22. **MORTGAGE SUBORDINATION AND ATTORNTMENT.** This Lease shall automatically be subordinate to any mortgage or deed of trust created by Landlord which is now existing or hereafter placed upon the Premises including any advances, interest, modifications, renewals, replacements or extensions ("Landlord's Mortgage"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days after request, execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage not disturbing Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default by Tenant exists.
23. **NON-WAIVER.** Landlord's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision for subsequent acts of Tenant. The acceptance by Landlord of



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Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any previous breach by Tenant.

24. **HOLDOVER.** If Tenant shall, without the written consent of Landlord, remain in possession of the Premises and fail to return the Premises to Landlord after the expiration or termination of this Lease, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 150% of the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect. Tenant acknowledges and agrees that this Section does not grant any right to Tenant to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant's holdover.
25. **NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, (ii) three (3) days after being sent by registered or certified mail to the other party at the address set forth in Section 1; or (iii) upon confirmed transmission by facsimile to the other party at the facsimile numbers set forth in Section 1. The addresses for notices and payment of rent set forth in Section 1 may be modified by either party only by notice delivered in conformance with this Section.
26. **COSTS AND ATTORNEYS' FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.
27. **ESTOPPEL CERTIFICATES.** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Lease term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Lease represents the entire agreement between the parties; (vi) that all obligations under this Lease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (viii) the amount of Rent, if any, that Tenant paid in advance; (ix) the amount of security that Tenant deposited with Landlord; (x) if Tenant has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Tenant has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the Lease or the Premises as Landlord may reasonably request. Tenant acknowledges and agrees that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgagee of Landlord's interest in the Premises. If Tenant shall fail to respond within ten (10) days to Landlord's request for the statement required by this Section, Landlord may provide the statement and Tenant shall be deemed to have admitted the accuracy of the information provided by Landlord.
28. **TRANSFER OF LANDLORD'S INTEREST.** This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, including any liability for any retained security deposit or prepaid rent, for which the transferee shall be liable, and Tenant shall attorn to the transferee.
29. **LANDLORD'S LIABILITY.** Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same



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may from time to time be encumbered. In no event shall Landlord or its partners, shareholders, or members, as the case may be, ever be personally liable hereunder.

30. **RIGHT TO PERFORM.** If Tenant shall fail to timely pay any sum or perform any other act on its part to be performed hereunder, Landlord may make any such payment or perform any act on Tenant's behalf. Tenant shall, within ten (10) days of demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.
31. **HAZARDOUS MATERIAL.** As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government, due to its potential harm to the health, safety or welfare of humans or the environment. Landlord represents and warrants to Tenant that, to Landlord's knowledge without duty of investigation, there is no Hazardous Material on, in, or under the Premises as of the Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises as of the Commencement Date which has been or thereafter becomes unlawfully released through no fault of Tenant, then Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred or suffered by Tenant either during or after the Lease term as the result of such contamination.

Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except with Landlord's prior consent and then only upon strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises or the Property; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Property, or elsewhere; damages arising from any adverse impact on marketing of space at the Premises or the Property; and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Material on the Premises or the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises and the Property to the condition existing prior to the release of any such Hazardous Material; provided that Landlord's approval of such actions shall first be obtained, which approval may be withheld at Landlord's sole discretion. The provisions of this Section shall survive expiration or termination of this Lease.

32. **QUIET ENJOYMENT.** So long as Tenant pays the Rent and performs all of its obligations in this Lease, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord.



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33. **MERGER.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.
34. **GENERAL.**
- a. **Heirs and Assigns.** This Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns.
  - b. **Brokers' Fees.** Tenant represents and warrants to Landlord that except for Tenant's Broker, if any, described and disclosed in Section 36 of this Lease), it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that except for Landlord's Broker, if any, described and disclosed in Section 36, it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.
  - c. **Entire Agreement.** This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing, signed by Landlord and Tenant.
  - d. **Severability.** Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.
  - e. **Force Majeure.** Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.
  - f. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Washington.
  - g. **Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord's prior consent.
  - h. **Submission of Lease Form Not an Offer.** One party's submission of this Lease to the other for review shall not constitute an offer to lease the Premises. This Lease shall not become effective and binding upon Landlord and Tenant until it has been fully signed by both of them.
  - i. **No Light, Air or View Easement.** Tenant has not been granted an easement or other right for light, air or view to or from the Premises. Any diminution or shutting off of light, air or view by any structure which may be erected on or adjacent to the Building shall in no way effect this Lease or the obligations of Tenant hereunder or impose any liability on Landlord.
  - j. **Authority of Parties.** Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery, this Lease shall be binding upon and enforceable against the party on signing.



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k. **Time.** "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.

35. **EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Lease, and the terms thereof shall control over any inconsistent provision in the sections of this Lease:

Exhibit A: Floor Plan/Outline of the Premises

Exhibit B: Legal Description of the Property

Exhibit C: Tenant Improvement Schedule

CHECK THE BOX FOR ANY OF THE FOLLOWING THAT WILL APPLY. CAPITALIZED TERMS USED IN THE RIDERS SHALL HAVE THE MEANING GIVEN TO THEM IN THE LEASE.

- ☒ Rent Rider
- ☐ Arbitration Rider
- ☐ Letter of Credit Rider
- ☐ Guaranty of Tenant's Lease Obligations Rider
- ☒ Parking Rider
- ☒ Option to Extend Rider
- ☐ Rules and Regulations

36. **AGENCY DISCLOSURE.** At the signing of this Lease, Landlord is represented by Goodale & Barbieri Company (insert both the name of the Broker and the Firm as licensed) (the "Landlord's Broker"); and Tenant is represented by \_\_\_\_\_ (insert both the name of the Broker and the Firm as licensed) (the "Tenant's Broker").

This Agency Disclosure creates an agency relationship between Landlord, Landlord's Broker (if any such person is disclosed), and any managing brokers who supervise Landlord Broker's performance (collectively the "Supervising Brokers"). In addition, this Agency Disclosure creates an agency relationship between Tenant, Tenant's Broker (if any such person is disclosed), and any managing brokers who supervise Tenant's Broker's performance (also collectively the "Supervising Brokers"). If Tenant's Broker and Landlord's Broker are different real estate licensees affiliated with the same Firm, then both Tenant and Landlord confirm their consent to that Firm and both Tenant's and Landlord's Supervising Brokers acting as dual agents. If Tenant's Broker and Landlord's Broker are the same real estate licensee who represents both parties, then both Landlord and Tenant acknowledge that the Broker, his or her Supervising Brokers, and his or her Firm are acting as dual agents and hereby consent to such dual agency. If Tenant's Broker, Landlord's Broker, their Supervising Brokers, or their Firm are dual agents, Landlord and Tenant consent to Tenant's Broker, Landlord's Broker and their Firm being compensated based on a percentage of the rent or as otherwise disclosed on an attached addendum. Neither Tenant's Broker, Landlord's Broker nor either of their Firms are receiving compensation from more than one party to this transaction unless otherwise disclosed on an attached addendum, in which case Landlord and Tenant consent to such compensation. Landlord and Tenant confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

37. **COMMISSION AGREEMENT.** If Landlord has not entered into a listing agreement (or other compensation agreement with Landlord's Broker), Landlord agrees to pay a commission to Landlord's Broker (as identified in the Agency Disclosure paragraph above) as follows: ☐ — \$ \_\_\_\_\_ ☐ — \_\_\_\_\_ % of the gross rent payable pursuant to the Lease
- ☐ — \$ \_\_\_\_\_ per square foot of the Premises
  - ☐ — Other \_\_\_\_\_

Landlord's Broker ☐ shall ☐ shall not (shall not if not filled in) be entitled to a commission upon the extension by Tenant of the Lease term pursuant to any right reserved to Tenant under the Lease calculated ☐ as



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provided above or ☐ as follows \_\_\_\_\_ (if no box is checked, as provided above). Landlord's Broker ☐ shall ☐ shall not (shall not if not filled in) be entitled to a commission upon any expansion of the Premises pursuant to any right reserved to Tenant under the Lease, calculated ☐ as provided above or ☐ as follows \_\_\_\_\_ (if no box is checked, as provided above).

Any commission shall be earned upon execution of this Lease, and paid one-half upon execution of the Lease and one-half upon occupancy of the Premises by Tenant. Landlord's Broker shall pay to Tenant's Broker (as identified in the Agency Disclosure paragraph above) the amount stated in a separate agreement between them or, if there is no agreement, \$ \_\_\_\_\_ or \_\_\_\_\_ % (complete only one) of any commission paid to Landlord's Broker, within five (5) days after receipt by Landlord's Broker.

If any other lease or sale is entered into between Landlord and Tenant pursuant to a right reserved to Tenant under the Lease, Landlord ☐ shall ☐ shall not (shall not if not filled in) pay an additional commission according to any commission agreement or, in the absence of one, according to the commission schedule of Landlord's Broker in effect as of the execution of this Lease. Landlord's successor shall be obligated to pay any unpaid commissions upon any transfer of this Lease and any such transfer shall not release the transferor from liability to pay such commissions.

**38. BROKER PROVISIONS**

LANDLORD'S BROKER, TENANT'S BROKER AND THEIR FIRMS HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE PREMISES, THE MEANING OF THE TERMS AND CONDITIONS OF THIS LEASE, LANDLORD'S OR TENANT'S FINANCIAL STANDING, ZONING, COMPLIANCE OF THE PREMISES WITH APPLICABLE LAWS, SERVICE OR CAPACITY OF UTILITIES, OPERATING COSTS, OR HAZARDOUS MATERIALS. LANDLORD AND TENANT ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL ADVICE ON THESE AND OTHER MATTERS ARISING UNDER THIS LEASE.





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IN WITNESS WHEREOF this Lease has been executed the date and year first above written.

\_\_\_\_\_  
LANDLORD

\_\_\_\_\_  
LANDLORD

\_\_\_\_\_  
BY

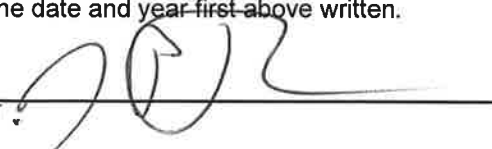
\_\_\_\_\_  
ITS

\_\_\_\_\_  
TENANT

\_\_\_\_\_  
TENANT

\_\_\_\_\_  
BY

\_\_\_\_\_  
ITS

  
\_\_\_\_\_  
JEFF THOMAS  
\_\_\_\_\_  
CEO



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STATE OF WASHINGTON )

) ss.

COUNTY OF Spokane )

I certify that I know or have satisfactory evidence that Jeff Thomas is the person who appeared before me and said person acknowledged that Jeff Thomas signed this instrument, on oath stated that Jeff Thomas was authorized to execute the instrument and acknowledged it as the CEO of FBH to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 22<sup>nd</sup> day of July, 2020.



Lee Anne Teague  
(Signature of Notary)  
Lee Anne Teague  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at Spokane WA  
My appointment expires August 9, 2020

STATE OF WASHINGTON )

) ss.

COUNTY OF Spokane )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me and said person acknowledged that \_\_\_\_\_ signed this instrument, on oath stated that \_\_\_\_\_ was 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 this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_



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STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me and said person acknowledged that \_\_\_\_\_ signed this instrument, on oath stated that \_\_\_\_\_ was 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 this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing  
at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me and said person acknowledged that \_\_\_\_\_ signed this instrument, on oath stated that \_\_\_\_\_ was 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 this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing  
at \_\_\_\_\_  
My appointment expires \_\_\_\_\_





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**EXHIBIT B**

[Legal Description of the Property]

EVERGREEN CITY SHORT PLAT Z2003-44 LT "B" (OPERATING PROPERT IN NE1/4-19-25-43) EXC  
192088SQFT FOR LEASE NO.500,728 TO CITY OF SPOKANE AS AMENDED 2002.



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**EXHIBIT C**

[Tenant Improvement Schedule]

**1. Tenant Improvements to be Completed by Landlord**

Except as otherwise stated in the Lease, Landlord is providing the space in As Is condition.

**2. Tenant Improvements to be Completed by Tenant**

Tenant to submit a scope of work and architectural plans to Landlord for Landlord's approval, of which won't be unreasonably withheld, prior to commencement of any work. Landlord and Tenant both approve the alterations described in the drawings and specifications attached to this Exhibit ("Tenant's Work"). Tenant shall use licensed contractors and obtain all necessary lien releases upon completion of work. Any alterations to the Premises shall be made at Tenant's sole expense and shall become the property of the Landlord at the termination of this Lease. Upon termination of this lease, Tenant shall have the right to remove all movable improvements, furnishings, and trade fixtures placed therein by Tenant which can be removed without material injury to the Premises, and will repair any damage by the elements occasioned by such removal. Tenant shall keep the Premises, the Building, and the Land free and clear from any liens and lien claims arising or performed, materials furnished or obligations incurred by or on behalf of Tenant. Tenant shall indemnify and hold Landlord harmless from liability for losses or damage which is resulting directly or indirectly from any such liens or lien claim or from any work performed on or about the Premises by Tenant, its Agents, Employees, Contractors or Subcontractors, except to the extent resulting from Landlord's failure to perform its duties to construct the Premises as provided herein. If any such lien or lien claim is filed against the Premises, Building or Land, Tenant shall cause the same to be discharged within thirty (30) days after the date of filing.



**Goodale & Barbieri Company**  
 818 W. Riverside Ave Ste 300  
 Spokane, WA 99201  
 Phone: 509-459-6109  
 Fax: 509-344-4939

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Form: RR  
 Rent Rider  
 Rev 1/2011  
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### RENT RIDER

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This Rent Rider ("Rider") is a part of the lease agreement dated \_\_\_\_\_ (the "Lease") between City of Spokane, a Washington State Municipal Corporation ("Landlord") and Frontier Behavioral Health, a Washington Public Benefit Corporation ("Tenant") concerning the space commonly known as 221-F (the "Premises"), located at the property commonly known as Spokane Intermodal Facility at 221 W 1st Avenue, Spokane, WA, 99201 (the "Property").

- ☒ **1. BASE MONTHLY RENT SCHEDULE.** Tenant shall pay Landlord base monthly rent during the Lease Term according to the following schedule:

Lease Year (Stated in Years or Months)	Base Monthly Rent Amount
<u>Zero Lease Year (Months 1-19)</u>	<u>\$ 0.00</u>
<u>First Lease Year (Months 20-31)</u>	<u>\$ 2,886.75</u>
<u>Second Lease Year (Months 32-43)</u>	<u>\$ 2,973.35</u>
<u>Third Lease Year (Months 44-55)</u>	<u>\$ 3,062.55</u>
<u>Fourth Lease Year (Months 56-67)</u>	<u>\$ 3,154.43</u>
<u>FIFTH LEASE YEAR (MONTHS 68-79)</u>	<u>\$3,249.06</u>

- ☐ **2. CONSUMER PRICE INDEX ADJUSTMENT ON BASE MONTHLY RENT.** The base monthly rent shall be increased on the first day of the second year of the Lease and on the first day of each year of the Lease thereafter (each, an "Adjustment Date") during the term of this Lease (but not during any extension term(s) unless specifically set forth elsewhere in the Lease or another Rider attached thereto). The increase shall be determined in accordance with the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the geographical statistical area in which the Premises is located on the basis of 1982-1984 equals 100) (the "Index"). The base monthly rent payable immediately prior to the applicable adjustment date shall be increased by the percentage that the Index published for the date nearest preceding the applicable Adjustment Date has increased over the Index published for the date nearest preceding the first day of the Lease Year from which the adjustment is being measured. Upon the calculation of each increase, Landlord shall notify Tenant of the new base monthly rent payable hereunder. Within twenty (20) days of the date of Landlord's notice, Tenant shall pay to Landlord the amount of any deficiency in Rent paid by Tenant for the period following the subject Adjustment Date, and shall thereafter pay the increased Rent until receiving the next notice of increase from Landlord. If the components of the Index are materially changed after the Commencement Date, or if the Index is discontinued during the Lease term, Landlord shall notify Tenant of a substitute published index which, in Landlord's reasonable discretion, approximates the Index, and shall use the substitute index to make subsequent adjustments in base monthly rent. In no event shall base monthly rent be decreased pursuant to this Rider.

INITIALS: LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT CD DATE 7/21/20  
 LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT \_\_\_\_\_ DATE \_\_\_\_\_



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Form: OR  
 Option to Extend Rider  
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### OPTION TO EXTEND RIDER

CBA Text Disclaimer: Text deleted by licensee indicated by strike. New text inserted by licensee indicated by small capital letters.

This Option to Extend Rider ("Rider") is made part of the lease agreement dated \_\_\_\_\_, 20 20 \_\_\_\_\_ (the "Lease") between City of Spokane, a Washington State Municipal Corporation ("Landlord") and Frontier Behavioral Health, a Washington Public Benefit Corporation ("Tenant") concerning the leased space commonly known as 221-F (the "Premises"), located at the property commonly known as Spokane Intermodal Facility at 221 W 1st Avenue, Spokane, WA 99201 (the "Property").

1. **Extension of Lease.** Provided Tenant is not in default of any provision of the Lease at the time that Tenant exercises the right to extend the Lease or at the time the new term begins, Tenant shall have two (2) (zero if not completed) successive options to extend the term of the Lease for five (5) years each. The term of the Lease shall be extended on the same terms, conditions and covenants set forth in the Lease, except that (i) the amount of the Base Rent stated in the Lease shall be adjusted as set forth below (provided, however, that Base Rent shall not be decreased); (ii) there shall be no free or abated rent periods, tenant improvement allowances or other concessions that may have been granted to Tenant at the beginning of the initial term hereof; and (iii) after exercise of Tenant's final extension term option, there shall be no further extension or renewal term options.
2. **Notice.** To extend the Lease, Tenant must deliver written notice to Landlord not less than one hundred eighty (180) days prior to the expiration of the then-current Lease term. Time is of the essence of this Rider.
3. **Monthly Rent.** Landlord and Tenant shall make a good faith effort to determine and agree on the fair market value of rent for the Premises for the next term of the Lease.
  - a. **Failure to Agree on Rent.** If Landlord and Tenant are unable to agree on the fair market rental value for the Premises within thirty (30) days after Tenant gives notice to extend, they shall then have ten (10) days to select or, appoint one real estate appraiser to determine the fair market value of rent for the Premises. All appraisers selected or appointed pursuant to this Rider shall be a Member of the American Institute of Real Estate Appraisers ("M.A.I.") with at least ten (10) years experience appraising commercial properties in the commercial leasing market in which the Premises are located, or equivalent. The appraiser appointed shall determine the fair market rental value for the Premises within twenty (20) days of appointment, which determination shall be final, conclusive, and binding upon both Landlord and Tenant, and Base Rent shall be adjusted accordingly for the new term. The appraiser's fees and expenses shall be shared equally between the parties.
  - b. **Failure to Appoint One Appraiser.** If Landlord and Tenant cannot mutually agree upon an appraiser, then either party may give the other party written notice that it has selected and appointed an M.A.I. appraiser, complete with the name, address, and other identifying information about the appraiser. The party receiving such notice shall then have ten (10) days to select and appoint its own M.A.I. appraiser and respond by giving written notice to the other party, complete with the name, address, and other identifying information about the appraiser. If, however, the responding party fails to select and appoint an appraiser and give notice to the other party within ten (10) days, the determination of the appraiser first appointed shall be final, conclusive and binding upon both parties, and the Base Rent shall be adjusted accordingly for the new term. The appraiser's fees and expenses shall be shared equally between the parties.
  - c. **Method of Determining Rent.** The appraisers appointed shall proceed to determine fair market rental value within twenty (20) days following their appointment. The conclusion shall be final, conclusive and binding upon both Landlord and Tenant. If the appraisers should fail to agree, but the difference in their conclusions as to fair market rental value is ten percent (10%) or less of the lower of the two appraisals, then the fair market rental value shall be deemed to be the average of the two, and Base Rent shall be adjusted accordingly for the new term. If the two appraisers should fail to agree on the fair market rental

INITIALS: LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT CD DATE 7/21/20  
 LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT \_\_\_\_\_ DATE \_\_\_\_\_





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### OPTION TO EXTEND RIDER

value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two appraisals, then the two appraisers shall appoint a third M.A.I.-qualified appraiser. If they fail to agree on a third appraiser within ten (10) days after their individual determination of the fair market rental value, either party may apply to the courts for the county in which the Premises are located, requesting the appointment of a the third M.A.I.-qualified appraiser. The third appraiser shall promptly determine the fair market rental value of the Premises. The parties shall then take the average of the two appraisals that are closest in value, which shall then constitute the fair market value; shall be final, conclusive and binding upon both parties; and Base Rent shall be adjusted accordingly for the new term. Each party shall pay the fees and expenses for its own appraiser. In the event a third appraiser must be appointed, his or her fees and expenses shall be borne equally by the parties.

INITIALS: LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT CD DATE 7/21/20  
LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT \_\_\_\_\_ DATE \_\_\_\_\_



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### PARKING RIDER

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This Parking Rider ("Rider") is made part of the lease agreement dated \_\_\_\_\_, 20 20 (the "Lease") between City of Spokane, a Washington State Municipal Corporation ("Landlord") and Frontier Behavioral Health, a Washington Public Benefit Corporation ("Tenant") concerning the leased space commonly known as 221-F (the "Premises"), located at the property commonly known as Spokane Intermodal Facility at 221 W 1st Avenue Spokane WA 99201 (the "Property").

**1. Tenant's Parking Rights.** Tenant's right to park on the Property shall be as follows (check one):

- ☐ Tenant shall be entitled to use parking stalls on the Property or other designated parking area on a (check one) ☐ reserved ☐ unreserved (unreserved, if neither box checked) basis at the prevailing monthly rate established by Landlord from time to time. Tenant shall comply with the reasonable rules and regulations which Landlord or its parking operator may adopt from time to time for the safe and orderly operation of the parking areas.
- ☐ **Free Parking.** Tenant shall be entitled to share parking with Landlord's other tenants in the designated parking areas at no charge. Tenant shall be responsible for ensuring compliance with the terms of the Lease, this Rider, and any reasonable rules and regulations adopted by Landlord from time to time for the safe and orderly sharing of parking.
- ☐ **No Parking.** The Lease does not include parking on the Property, and Tenant shall park off the Property at Tenant's own expense.

**2. "Tenant."** For purpose of this Rider only, the term "Tenant" shall include Tenant and Tenant's employees, ~~officers, contractors, licensees, agents, and invitees, except as follows:~~ \_\_\_\_\_.

TENANT UNDERSTANDS AND ACKNOWLEDGES THAT PARKING IS APPORTIONED IN CONFORMITY WITH CONTROLLING ZONING ORDINANCES AND THAT LANDLORD SHALL HAVE THE RIGHT TO MAKE SUCH REGULATIONS AS LANDLORD DEEMS DESIRABLE FOR THE CONTROL OF PARKING AUTOMOBILES ON THE REAL PROPERTY UNDER LANDLORD'S CONTROL, INCLUDING THE RIGHT TO DESIGNATE CERTAIN AREAS FOR PARKING OF THE TENANT, EMPLOYEES OF TENANT, CUSTOMERS AND OTHER TENANTS OF SAID BUILDINGS. TENANT SHALL BE ENTITLED TO USE PARKING STALLS ON THE PROPERTY OR OTHER DESIGNATED PARKING AREA ON A UNRESERVED BASIS. TENANT SHALL COMPLY WITH THE REASONABLE RULES AND REGULATIONS WHICH LANDLORD OR ITS PARKING OPERATOR MAY ADOPT FROM TIME TO TIME FOR THE SAFE AND ORDERLY OPERATION OF THE PARKING AREAS. TENANT AND LANDLORD HEREBY AGREE THAT PARKING IS NOT GUARANTEED AS A PROVISION OF THIS LEASE AGREEMENT.

INITIALS: LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT GL DATE 7/21/20  
LANDLORD \_\_\_\_\_ DATE \_\_\_\_\_ TENANT \_\_\_\_\_ DATE \_\_\_\_\_

# Briefing Paper

## Finance and Administration Committee

<b>Division &amp; Department:</b>	Finance
<b>Subject:</b>	Department of Commerce CARES Act Contract Amendment
<b>Date:</b>	September 21, 2020
<b>Contact (email &amp; phone):</b>	Sally Stopher, sstopher@spokanecity.org, 625-6032
<b>City Council Sponsor:</b>	Candace Mumm, City Council Member
<b>Executive Sponsor:</b>	
<b>Committee(s) Impacted:</b>	Finance and Administration Committee
<b>Type of Agenda item:</b>	<input type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
<b>Alignment:</b> (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	
<b>Strategic Initiative:</b>	
<b>Deadline:</b>	
<b>Outcome:</b> (deliverables, delivery duties, milestones to meet)	Contract Amendment to receive additional \$3,330,000.00 revenue for reimbursement of eligible expenditures related to COVID response.
<b><u>Executive Summary:</u></b>  Contract Amendment to receive additional \$3,330,000.00 revenue for reimbursement of eligible expenditures related to COVID response.	
<b><u>Budget Impact:</u></b> Approved in current year budget? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
<b><u>Operations Impact:</u></b> Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Specify changes required: Known challenges/barriers:	

**Amendment**

**Contract Number:** 20-6541C-328  
**Amendment Number:** A

**Washington State Department of Commerce  
 Local Government Division  
 Community Capital Facilities Unit  
 Coronavirus Relief Fund for Local Governments**

<b>1. Contractor</b> City of Spokane 801 W Spokane Falls Blvd SPOKANE, Washington 99201		<b>2. Contractor Doing Business As (optional)</b>	
<b>3. Contractor Representative (only if updated)</b> Sally Stopher Director of Grants, Contracts and Purchasing (509) 625-6032 sstopher@spokanecity.org		<b>4. COMMERCE Representative (only if updated)</b> Connie Rivera PO Box 42525 Project Manager 1011 Plum St SE (360) 725-3088 Olympia, WA 98504-2525 Fax 360-586-5880 connie.rivera@commerce.wa.gov	
<b>5. Original Contract Amount (and any previous amendments)</b> \$6,660,000.00	<b>6. Amendment Amount</b> \$3,330,000.00	<b>7. New Contract Amount</b> \$9,990,000.00	
<b>8. Amendment Funding Source</b> Federal: X State: Other: N/A:		<b>9. Amendment Start Date</b> Date of Execution	<b>10. Amendment End Date</b> November 30, 2020
<b>11. Federal Funds (as applicable):</b> \$9,990,000.00	<b>Federal Agency:</b> US Dept. of the Treasury	<b>CFDA Number:</b> 21.019	
<b>12. Amendment Purpose:</b> To provide additional funding for costs incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) during the period of March 1, 2020 thru November 30, 2020. Final invoices must be received by December 15, 2020.			

COMMERCE, defined as the Department of Commerce, and the Contractor, as defined above, acknowledge and accept the terms of this Contract As Amended and attachments and have executed this Contract Amendment on the date below to start as of the date and year referenced above. The rights and obligations of both parties to this Contract As Amended are governed by this Contract Amendment and the following other documents incorporated by reference: Contractor Terms and Conditions including Attachment "A" – Scope of Work, Attachment "B" – Budget & Invoicing, Attachment "C" – A-19 Certification, Attachment "D" – A-19 Activity Report. A copy of this Contract Amendment shall be attached to and made a part of the original Contract between COMMERCE and the Contractor. Any reference in the original Contract to the "Contract" shall mean the "Contract as Amended".

<b>FOR CONTRACTOR</b>	<b>FOR COMMERCE</b>
_____	_____
Nadine Woodward, Mayor	Mark K. Barkley, Assistant Director, Local Government Div
_____	_____
Date	Date
	<b>APPROVED AS TO FORM ONLY</b>
	_____
	Sandra Adix
	Assistant Attorney General
	_____
	3/20/2014
	Date

## **Amendment**

This Contract is **amended** as follows:

**Contract amount has been increased by \$3,330,000.00.**

**Contract end date has been extended from October 31, 2020 to November 30, 2020.**

**Final reimbursement request must be received by December 15, 2020.**

ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT REMAIN IN FULL FORCE AND EFFECT.

**ORDINANCE NO. C-\_\_\_\_\_**

An ordinance amending Ordinance No. C-35857, passed by the City Council December 16, 2019, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2020, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2020, and providing it shall take effect immediately upon passage", and declaring an emergency.

**WHEREAS**, subsequent to the adoption of the 2020 budget Ordinance No. C-35857, as above entitled, and which passed the City Council December 16, 2019, it is necessary to make changes in the appropriations of the General Fund, which changes could not have been anticipated or known at the time of making such budget ordinance; and

**WHEREAS**, this ordinance has been on file in the City Clerk's Office for five days.

Now, therefore, the City of Spokane does ordain:

**Section 1.** That in the budget of the General Fund, and the budget annexed thereto with reference to the General Fund, the following changes be made:

FROM:	0020-93529	Non-Departmental	
	99999-33311	Dept of Commerce	<u>\$ 3,330,000</u>
TO:	0020-88500	General Fund	
	19990-54201	Contractual Services	<u>\$ 3,330,000</u>

**Section 2.** It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the need to budget for additional City CARES Act funding received from the state Department of Commerce and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage.

PASSED by the City Council

Council President

Attest: \_\_\_\_\_  
City Clerk

Approved as to form: \_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

Date

\_\_\_\_\_  
Effective Date

# Briefing Paper

## Finance and Administration

<b>Division &amp; Department:</b>	Finance
<b>Subject:</b>	SBO for City COVID-19 Response
<b>Date:</b>	09/21/2020
<b>Contact (email &amp; phone):</b>	Paul Ingiosi / pingiosi@spokanecity.org / (509) 625-6061
<b>City Council Sponsor:</b>	Council Member Mumm
<b>Executive Sponsor:</b>	Tonya Wallace
<b>Committee(s) Impacted:</b>	Finance Committee
<b>Type of Agenda item:</b>	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
<b>Alignment:</b> (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
<b>Strategic Initiative:</b>	
<b>Deadline:</b>	
<b>Outcome:</b> (deliverables, delivery duties, milestones to meet)	To reimburse funds for allowable City COVID-related response expenses from the Federal Emergency Management Agency and federal CARES Act funds passed through the Washington State Department of Commerce.
<b><u>Narrative:</u></b> - Revenue and expenses for City operation COVID-related costs.	
<b><u>Executive Summary:</u></b>  The SBO recognizes the balance of the original CARES Act funding made available to City's through the state's Department of Commerce in the amount of approximately \$2.6 million and approximately \$614,000 in FEMA reimbursements to the City. Expenditures for each department represent actuals plus encumbrances for CARES and FEMA eligible costs.	
<b><u>Budget Impact:</u></b> Approved in current year budget? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If new, specify funding source: Transfer of budget capacity from ITSD to Purchasing Other budget impacts: (revenue generating, match requirements, etc.) None	
<b><u>Operations Impact:</u></b> Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A Specify changes required: Known challenges/barriers:	



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

An ordinance amending Ordinance No. C-35857, passed by the City Council December 16, 2019, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2020, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2020, declaring a public emergency, and providing it shall take effect immediately upon passage under Section 16(D) of the City Charter as necessary for the immediate support of the public health, safety, and welfare of the citizens of Spokane", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2020 budget Ordinance No. C-35857, as above entitled, and which passed the City Council December 16, 2019, it is necessary to make changes in the appropriations of the various funds, which changes could not have been anticipated or known at the time of making such budget ordinance; and

WHEREAS, this ordinance has been on file in the City Clerk's Office for five days; - Now, Therefore,

The City of Spokane does ordain:

Section 1. That in the budget of the General Fund, and the budget annexed thereto with reference to the General Fund, the following changes be made:

FROM:	0020-93529	Non-Departmental	
	99999-33311	Dept of Commerce	\$699,157
	0020-98867		
	99999-33183	FEMA	\$29,444
			<u>\$728,601</u>
TO:	0020-88100	Nondepartmental	
	18900-59951	Reserve for Budget Adjustment	\$609,618
	0030-11500	Police Ombudsman	
	57200-59951	Reserve for Budget Adjustment	\$363
	0230-30600	Civil Service	
	18100-59951	Reserve for Budget Adjustment	\$59
	0260-32100	City Clerk	
	14230-59951	Reserve for Budget Adjustment	\$368
	0300-53010	Human Services	
	65430-59951	Reserve for Budget Adjustment	\$501
	0330-37100	Public Affairs/Communications	
	18900-59951	Reserve for Budget Adjustment	\$121
	0350-57110	Community Centers	
	75500-59951	Reserve for Budget Adjustment	\$50,551
	0370-30210	Engineering Services	
	44200-59951	Reserve for Budget Adjustment	\$3,438
	0410-34100	Finance	
	14230-59951	Reserve for Budget Adjustment	\$2,068
	0500-15100	Legal	
	15300-59951	Reserve for Budget Adjustment	\$1,552

0560-13100	Municipal Court	
12500-59951	Reserve for Budget Adjustment	\$27,953
0620-31100	Human Resources	
18100-59951	Reserve for Budget Adjustment	\$1,020
0650-30210	Planning Services	
58620-59951	Reserve for Budget Adjustment	\$961
0680-11410	Police	
21250-59951	Reserve for Budget Adjustment	\$15,416
0690-16100	Probation Services	
23100-59951	Reserve for Budget Adjustment	\$1,711
0700-14100	Public Defender	
15930-59951	Reserve for Budget Adjustment	\$7,302
0860-30400	Treasury Services	
14230-59951	Reserve for Budget Adjustment	\$1,729
		<u>\$ 728,601</u>

Section 2. That in the budget of the Street Fund, and the budget annexed thereto with reference to the Street Fund, the following changes be made:

FROM:	1100-93529	Street Fund	
	99999-33311	Dept of Commerce	\$9,821
	1100-98867		
	99999-33183	FEMA	\$3,827
			<u>\$13,648</u>
TO:	1100-21700	Street Fund	
	42300-59951	Reserve for Budget Adjustment	\$5,103
	1100-99999		
	99999	Unappropriated Reserves	\$8,545
			<u>\$23,783</u>

Section 3. That in the budget of the Code Enforcement Fund, and the budget annexed thereto with reference to the Code Enforcement Fund, the following changes be made:

FROM:	1200-93529	Code Enforcement Fund	
	99999-33311	Dept of Commerce	\$8,095
	1200-98867		
	99999-33183	FEMA	\$1,246
			<u>\$9,341</u>
TO:	1200-30210	Code Enforcement Fund	
	24600-59951	Reserve for Budget Adjustment	\$1,661
	1200-99999		
	99999	Unappropriated Reserves	\$7,680
			<u>\$ 9,341</u>

Section 4. That in the budget of the Library Fund, and the budget annexed thereto with reference to the Library Fund, the following changes be made:

FROM:	1300-93529	Library Fund	
	99999-33311	Dept of Commerce	\$10,729
	1300-98867		
	99999-33183	FEMA	\$17,656
			<u>\$ 28,385</u>
TO:	1300-30210	Library Fund	
	72100-59951	Reserve for Budget Adjustment	\$24,958
	1300-99999		
	99999	Unappropriated Reserves	\$3,427
			<u>\$ 28,385</u>

Section 5. That in the budget of the Park Fund, and the budget annexed thereto with reference to the Park Fund, the following changes be made:

FROM:	1400-93529	Park Fund	
	99999-33311	Dept of Commerce	\$26,690
	1400-98867		
	99999-33183	FEMA	\$6,320
			<u>\$ 33,010</u>
TO:	1400-30210	Park Fund	
	76120-59951	Reserve for Budget Adjustment	\$12,140
	1400-99999		
	99999	Unappropriated Reserves	\$20,870
			<u>\$ 33,010</u>

Section 6. That in the budget of the Parking System Fund, and the budget annexed thereto with reference to the Parking System Fund, the following changes be made:

FROM:	1460-93529	Parking System Fund	
	99999-33311	Dept of Commerce	\$27,516
	1460-98867		
	99999-33183	FEMA	\$1,525
			<u>\$29,041</u>
TO:	1460-21200	Parking System Fund	
	21710-59951	Reserve for Budget Adjustment	\$2,453
	1460-99999		
	99999	Unappropriated Reserves	\$26,588
			<u>\$29,041</u>

Section 7. That in the budget of the LEIS Fund, and the budget annexed thereto with reference to the LEIS Fund, the following changes be made:

FROM:	1510-93529 99999-33311	LEIS Fund Dept of Commerce	\$11,663
			<u>\$11,663</u>
TO:	1510-99999 99999	LEIS Fund Unappropriated Reserves	\$11,663
			<u>\$11,663</u>

Section 8. That in the budget of the Human Services Grants Fund, and the budget annexed thereto with reference to the Human Services Grants Fund, the following changes be made:

FROM:	1540-95593 65410-33183	Human Services Grants Fund FEMA	\$100,000
			<u>\$ 100,000</u>
TO:	1540-95593 65430-53201 1540-95593 65410-54201	Human Services Grants Fund Operating Supplies Contractual Services	\$18,171 \$81,829
			<u>\$ 100,000</u>

Section 9. That in the budget of the Intermodal Facility Operations Fund, and the budget annexed thereto with reference to the Intermodal Facility Operations Fund, the following changes be made:

FROM:	1570-93529 99999-33311	Intermodal Facility Operations Fund Dept of Commerce	\$58,214
			<u>\$ 58,214</u>
TO:	1570-23100 18200-54920	Intermodal Facility Operations Fund Alarm/Security Services	\$58,214
			<u>\$ 58,124</u>

Section 10. That in the budget of the Public Safety Personnel Fund, and the budget annexed thereto with reference to the Public Safety Personnel Fund, the following changes be made:

FROM:	1625-93529 99999-33311 1625-98867 99999-33183	Public Safety Personnel Fund Dept of Commerce FEMA	\$5,461 \$9,674
			<u>\$ 15,135</u>
TO:	1625-99999 99999	Public Safety Personnel Fund Unappropriated Reserves	\$15,135
			<u>\$ 15,135</u>

Section 11. That in the budget of the Combined Communications Center Fund, and the budget annexed thereto with reference to the Combined Communications Center Fund, the following changes be made:

FROM:	1630-93529	Combined Communications Center Fund	
	99999-33311	Dept of Commerce	\$2,309
	1630-98867	Combined Communications Center Fund	
	99999-33183	FEMA	\$2,105
			<u>\$4,414</u>
TO:	1630-99999	Combined Communications Center Fund	
	99999	Unappropriated Reserves	\$4,414
			<u>\$4,414</u>

Section 12. That in the budget of the CD/HS Operations Fund, and the budget annexed thereto with reference to the CD/HS Operations Fund, the following changes be made:

FROM:	1680-93529	CD/HS Operations Fund	
	99999-33311	Dept of Commerce	\$1,873
			<u>\$ 1,873</u>
TO:	1680-99999	CD/HS Operations Fund	
	99999	Unappropriated Reserves	\$1,873
			<u>\$ 1,873</u>

Section 13. That in the budget of the Miscellaneous Community Development Grants Fund, and the budget annexed thereto with reference to the Miscellaneous Community Development Grants Fund, the following changes be made:

FROM:	1700-93529	Miscellaneous Community Development Grants Fund	
	99999-33311	Dept of Commerce	\$1,127,501
			<u>\$ 1,127,501</u>
TO:	1700-95590	Miscellaneous Community Development Grants Fund	
	65410-59951	Reserve for Budget Adjustment	\$1,127,501
			<u>\$ 1,127,501</u>

Section 14. That in the budget of the Emergency Medical Services Fund, and the budget annexed thereto with reference to the Emergency Medical Services Fund, the following changes be made:

FROM:	1970-93529	Emergency Medical Services Fund	
	99999-33311	Dept of Commerce	\$234,462
	1970-98867		
	99999-33183	FEMA	\$416,732
			<u>\$ 651,194</u>
TO:	1970-35121	Emergency Medical Services Fund	
	22300-59951	Reserve for Budget Adjustment	\$211,058
	1970-99999		
	99999	Unappropriated Reserves	\$440,136
			<u>\$ 651,194</u>

Section 15. That in the budget of the Water - Wastewater Fund (Water Division), and the budget annexed thereto with reference to the Water - Wastewater Fund (Water Division), the following changes be made:

FROM:	4100-93529	Water – Wastewater Fund (Water Division)	
	99999-33311	Dept of Commerce	\$107,760
	4100-98867		
	99999-33183	FEMA	\$5,069
			<u>\$ 112,829</u>
TO:	4100-42440	Water – Wastewater Fund (Water Division)	
	34148-59951	Reserve for Budget Adjustment	\$6,759
	4100-99999		
	99999	Unappropriated Reserves	\$106,070
			<u>\$ 112,829</u>

Section 16. That in the budget of the ICM Fund, and the budget annexed thereto with reference to the ICM Fund, the following changes be made:

FROM:	4250-93529	ICM Fund	
	99999-33311	Dept of Commerce	\$2,804
			<u>\$ 2,804</u>
TO:	4250-99999	ICM Fund	
	99999	Unappropriated Reserves	\$2,804
			<u>\$ 2,804</u>

Section 17. That in the budget of the Water - Wastewater Fund (Sewer Maintenance Division), and the budget annexed thereto with reference to the Water – Wastewater Fund (Sewer Maintenance Division), the following changes be made:

FROM:	4310-93529	Water – Wastewater Fund (Sewer Maintenance Division)	
	99999-33311	Dept of Commerce	\$4,935
	4310-98867		
	99999-33183	FEMA	\$2,255
			<u>\$6,650</u>
TO:	4310-43117	Water – Wastewater Fund (Sewer Maintenance Division)	
	35148-59951	Reserve for Budget Adjustment	\$3,007
	4310-99999		
	99999	Unappropriated Reserves	\$4,183
			<u>\$6,650</u>

Section 18. That in the budget of the Advanced WW Treatment Fund, and the budget annexed thereto with reference to the Advanced WW Treatment Fund, the following changes be made:

FROM:	4320-93529	Advanced WW Treatment Fund	
	99999-33311	Dept of Commerce	\$28,299
	4320-98867		
	99999-33183	FEMA	\$4,260
			<u>\$ 32,559</u>
TO:	4320-99999	Advanced WW Treatment Fund	
	99999	Unappropriated Reserves	\$26,879
	4320-30210		
	35141-59951	Reserve for Budget Adjustment	\$5,680
			<u>\$ 32,559</u>

Section 19. That in the budget of the Stormwater Fund, and the budget annexed thereto with reference to the Stormwater Fund, the following changes be made:

FROM:	4330-93529	Stormwater Fund	
	99999-33311	Dept of Commerce	\$7,067
			<u>\$7,067</u>
TO:	4330-99999	Stormwater Fund	
	99999	Unappropriated Reserves	\$7,067
			<u>\$7,067</u>

Section 20. That in the budget of the Water - Wastewater Fund (Environmental Programs), and the budget annexed thereto with reference to the Water – Wastewater Fund (Environmental Programs), the following changes be made:

FROM:	4360-93529	Water – Wastewater Fund (Environmental Programs)	
	99999-33311	Dept of Commerce	\$55
	4360-98867	Water – Wastewater Fund (Environmental Programs)	
	99999-33183	FEMA	\$165
			<u>\$220</u>
TO:	4360-43510	Water – Wastewater Fund (Environmental Programs)	
	54941-59951	Reserve for Budget Adjustment	\$220
			<u>\$ 220</u>

Section 21. That in the budget of the Solid Waste Fund (Solid Waste Disposal), and the budget annexed thereto with reference to the Solid Waste Fund (Solid Waste Disposal), the following changes be made:

FROM:	4490-93529	Solid Waste Fund (Solid Waste Disposal)	
	99999-33311	Dept of Commerce	\$3,684
	4490-98867		
	99999-33183	FEMA	\$2,442
			<u>\$ 6,126</u>
TO:	4490-30210	Solid Waste Fund (Solid Waste Disposal)	
	37141-59951	Reserve for Budget Adjustment	\$3,340
	4490-99999		
	99999	Unappropriated Reserves	\$2,786
			<u>\$ 6,126</u>

Section 22. That in the budget of the Solid Waste Fund (Solid Waste Collection), and the budget annexed thereto with reference to the Solid Waste Fund (Solid Waste Collection), the following changes be made:

FROM:	4500-93529	Solid Waste Fund (Solid Waste Collection)	
	99999-33311	Dept of Commerce	\$33,703
	4500-98867		
	99999-33183	FEMA	\$1,238
			<u>\$ 34,941</u>
TO:	4500-30210	Solid Waste Fund (Solid Waste Collection)	
	37141-59951	Reserve for Budget Adjustment	\$9,744
	4500-99999		
	99999	Unappropriated Reserves	\$25,197
			<u>\$ 34,941</u>



Section 23. That in the budget of Golf Fund, and the budget annexed thereto with reference to the Golf Fund, the following changes be made:

FROM:	4600-93529 99999-33311	Golf Fund Dept of Commerce	\$432
			<u>\$ 432</u>
TO:	4600-99999 99999	Golf Fund Unappropriated Reserves	\$432
			<u>\$ 432</u>

Section 24. That in the budget of Development Services Center Fund, and the budget annexed thereto with reference to the Development Services Center Fund, the following changes be made:

FROM:	4700-93529 99999-33311	Development Services Center Fund Dept of Commerce	\$29,477
	4700-98867 99999-33183	FEMA	\$1,000
			<u>\$ 30,477</u>
TO:	4700-30210 24100-59951	Development Services Center Fund Reserve for Budget Adjustment	\$3,315
	4700-99999 99999	Unappropriated Reserves	\$27,162
			<u>\$ 30,477</u>

Section 25. That in the budget of Fleet Services Fund, and the budget annexed thereto with reference to the Fleet Services Fund, the following changes be made:

FROM:	5100-93529 99999-33311	Fleet Services Fund Dept of Commerce	\$3,388
	5100-98867 99999-33183	FEMA	\$714
			<u>\$ 4,102</u>
TO:	5100-30210 48341-59951	Fleet Services Fund Reserve for Budget Adjustment	\$1,542
	5100-99999 99999	Unappropriated Reserves	\$2,560
			<u>\$4,102</u>

Section 26. That in the budget of Public Works and Utilities Fund, and the budget annexed thereto with reference to the Public Works and Utilities Fund, the following changes be made:

FROM:	5200-93529	Public Works and Utilities Fund	
	99999-33311	Dept of Commerce	\$14,427
	5200-98867		
	99999-33183	FEMA	\$480
			<u>\$ 14,907</u>
TO:	5200-30210	Public Works and Utilities Fund	
	38141-59951	Reserve for Budget Adjustment	\$7,470
	5200-99999		
	99999	Unappropriated Reserves	\$7,437
			<u>\$ 14,907</u>

Section 27. That in the budget of IT Fund, and the budget annexed thereto with reference to the IT Fund, the following changes be made:

FROM:	5300-93529	IT Fund	
	99999-33311	Dept of Commerce	\$35,518
	5300-98867		
	99999-33183	FEMA	\$1,015
			<u>\$ 36,533</u>
TO:	5300-30210	IT Fund	
	18810-59951	Reserve for Budget Adjustment	\$15,540
	5300-99999		
	99999	Unappropriated Reserves	\$20,993
			<u>\$36,533</u>

Section 28. That in the budget of IT Capital Replacement Fund, and the budget annexed thereto with reference to the IT Capital Replacement Fund, the following changes be made:

FROM:	5310-93529	IT Capital Replacement Fund	
	99999-33311	Dept of Commerce	\$59,243
			<u>\$ 59,243</u>
TO:	5310-73100	IT Capital Replacement Fund	
	94000-59951	Reserve for Budget Adjustment	\$59,243
			<u>\$ 59,243</u>

Section 29. That in the budget of Purchasing & Stores Fund, and the budget annexed thereto with reference to the Purchasing & Stores Fund, the following changes be made:

FROM:	5500-93529 99999-33311	Purchasing & Stores Fund Dept of Commerce	\$10,138
			<u>\$ 10,138</u>
TO:	5500-99999 99999	Purchasing & Stores Fund Unappropriated Reserves	\$10,138
			<u>\$ 10,138</u>

Section 30. That in the budget of Accounting Fund, and the budget annexed thereto with reference to the Accounting Fund, the following changes be made:

FROM:	5600-93529 99999-33311	Accounting Fund Dept of Commerce	\$12,470
	5600-98867 99999-33183	FEMA	\$280
			<u>\$ 12,750</u>
TO:	5600-30210 14230-59951	Accounting Fund Reserve for Budget Adjustment	\$11,373
	5600-99999 99999	Unappropriated Reserves	\$1,377
			<u>\$ 12,750</u>

Section 31. That in the budget of My Spokane Fund, and the budget annexed thereto with reference to the My Spokane Fund, the following changes be made:

FROM:	5700-93529 99999-33311	My Spokane Fund Dept of Commerce	\$21,300
	5700-98867 99999-33183	FEMA	\$285
			<u>\$ 21,585</u>
TO:	5700-30210 57200-59951	My Spokane Fund Reserve for Budget Adjustment	\$4,601
	5700-99999 99999	Unappropriated Reserves	\$16,984
			<u>\$ 21,585</u>

Section 32. That in the budget of Office of Performance Management Fund, and the budget annexed thereto with reference to the Office of Performance Management Fund, the following changes be made:

FROM:	5750-93529	Office of Performance Management Fund	
	99999-33311	Dept of Commerce	\$11,244
	5750-98867		
	99999-33183	FEMA	\$143
			<u>\$ 11,387</u>
TO:	5750-73250	Office of Performance Management Fund	
	18880-59951	Reserve for Budget Adjustment	\$191
	5750-99999		
	99999	Unappropriated Reserves	\$11,196
			<u>\$ 11,387</u>

Section 33. That in the budget of Workers' Compensation Fund, and the budget annexed thereto with reference to the Workers' Compensation Fund, the following changes be made:

FROM:	5810-93529	Workers' Compensation Fund	
	99999-33311	Dept of Commerce	\$11,725
	5810-98867		
	99999-33183	FEMA	\$16
			<u>\$ 11,741</u>
TO:	5810-99999	Workers' Compensation Fund	
	99999	Unappropriated Reserves	\$11,741
			<u>\$ 11,741</u>

Section 34. That in the budget of Workers' Compensation Fund, and the budget annexed thereto with reference to the Workers' Compensation Fund, the following changes be made:

FROM:	5830-93529	Employees Benefits Fund	
	99999-33311	Dept of Commerce	\$5
	5830-98867		
	99999-33183	FEMA	\$16
			<u>\$ 21</u>
TO:	5830-99999	Employees Benefits Fund	
	99999	Unappropriated Reserves	\$21
			<u>\$ 21</u>

Section 35. That in the budget of Asset Management Operations Fund, and the budget annexed thereto with reference to the Asset Management Operations Fund, the following changes be made:

FROM:	5900-93529	Asset Management Operations Fund	
	99999-33311	Dept of Commerce	\$7,998
	5900-98867		
	99999-33183	FEMA	\$7,133
			<u>\$ 15,131</u>
TO:	5900-30700	Asset Management Operations Fund	
	18300-59951	Reserve for Budget Adjustment	\$13,203
	5900-99999		
	99999	Unappropriated Reserves	\$1,928
			<u>\$ 15,131</u>

Section 36. It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the City's response to the COVID-19 pandemic, its impact on City operations, and to budget for \$614,742 in FEMA and \$2,629,161 in City CARES Act funding, and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage.

Passed the City Council \_\_\_\_\_

\_\_\_\_\_  
Council President

Attest: \_\_\_\_\_  
City Clerk

Approved as to form: \_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date

## Briefing Paper Study Session

<b>Division &amp; Department:</b>	City Legal
<b>Subject:</b>	Approval of Contract Amendment for Special Counsel Contract
<b>Date:</b>	September 16, 2020
<b>Author (email &amp; phone):</b>	Michael Ormsby, <a href="mailto:mormsby@spokanecity.org">mormsby@spokanecity.org</a> , 6287
<b>City Council Sponsor:</b>	Breean Beggs
<b>Executive Sponsor:</b>	Mike Ormsby
<b>Committee(s) Impacted:</b>	Finance and Administration
<b>Type of Agenda item:</b>	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
<b>Alignment:</b> (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
<b>Strategic Initiative:</b>	Public Safety and Quality of Life
<b>Deadline:</b>	
<b>Outcome:</b> (deliverables, delivery duties, milestones to meet)	Completion of the cable franchise renewal
<b><u>Executive Summary:</u></b> Moss & Barnett provides legal services and advice to the City in regards to the Comcast Franchise renewal. Additional funds are necessary to finalize the cable franchise renewal work	
<b><u>Budget Impact:</u></b> Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If new, specify funding source: Utility Budget Other budget impacts: (revenue generating, match requirements, etc.)	
<b><u>Operations Impact:</u></b> Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Specify changes required: Known challenges/barriers:	



**City of Spokane**  
**CONTRACT AMENDMENT**  
**SPECIAL COUNSEL**

THIS CONTRACT AMENDMENT is between the **CITY OF SPOKANE**, a Washington State municipal corporation, as ("City"), and **BRIAN T. GROGAN** and the law firm of **MOSS & BARNETT, P.A.**, whose address is 4800 Wells Fargo Center, 90 South Street, Minneapolis, Minnesota 55402, as ("Firm"), individually hereafter referenced as a "party" and together as the "parties".

WHEREAS, the parties entered into a Contract wherein the Firm agreed to act as **OUTSIDE COUNSEL** providing legal services and advice to the City in regards to the Comcast Franchise renewal; and

WHEREAS, additional funds are necessary for the Firm to negotiate a cable franchise renewal for the City;

-- Now, Therefore,

The parties agree as follows:

**1. CONTRACT DOCUMENTS.**

The original Contract executed by the parties on February 3, 2014 and February 13, 2014, any previous amendments and/or extensions/renewals thereto are incorporated by reference into this document as though written in full and shall remain in full force and effect except as provided herein.

**2. EFFECTIVE DATE.**

This Contract Amendment shall become effective on August 1, 2020.

**3. COMPENSATION.**

The City shall pay a maximum of **TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00)** for everything furnished and done under this Contract Amendment. The total amount under the original contract, all previous amendments and this Amendment is **TWO**

**HUNDRED FORTY SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$247,500.00).**

**MOSS & BARNETT, P.A.**

**CITY OF SPOKANE**

By \_\_\_\_\_  
Signature      Date

By \_\_\_\_\_  
Signature      Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

Attest:

Approved as to form:

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

\_\_\_\_\_  
Assistant City Attorney

20-155



# MEMO



**Finance Division**  
808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3313  
(509) 625-6845

**Tonya Wallace**  
Chief Financial Officer

To: Mayor Woodward, Council President Beggs, & City Council Members  
From: Tonya Wallace, Chief Financial Officer  
Date: September 11, 2020  
Subject: Intrafund Budget Transfer Report for August 2020

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In accordance with SMC 7.09 – Intrafund Budget Transfers, Section 7.09.020 - Report required, attached please find the report for August 2020.

If you have any questions, please call me at x6845.

TW/pi

pc: City Administrator Wes Crago

Attachment

**Intrafund Budget Transfers**  
**Per SMC 7.09.020**  
**Report for August 2020**

FUND/DEPT	FROM	TO	AMOUNT	PURPOSE
0230 - Civil Service	Various Accounts	Reserve for COVID Cost Containment	\$128,018.00	Move budget authority to COVID cost containment reserve
0230 - Civil Service	Chief Examiner	Various Accounts	\$23,771.00	Move salary savings to budget for temporary seasonal, project employee, overtime, and out of grade
0330 - Communications	Various Accounts	Reserve for COVID Cost Containment	\$15,500.00	Move budget authority to COVID cost containment reserve
0370 - Engineering Services	Various Accounts	Reserve for COVID Cost Containment	\$230,660.00	Move budget authority to COVID cost containment reserve
0410 - Finance	Various Accounts	Reserve for COVID Cost Containment	\$167,037.00	Move budget authority to COVID cost containment reserve
0500 - Legal	Various Accounts	Reserve for COVID Cost Containment	\$145,163.00	Move budget authority to COVID cost containment reserve
0520 - Mayor's Office	Various Accounts	Reserve for COVID Cost Containment	\$70,000.00	Move budget authority to COVID cost containment reserve
0570 - Office of Hearing Examiner	Various Accounts	Reserve for COVID Cost Containment	\$5,000.00	Move budget authority to COVID cost containment reserve
0620 - Human Resources	Various Accounts	Reserve for COVID Cost Containment	\$132,737.00	Move budget authority to COVID cost containment reserve
0680 - Police	Spokane County Intergovernmental	Building Improvements	\$22,868.00	Transfer of funds for security system and fiber upgrades to the Downtown Police Precinct
0680 - Police	Various Accounts	Reserve for COVID Cost Containment	\$1,379,918.00	Move budget authority to COVID cost containment reserve
0680 - Police	Transfer-Out	Building Improvements	\$2,151.00	Building improvements at Gardner facility
0700 - Public Defender	Public Defender I	Public Defender II	\$24,868.00	Progressive promotion
1300 - Library	Various Accounts	Reserve for COVID Cost Containment	\$400,000.00	Move budget authority to COVID cost containment reserve
1460 - Parking Meters	Parking Enforcement Specialist	Program Professional	\$71,268.00	Civil Service position reclass
1970 - Fire/EMS	Various Accounts	Reserve for COVID Cost Containment	\$1,785,000.00	Move budget authority to COVID cost containment reserve
4100 - Water	Certified Water Service Specialist	Water Service Specialist	\$20,314.00	Downgrade of a vacant position for hiring


4490 - Solid Waste Disposal	Equipment Repair/Maintenance	Other Improvements	\$132,500.00	Roadwork to new ash bypass building
5300 - ITSD	Various Accounts	Reserve for COVID Cost Containment	\$298,613.00	Move budget authority to COVID cost containment reserve
5300 - ITSD	Info Systems Analyst I	Info Systems Analyst II	\$29,264.00	Civil Service position reclass
5310 - IT Capital Replacement	Fiber Optics	Reserve for COVID Cost Containment	\$115,451.00	Move budget authority to COVID cost containment reserve
5600 - Accounting Services	Various Accounts	Reserve for COVID Cost Containment	\$168,711.00	Move budget authority to COVID cost containment reserve
5700 - My Spokane	Program Professional	Software (Non-Capitalized)	\$11,500.00	Transfer funds for software purchase and set-up
5700 - My Spokane	Various Accounts	Reserve for COVID Cost Containment	\$24,192.00	Move budget authority to COVID cost containment reserve
5700 - My Spokane	Customer Service Assistant	Customer Service Specialist	\$2,358.00	Progressive promotion
5900 - Asset Management	Various Accounts	Reserve for COVID Cost Containment	\$120,000.00	Move budget authority to COVID cost containment reserve

# MEMO



**Finance Division**  
808 W. Spokane Falls Blvd.  
Spokane, Washington 99201-3313  
(509) 625-6845

**Tonya Wallace**  
Chief Financial Officer

To: Mayor Woodward, Council President Beggs, & City Council Members  
From: Tonya Wallace, Chief Financial Officer  
Date: September 11, 2020  
Subject: General Fund Update

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Attached for your information is an update of changes in the General Fund through August 2020.

If you have any questions, please call me at x6845.

2020 Budget as of 08/31/20	\$213,348,921
2020 Adopted Budget	<u>\$206,918,438</u>
Net Addition to Budget	\$ 6,430,483

TW: pi  
pc: City Administrator Wes Crago

Attachment

**ALL CHANGES INCREASING OR DECREASING THE GENERAL FUND AS OF August 31, 2020**

Date	Department	Reason	Additional Expenditure	From Unapp. Reserves	From Add'l Revenue	Encumbrance Carryover	Operating Transfer In	Reference Document
1/31/2020	General Fund	Encumbrance Carryover				\$ 2,989,424.00		
2/3/2020	0300 - Human Services	funding to expand emergency shelter facilities with needed services to ensure that people experiencing homelessness in Spokane are safe and assisted in obtaining the services they need to exit homelessness	\$31,300.00	\$31,300.00				C35887
2/10/2020	0300 - Human Services	funding to expand emergency shelter facilities with needed services to ensure that people experiencing homelessness in Spokane are safe and assisted in obtaining the services they need to exit homelessness	\$18,466.00	\$18,466.00				C35891
2/26/2020	0300 - Human Services	to fund two permanent housing projects to help alleviate emergency need in the community	\$280,000.00	\$280,000.00				C35892
2/26/2020	0020 - Non-Departmental	to budget extra funds for SCRAPS regarding a one-time deficiency payment and to cover a budget deficit for the 2020 contract amount	\$110,000.00	\$110,000.00				C35886
3/23/2020	0520 - Mayor's Office	To create a Director of Emergency Management Position	\$151,800.00	\$151,800.00				C35857
7/1/2020	0680 - Police	To recognize unbudgeted revenue and expenditure pertaining to acceptance of a Spokane Transit Authority contract for law enforcement presence on buses.	\$76,678.00		\$76,678.00			C35918
8/17/2020	0020 - Non-Departmental	To budget CARES Act funds for City response to COVID-19 pandemic.	\$2,902,815.00		\$2,902,815.00			C35929
8/27/2020	0650 - Planning Services	Contra salaries and benefits for grant work performed by Planning Services staff	-\$130,000.00		-\$130,000.00			
		<b>Total</b>	<b>\$3,441,059.00</b>	<b>\$591,566.00</b>	<b>\$2,849,493.00</b>	<b>\$2,989,424.00</b>		



**GENERAL FUND FINANCIAL SUMMARY - 2020**  
**August 31, 2020**

**BEGINNING BALANCES\* (actual as of 12/31/2019, unaudited)**

		<u>Actual</u>	<u>%</u>
--Assigned Funds for Encumbrance Rollover	2,989,424		
--Revenue Stabilization Reserve Balance (target 3.5% of revenues)	7,248,506	3.5%	
--Contingency Reserve Balance (target 10.0% of expenditures)	20,691,844	10.0%	
--Unappropriated Fund Balance	19,612,969		
<b>Total Available Reserves (Revenue Stabilization, Contingency Reserves, Unappropriated)</b>	<b>47,553,318</b>		
<i>% of Adopted Revenues</i>		23.0%	

**2020 Adopted General Fund Revenues**

	207,100,161	
Add - Other COVID-19 Relief Funding	TBD	
Add - FEMA Reimbursement**	516,250	
Add - COVID-19 Relief Funding (City Distribution)	6,660,000	
Add - 2020 Approved Budget Changes QR3	76,678	
Decrease - Sales Tax Revenue Loss (COVID-19)	(3,500,000)	
Decrease - Other Revenue Loss (COVID-19)	(5,000,000)	
<b>Adjusted General Fund Revenue</b>	<b>205,853,089</b>	<b>205,853,089</b>

**2020 Adopted General Fund Expenses**

	206,918,438	
Add - 2019 Encumbrance Rollovers	2,989,424	
Add - 2020 Approved Budget Changes QR1	591,566	
Add - 2020 Approved Budget Changes QR2	-	
Add - 2020 Approved Budget Changes QR3	76,678	
Add - Potential Guild Agreement	6,219,000	
Add - COVID-19 Response Expense	2,379,000	
Add - City Re-Opening Costs	250,000	
Add - Other Community COVID-19 Response Expense	4,031,000	
Decrease - Salary Savings from Vacancies	(3,333,400)	
Decrease - Expense Control	(3,268,507)	
<b>Adjusted General Fund Expenses</b>	<b>216,853,199</b>	<b>216,853,199</b>

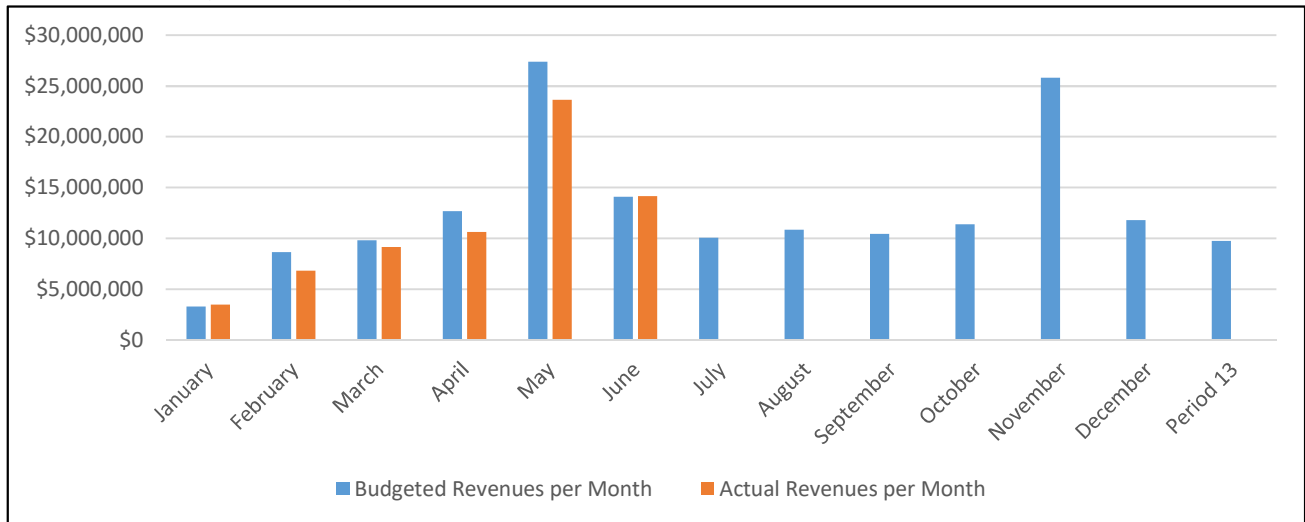
**PROJECTED ENDING BALANCES**

		<u>Actual</u>	<u>%</u>
--Assigned Funds for Encumbrance Rollover	-		
--Revenue Stabilization Reserve Balance (target 3.5% of revenues)	6,971,758	3.5%	
--Contingency Reserve Balance (target 10.0% of expenditures)	20,098,478	10.0%	
--Unappropriated Fund Balance	12,472,397		
<b>Total Available Reserves</b>	<b>39,542,632</b>		
<i>% of Adopted Revenues</i>		19.2%	

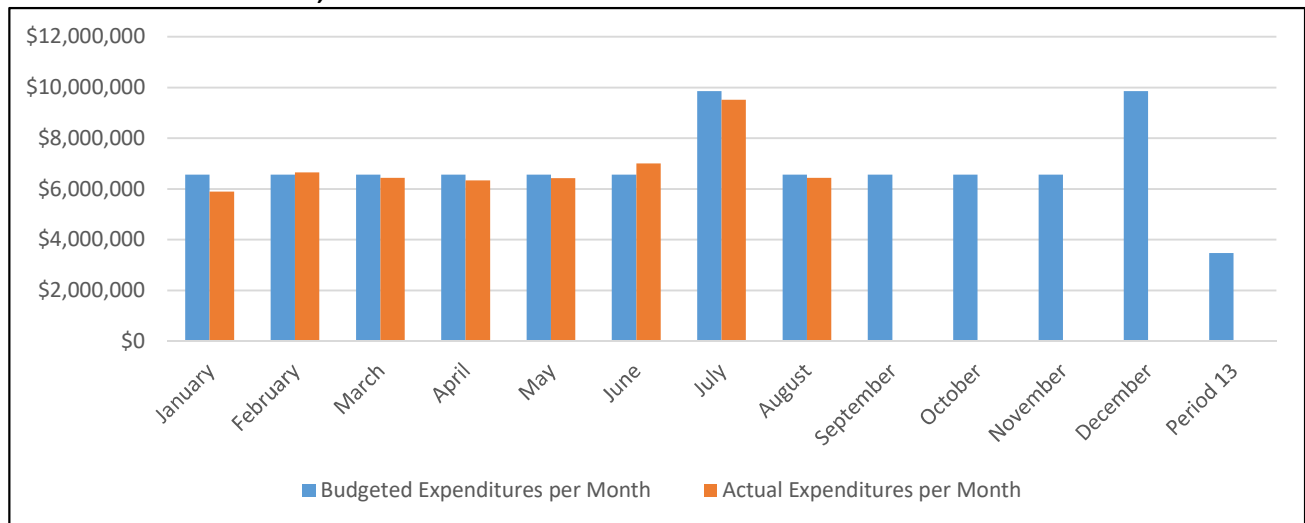
\*Per SMC 07.08.010, any General Fund revenue in excess of expenditures from 2019 will first be deposited into the Revenue Stabilization Reserve until that reserve reaches its targeted funding level

\*\*The City anticipates 75% reimbursement from FEMA for eligible costs

## REVENUE - SALES, PROPERTY, and UTILITY TAXES



## EXPENDITURES - SALARIES, WAGES & BENEFITS



## RESERVE ACCOUNTS

