

Finance and Administration Committee Meeting

MEETING AGENDA

June 21, 2021

1:15 PM to 3:15 PM

The Spokane City Council's Finance & Administration Committee meeting will be held at **1:15 PM on June 21, 2021** 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](#)

III. Consent Items

- A. [Big Belly Contract Amendment](#)

IV. Discussion Requests

- A. [Airport's Joint Resolution - Tax Parcel No. 25295.9050 \(5 min.\)](#) Larry Krauter/Todd Woodard
- B. [Draft Administrative Policy for Housing Action Subcommittee Stipends \(10 min.\)](#) Melissa Morrison
- C. [Resolution for Sale of Surplus Properties \(5 min.\)](#) Dave Steele
- D. [Upgrade ICUs at Broadway Refueling and Wash Sites \(5 min.\)](#) Rick Giddings
- E. [SBO for Intermodal CPTED Landscaping \(5 min.\)](#) Paul Ingiosi/Jeff Teal
- F. [SBO for Enhanced Services for Downtown Maintenance, Graffiti and Litter Abatement \(5 min.\)](#) Kris Becker
- G. [SBO for Clarke Ave Landslide Engineering Costs \(5 min.\)](#) Marlene Feist
- H. [SBO for Engineering Field Office Relocation \(5 min.\)](#) Marlene Feist
- I. [SBO for PW Division Education Coordinator and Clerk II Positions \(5 min.\)](#) Raylene Gennett
- J. [SBO for Enhanced Home Monitoring Program Pilot \(5 min.\)](#) Mike Ormsby

V. Committee Briefs

- A. [SAO Performance Audit of IT Security \(10 min.\)](#) Dan Wordell/Michael Hjermstad

VI. Standing Topic Discussions

A. [Monthly Financial Reports \(5 min.\)](#)

Paul Ingiosi

VII. Adjournment

The next Finance and Administration Committee meeting will be on **Monday, July 19, 2021 at 1:15 PM.**

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. 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
May 17, 2021 – DRAFT

Attendance

Council Member Becky Wilkerson, Council Member Candace Mumm, Council President Breean Beggs, Council Member Karen Stratton, Council Member Kate Burke, Council Member Lori Kinnear, Council Member Michael Cathcart, Hannahlee Allers, City Administrator Johnnie Perkins, Tonya Wallace, Amie Blain, Todd Woodard, Steve Burns, Mark Carlos, Eric Finch, Shauna Harshman, Michelle Hughes, Paul Ingiosi, Karl Otterstrom, Larry Krauter, Dave Lewis, Brian McClatchey, Katherine Miller, Sarah Nuss, Erik Poulsen, Brian Schaeffer, Meghann Steinolfson, and Paul Warfield

I. Call to Order

This meeting started at 1:15 p.m. and was conducted through Webex.

II. Approval of Minutes

Meeting Minutes for April 19, 2021 were approved.

III. Consent Items Approved without Discussion:

- A. Division BRT Locally Preferred Alternative Concurrence
- B. Federal Transit Authority Grant for TOD Land Use Planning
- C. 2021 Residential Chipseal
- D. SBO for Selection for Executive Recruitment Services

IV. Discussion Requests

- A. Airport's Joint Resolution for King Beverage – Larry Krauter
Please see documents submitted to committee.
- B. Airport's Joint Resolution for Wear Tek GRUBB LLC – Larry Krauter
Please see documents submitted to committee.
- C. Amusement Device Ordinance – Brian McClatchey
Brian McClatchey advised that their perspective has moved from criminalization to regulation, and the focus is on revenue generation. The proposal is to repeal the section that imposes a license fee. CM Stratton explained the history of the fee and the justification for this proposal. This is supported by the Finance team. Please see documents submitted to committee.
- D. Cannon Sheltering Services – Dave Lewis
Dave Lewis presented and explained this covers a 2-month funding gap. City Administrator Johnnie Perkins provided funding information. Due to concern about the status of the shelter during this time, Johnnie confirmed there will not be closure. Please see documents submitted to committee.
- E. Ordinance for Housing and ARP Fund Creation – Michelle Hughes
Guidelines from US Treasury were recently released and are being reviewed for the utilization of these funds. Please see documents submitted to the committee.
- F. SBO for Fund 1630 for 3 Communication Specialist Positions – Michelle Hughes/Brian Schaeffer
These funds will cover operations once the current MOU ends in February 2022. Please see documents submitted to the committee.

- G. SBO for Water Hydroelectric Services Employee Parking Lot Build – Steve Burns
The estimate attached is an engineer’s estimate. The quotes received are lower than the estimate. This will provide a positive benefit to the neighborhoods in the area. Please see documents submitted to the committee.
- H. SBO to Establish Budget Authority for the Cannon Day Shelter – Tonya Wallace
This SBO will cover the 2-month gap in funding as well as the 90-day extension. Tenant improvements are included for an amount of \$250K. If ARP dollars are available, those funds would be used, allowing reserves to only be used as a last resort. Plans are in development to arrange for the temporary shutdown of the Mission shelter. The Mayor has a plan outlined for housing, litter, and cleanup, with more information being provided in June by Johnnie Perkins. Please see documents submitted to the committee.
- I. SBO for New Debt Management Software – Tonya Wallace
This SBO is for the funding of a debt management module for the City’s vehicle lease management system. Please see documents submitted to the committee.
- J. SBO for Spokane Police Academy Training Range – Paul Ingiosi
Establishing budget authority to allow for refurbishment of the training range, due to the last refurbishment taking place over four years prior. Please see documents submitted to the committee.
- K. SBO for Park Playground Equipment – Paul Ingiosi
This SBO allows for general fund dollars be transferred to the Parks department to replace playground equipment. ARP funds will be used if possible before seeking other funding sources. Please see documents submitted to the committee.
- L. SBO for Park Aquatics Support – Paul Ingiosi
This SBO allows for funding of the summer aquatics program. ARP funds will be used if possible before seeking other funding sources. Please see documents submitted to the committee.
- M. SBO for City Recovery Plan – CM Mumm
Authorizes Fire department to use City staff to assist with vaccination efforts. A pilot has taken place. Approximately \$500K will be used for this project. The goal is for 70% of WA State to be immunized by June 30, 2021. The Fire department will manage this project and track progress.
- N. Resolution for City Recovery Plan – CM Mumm
Please see discussion above for SBO for City Recovery Plan.
- O. Firefighters Truck SIP Purchase – CM Mumm
The order for the purchase of four fire trucks was cancelled. This is due to the funds not being available. Johnnie Perkins will research and provide an update to the City Council. CP Beggs asked for more information about the plan going forward. CM Kinnear noted there will most likely be an intense fire season this summer.
- P. Resolution to Lift Hiring Freeze – CM Wilkerson/Brian McClatchey
This resolution requests to lift the hiring freeze and end the COVID-19 emergency order. Please see documents submitted to the committee.

V. Committee Briefs

- A. None

VI. Standing Topic Discussions

- A. Monthly Financial Reports – Paul Ingiosi
Paul Ingiosi will provide a projection of 1590 fund usage and office supply usage for the City Council. Please see documents submitted to the committee.
- B. COVID Monthly Update – Meghann Steinolfson
Please see attached presentation.

VII. Adjournment

The meeting was adjourned at 3:15 p.m. The next meeting is scheduled for June 21, 2021 at 1:15 p.m.

Prepared by:

Amie Blain

Approved by:

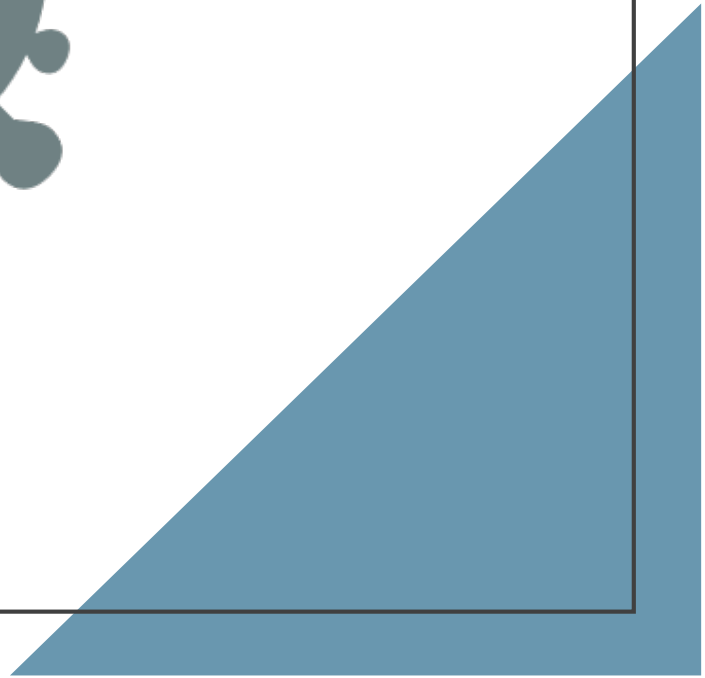
Chair

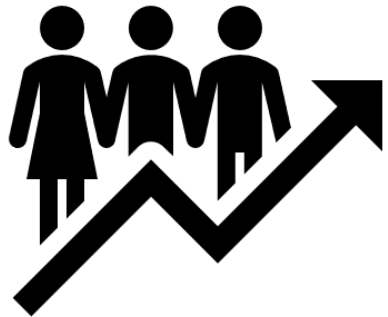
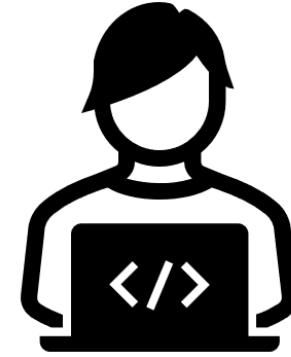
Council Member Betsy Wilkerson

For further information contact: Amie Blain, 509-625-6585

Human Resources: COVID-19 Update

May 17 Update





- Internal case count trends
- Plans for reopening City Hall
- Evaluating new state guidelines on masking

Looking ahead:

Questions??



Briefing Paper

Finance & Administration

Division & Department:	Public Works Division & Street Department
Subject:	Big Belly Contract Amendment
Date:	6/14/2021
Author (email & phone):	Marlene Feist mfeist@spokanecity.org (509) 625-6505
City Council Sponsor:	Betsy Wilkerson
Executive Sponsor:	Marlene Feist
Committee(s) Impacted:	Urban Experience
Type of Agenda item:	<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Contract Amendment to add additional Big Belly receptacles to the downtown area.
Strategic Initiative:	Innovative Infrastructure
Deadline:	June 2021
Outcome: (deliverables, delivery duties, milestones to meet)	Approve contract amendment to add 12 additional Big Belly waste receptacles to be located in the downtown area.
Background/History: This is a contract amendment to the BigBelly contract (OPR 2018-0028), that will expand the Big Belly collection system by adding 12 additional units in downtown Spokane. The intent is to support goals around a clean and safe core for all citizens and visitors. The City will work with the Downtown Spokane Partnership and other stakeholders to identify locations to place the units.	
Executive Summary: <ul style="list-style-type: none"> • Add 12 double unit Big Belly waste receptacles in downtown Spokane area. The units include the solar trash compactor and a recycling receptacle. • Move 4 existing units to new locations to address current needs. • Additional monthly lease cost is \$2,196.00 bringing the total aggregate contract amount to 154,630.92 per year. That lease amount includes another 70 units in the core as well as 26 units in Riverfront Park. • The change also includes one-time costs of \$10,469 to pay to move the 4 units, ship the additional 12 units, and purchase one-time supplies. • The funding has been identified and is part of dollars designated for solid waste collection. 	
Budget Impact: Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If new, specify funding source: N/A Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact: 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: N/A Known challenges/barriers: N/A	



City of Spokane

CONTRACT AMENDMENT

Title: **DOWNTOWN SIDEWALK WASTE
RECEPTACLE REPLACEMENT**

This Contract Amendment is made and entered into by and between the **City of Spokane** as ("City"), a Washington municipal corporation, and **Big Belly Solar, LLC.**, whose address is 150 A Street, Suite 103, Needham, MA 02494 as ("**Contractor**"), individually hereafter referenced as a "party", and together as the "parties".

*WHEREAS, the parties entered into a Contract and Amendments wherein the **Contractor** agreed to provide for the City Networked Solar Compacting Waste Receptacle Replacements; and*

WHEREAS, additional equipment and hardware has been requested by the City; and

WHEREAS, relocation of current equipment and hardware has also been requested by the City, and thus the original Contract needs to be formally Amended by this written document.

NOW, THEREFORE, in consideration of these terms, the parties mutually agree as follows:

1. CONTRACT DOCUMENTS.

The Contract, dated February 5, 2018, any previous amendments, addendums 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 upon signature of the parties and shall end March 31, 2026.

3. ADDITIONAL WORK.

The Scope of Work in the original Contract is revised to include the following:

Additional 12 Double Units for Placement in the Downtown Area, as described in the Attachment 'A'.

Relocation of 4 Stations, as described in the Attachment 'B'.

4. COMPENSATION.

Additional Equipment: The City shall pay in accordance with the payment terms set forth, an additional annual amount of **TWENTY-SIX THOUSAND THREE HUNDRED FIFTY TWO AND NO/100 DOLLARS (\$26,352.00)**, as well as a One Time Fee of **SIX THOUSAND SIX**

HUNDRED EIGHTY AND NO/100 DOLLARS (\$6,680.00) for shipping, plus tax if applicable, for everything furnished and done under this Contract Amendment.

Relocation of Current Equipment: The City shall pay in accordance with the payment terms set forth, a one time fee in the amount of **TWO THOUSAND SEVEN HUNDRED NINETY NINE AND NO/100 DOLLARS (\$2,799.82)** for relocation equipment, plus tax if applicable, for everything furnished and done under the Contract Amendment.

The above listed is the maximum amount to be paid under this Amendment and shall not be exceeded without the prior written authorization of the City, memorialized with the same formality as the original Contract and this document.

All other terms and conditions as contained in the Original Contract shall remain in full force and effect. In the event of a conflict, this Contract and its Amendments shall supersede.

IN WITNESS WHEREOF, in consideration of the terms, conditions and covenants contained, or attached and incorporated and made a part, the parties have executed this Contract Amendment by having legally-binding representatives affix their signatures below.

BIG BELLY SOLAR LLC.

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

Attachments that are part of this Agreement:

Big Belly Solar, LLC – Quote #Q38504-1 Executive Summary Proposal dated June 2, 2021. Any conflicts with the City contract terms in OPR 2018-0028 shall supersede Attachment “A”, Connect by Big Belly - Executive Summary Proposal.



Big Belly Solar LLC
150 A Street
Suite 103
Needham MA 02494
United States

Estimate

Date 6/9/2021
Estimate # 18468

Shipping Method Delivery
Shipping Code (2)

Bill To

Dustin Bender
City of Spokane WA
809 N Washington St
Spokane WA 99201
United States

Ship To

Dustin Bender
City of Spokane WA
809 N Washington St
Spokane WA 99201
United States

Notes

Quoted prices are in \$USD and exclude customs and brokerage fees.
Please submit credit card information or an approved purchase order.
Quoted prices are valid for 30 days.

Item	Quantity	Description	Rate	Amount
Service-Billable	4	Deinstall Station	250.00	1,000.00
Service-Installation	3	Service - Installation Single Station	300.00	900.00
Service-Installation	1	Service - Installation Double Station	500.00	500.00
KITBB50101	5	Anchor Bolt Kit - HC5, SC5.5, SC5	29.00	145.00

Subtotal	2,545.00
Shipping (Delivery)	26.00
Tax	228.82
Total	\$2,799.82



Executive Summary Proposal

CITY OF SPOKANE WA

Program Overview

Connect LX is Bigbelly's turnkey smart city solution which delivers a connected smart waste and recycling platform and provides Customers with a partner to help deploy, manage, and optimize their customized solution over a 60-month term. This subscription-based service was designed to deliver a flexible, scalable, smart platform that transforms waste operations today, and enables Customers to benefit from the technology innovations of the future.

Connect LX 60 Month Term	
System Software <ul style="list-style-type: none"> CLEAN Management Console Licenses for Full Term CLEAN Mobile Software Licenses for Full Term 	Automated System Monitoring <ul style="list-style-type: none"> Automated System Diagnostics and Alerts
Equipment/Hardware <ul style="list-style-type: none"> Custom Configuration as Detailed Below 	Cleaning and Inspection <ul style="list-style-type: none"> Annual Comprehensive Station Cleaning Annual Station Inspection
Station Installation <ul style="list-style-type: none"> On-Site Installation for Stations 	Warranty <ul style="list-style-type: none"> Hardware Parts Warranty for Full Term Expanded Warranty Coverage for Battery End-of-Life Replacement and Network Communication Upgrades for Full Term
Setup and Training <ul style="list-style-type: none"> CLEAN Software Account Setup System Training & Onboarding 	Customer Support <ul style="list-style-type: none"> Customer Support Hotline and Trained Field Service Professionals
Equipment/Hardware Configuration	
12 HC5/SC5 Double Station with Ash Tray, Message Panels, and Foot Pedal	
Total Monthly System Cost	\$2,196.00

One Time Fees	
(12) Boxes of HC Bags (Box of 50)	\$402.00
(12) Boxes of SC Bags (Box of 100)	\$588.00
Shipping	\$6,680.00

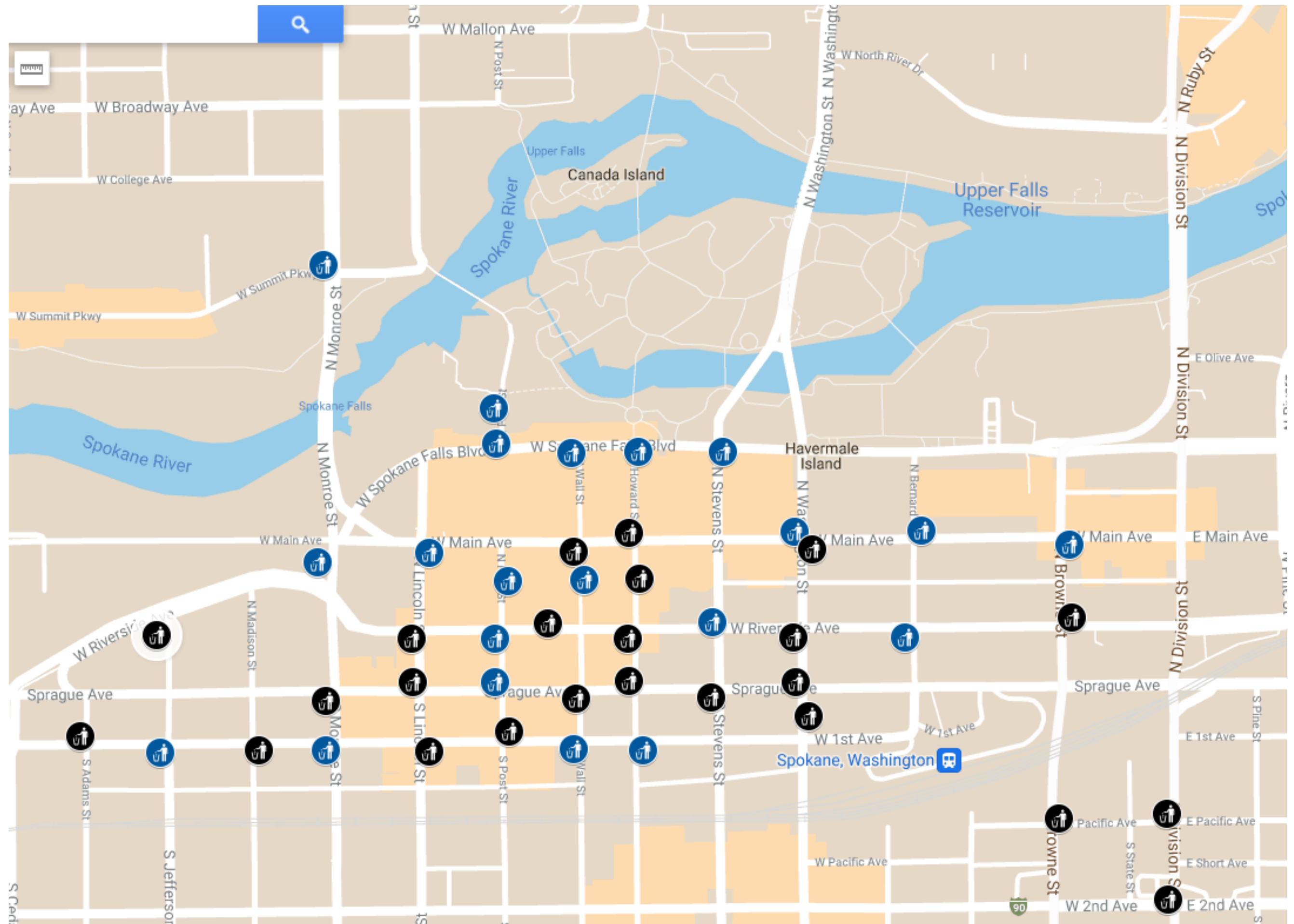
¹Pricing is valid for 60 days from June 9, 2021.

²Sales Tax is NOT included in above pricing.

³Pricing is subject to Connect Program Terms and Conditions.

⁴Initial order of bags included in "One Time Fees". Please visit <https://wastezerobags.com/bigbelly/> for future orders.

Big Belly
Downtown Spokane
Current
June 2021

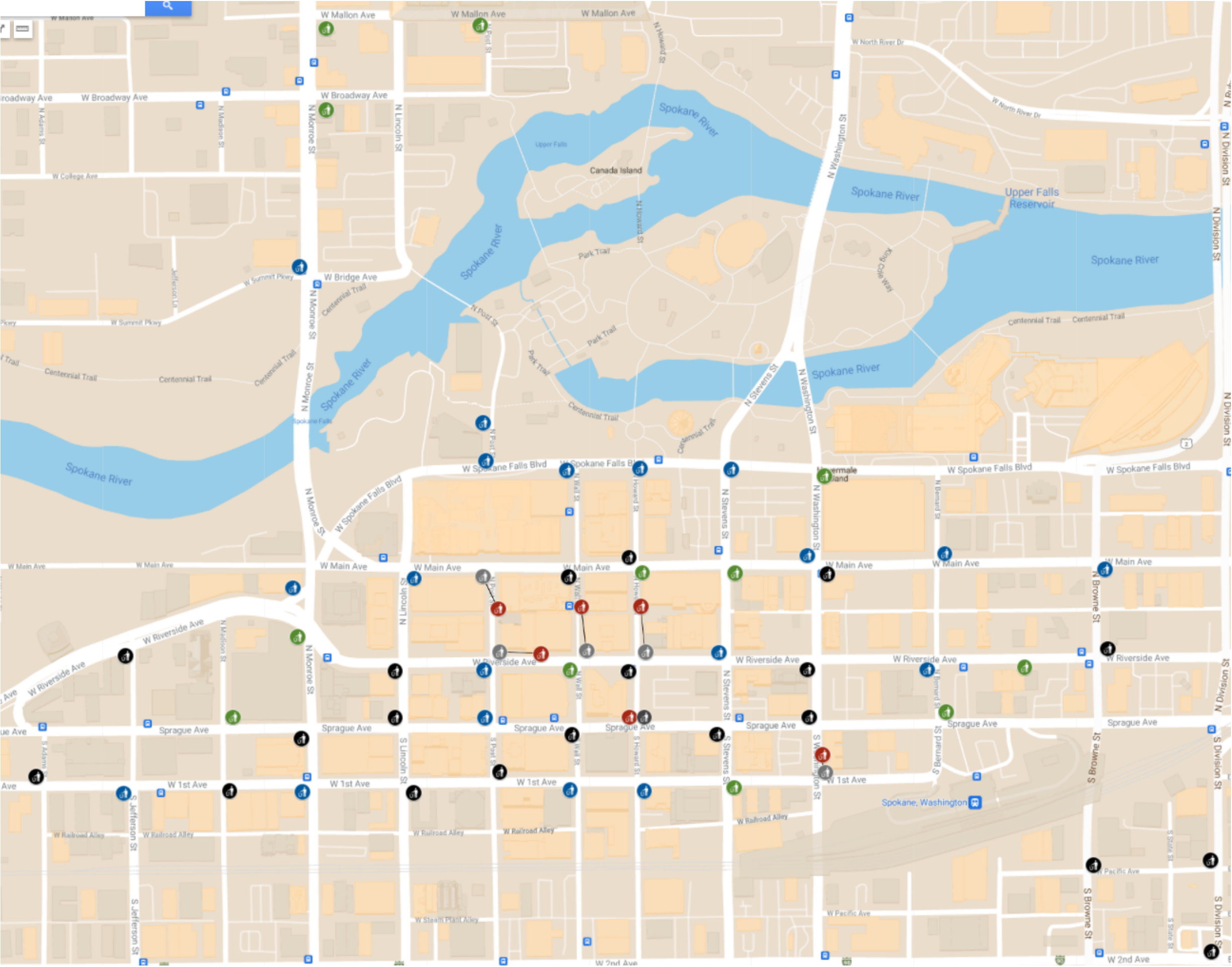


Big Belly
Downtown Spokane
Suggested
June 2021

Green= New

Red=Move

Grey=New location



Briefing Paper

Finance and Administration Committee

Division & Department:	Spokane Airport Board
Subject:	Airport's Joint Resolution - Tax Parcel No. 25295.9050
Date:	May 5, 2021
Author (email & phone):	Larry Krauter, CEO, Spokane Airports, lkrauter@spokaneairports.net or 455-6419
City Council Sponsor:	Council President Beggs
Executive Sponsor:	
Committee(s) Impacted:	Finance and Administration
Type of Agenda item:	Consent <u>Discussion</u> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Pursuant to Paragraph 8(b) of the Spokane International Airport Joint Operation Agreement, the Spokane County and the City of Spokane must by joint action approve the acquisition, sale, transfer or disposal of real property.
Strategic Initiative:	
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approved joint resolution
<u>Background/History:</u> Joint Resolution with Spokane County in the matter of authorizing the Spokane Airport Board to sale property located on a portion of Spokane County Assessor Tax Parcel No. 25295.9050, comprising of approximately 65.806 acres of land at Spokane International Airport.	
<u>Executive Summary:</u>	
<u>Budget Impact:</u> Approved in current year budget? <input type="checkbox"/> Yes <input type="checkbox"/> No (for 2020) Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input type="checkbox"/> No If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
<u>Operations Impact:</u> Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No Requires change in current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No Specify changes required: Known challenges/barriers:	

City Resolution No: _____
County Resolution No. _____

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON
AND
THE SPOKANE CITY COUNCIL OF SPOKANE, WASHINGTON**

IN THE MATTER OF AUTHORIZING)	
THE AIRPORT BOARD TO)	JOINT RESOLUTION
SELL PROPERTY IDENTIFIED AS)	
A PORTION OF SPOKANE COUNTY)	
ASSESSOR PARCEL 25295.9050)	

WHEREAS, pursuant to Chapter 14.08 RCW, Spokane County ("County"), by and through its Board of County Commissioners, and the City of Spokane ("City"), by and through its City Council, entered into an agreement dated October 7, 2019 (City of Spokane City Clerk File # RES 2019-0086, Spokane County Resolution No. 19-1338) to provide for the joint operation of Spokane International Airport, Felts Field Airport and Spokane International Airport Business Park ("Agreement"); and

WHEREAS, pursuant to Paragraph 8(b) of the Agreement, the County and City must by joint action approve the acquisition, sale, transfer or disposal of real property; and

WHEREAS, the Airport Board has recommended to the County and City the sale of a portion of Spokane County Assessor Tax Parcel 25295.9050, comprised of approximately 65.806 acres of land located generally at the south side of U.S. Highway 2, west of South Spotted Road in the City ("Property"), as described in that certain Real Property Purchase and Sale Agreements and Escrow Instructions, dated as of May 20, 2021, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference; and

NOW THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Spokane County, Washington and by the City Council of the City of Spokane:

1. That the Airport Board is authorized to sell the Property, on the terms and conditions set forth in Exhibit A; and
2. That the Chief Executive Officer of the Airport Board be and is hereby authorized to prepare and execute any documents on behalf of Spokane County and City of Spokane to sell the Property.

ADOPTED by the Spokane City Council this _____ day of _____, 2021.

Terri L. Pfister, City Clerk

Approved as to form:

City Attorney

ADOPTED by the Board of County Commissioners of Spokane County, Washington this _____
day of _____, 2021.

Josh Kerns, Chair

ATTEST:

Mary L. Kuney, Vice-Chair

Ginna Vasquez
Clerk of the Board

Al French, Commissioner

EXHIBIT A

REAL PROPERTY PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS,
DATED AS OF MAY 10, 2021,
BY AND BETWEEN SPOKANE AIRPORT AND WEST PLAINS DEVELOPMENT, L.L.C.

**REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") is made as of the 20th day of May, 2021 (the "Effective Date"), by and between the SPOKANE AIRPORT, by and through its Airport Board ("Airport Board"), created pursuant to the provisions of Section 14.08.200 of the Revised Code of Washington, a joint operation of the City of Spokane and County of Spokane, municipal corporations of the State of Washington ("Seller"), and WEST PLAINS DEVELOPMENT, L.L.C., a Washington limited liability company ("Buyer"). Seller and Buyer may be referred to collectively as the "Parties" and individually as a "Party" in this Agreement.

A. Seller is the owner of fee simple title to tax parcel 25295.9050 consisting of approximately 429.19 acres located generally at the south side of U.S. Highway 2, west of South Spotted Road in the city of Spokane ("City"), Spokane County ("County"), Washington ("State"), as more particularly bounded and described on Exhibit A-1 attached hereto (the "Seller Property").

B. Buyer desires to acquire a portion of the Seller Property consisting of approximately 65.806 acres located generally at the south side of U.S. Highway 2, west of South Spotted Road, north of West Airport Drive in the City, County, State, depicted as "lot 2" on Exhibit A-2 attached hereto (the "Real Property") and together with those items described in Recitals C through F, collectively hereinafter referred to as the "Property"), and all right, title and interest of Seller, if any, in and to the land lying within any street or roadway adjoining the Real Property or any vacated street or alley adjoining the Real Property, together with:

C. All improvements, if any, on the Real Property, together with that certain Land Lease Agreement dated May 19, 2021 with Granite Investment, L.L.C. for the use and occupancy of a portion of Real Property (the "Granite Lease");

D. All mineral rights, air and water rights, and rights and easements appurtenant to the Real Property owned by Seller, if any;

E. All licenses, permits, land use designations, approvals, various waivers or consents applicable to the Real Property (collectively, the "Permits"), to the extent transferable and held by Seller, issued or subject to the laws of the United States, the State, County, or City, other authority, department, commission, board, bureau, agency, unit, or instrumentality, (collectively "Governmental Authorities"); and

F. Certain surveys, soil and substrata studies, environmental reports, and other plans, diagrams, or studies, if any, with respect to the Real Property.

NOW, THEREFORE, Seller desires to sell and Buyer desires to purchase the Property upon the terms and conditions set forth in this Agreement, as follows:

1. Sale of Property. Seller agrees to sell and convey the Property to Buyer, and Buyer agrees to purchase and accept the Property from Seller, upon the terms and conditions set forth in this Agreement. As used in this Agreement, "Business Day" means any day other than: (i) a Saturday, (ii) a Sunday, or (iii) days on which branches of national banks located in the County are closed.

2. Earnest Money. Within three (3) Business Days after the Effective Date, Buyer shall deposit with SPOKANE COUNTY TITLE, 1010 North Normandie, Suite 100, Spokane, WA 99201 (Attn: Keith Newell) ("Escrow Agent" or "Title Company") the sum of Forty Thousand Dollars

(\$40,000.00) in Current Funds (as hereinafter defined) as earnest money (the "Earnest Money"), to be applied for the account of Buyer as a credit against the Purchase Price (as defined in Section 3). Upon the expiration of the Review Period (as defined in Section 4.1), the Earnest Money shall be nonrefundable to Buyer, except as otherwise set forth in this Agreement. Upon receipt, Escrow Agent, at the option of Buyer, may deposit the Earnest Money in an interest-bearing account in order to accrue interest earned on the Earnest Money for the account of Buyer. Any interest earned on the Earnest Money will be part of the Earnest Money under this Agreement. When Escrow Agent disburses the Earnest Money as provided in this Agreement, any and all interest that has accrued thereon shall be disbursed to the Party entitled to the Earnest Money. Escrow Agent shall hold and disburse the Earnest Money in accordance with the terms of this Agreement. At Closing (defined in Section 6.1), Escrow Agent shall apply the Earnest Money toward the Purchase Price.

3. Purchase Price. The purchase price for the Property will be the product of Thirty-Nine Thousand Two Hundred Four Dollars (\$39,204) per acre (i.e. \$0.90/square foot) multiplied by the actual number of acres of the Real Property as shown on the Final Short Plat (as defined herein) (the "Purchase Price"), together with Buyer's share of closing costs and prorations, as set forth in this Agreement. The Purchase Price will be paid as follows at Closing: (i) the Earnest Money will be credited toward the Purchase Price; and (ii) the remainder of the Purchase Price will be paid in Current Funds. As used in this Agreement, "Current Funds" means wire transfers, certified funds, or cashier's checks in a form acceptable to Escrow Agent that would permit Escrow Agent to immediately disburse such funds. The foregoing Purchase Price assumes that the Real Property will consist of approximately 2,866,509.36 square feet and that Buyer will pay a purchase price equal to the total number of square feet multiplied by \$0.90 per square foot. If the actual square feet of Real Property, as shown on the Final Short Plat (as herein defined) is greater or less than 2,866,509.36 square feet, the Purchase Price will be increased or decreased to equal the actual number of square feet, multiplied by the foregoing per square foot price.

4. Due Diligence Inspections and Title Review.

4.1 Review Period. As used in this Agreement, the term "Review Period" means that period of time commencing on the Effective Date and expiring at 5:00 p.m. local time in the County the date that is one hundred fifty (150) days after the Effective Date, or upon earlier termination of this Agreement.

4.2 Review of Title. Within ten (10) days after the Effective Date, Seller shall cause the Title Company to deliver a commitment for the Title Policy (as defined in Section 6.3(b)) to the Parties. The commitment must be accompanied by legible copies of all documents referred to in Schedule B of the commitment (the commitment and documents are collectively referred to in this Agreement as the "Title Report").

(a) Objections. Buyer shall review the Title Report and may, prior to the expiration of the Review Period, provide Seller and Title Company with written notice of the title exceptions that are acceptable or objectionable to Buyer, in Buyer's discretion (each such objectionable matter or exception considered a "Disapproved Matter"). If Buyer timely notifies Seller and Title Company of any Disapproved Matter(s) prior to expiration of the Review Period, Seller may, within five (5) days following Seller's receipt of Buyer's written notice of Disapproved Matter(s), notify Buyer and Escrow Agent that: (i) Seller will remove or correct such Disapproved Matter as of or before Closing, or (ii) Seller will not remove any or certain Disapproved Matter(s). If Seller does not respond within such period, Seller will be deemed to have elected option (ii) above. If Seller elects, within its discretion, or is deemed to have elected not to eliminate those objections with reference to such Disapproved Matter(s), in form and substance acceptable to Buyer, in Buyer's discretion, Buyer may, within five (5) days of receipt of

such Seller's response to Buyer's written notice, either: (y) terminate this Agreement by delivery of written notice to Seller and Escrow Agent, or (z) give written notice to Seller and Escrow Agent, agreeing to accept title to the Property subject to such Disapproved Matters, in which case such Disapproved Matters shall be Permitted Exceptions (as defined in Section 4.2(c), below), and if Buyer fails to elect either option (y) or (z) above, Buyer will be deemed to have elected option (z).

(b) Supplements; Amendments. If the Title Company issues a supplement or amendment to the Title Report showing additional title exceptions which were not contained in the initial Title Report (each, an "Amended Report"), Buyer will have three (3) days from the date of receipt of each Amended Report, and a copy of each document referred to in the Amended Report that was not contained in the initial Title Report, in which to give notice of its acceptance of or objection to any additional title exceptions except if said supplements or amendments are a result of Buyer's actions, in which case Buyer shall not be entitled to object to such additional title exceptions. If Buyer provides Seller with notice of the basis of objection to the status of Seller's title as shown in the Amended Report, Seller will have the option, but not the obligation, to: (i) eliminate Buyer's objections, (ii) obtain title insurance endorsements regarding such objections, or (iii) cure any objectionable matter within three (3) days after receipt of such written notice, in each case, in form and substance acceptable to Buyer. If, prior to the expiration of the three (3) day period, Seller does not cure such objections, Buyer will have the option to terminate this Agreement within one (1) Business Day after expiration of such three (3) day period by giving written notice of termination to Seller and Escrow Agent, and if Buyer does not elect to terminate the Agreement within such one (1) Business Day period, Buyer will be deemed to have agreed to accept title subject to such objections, in which case such additional title exceptions shall be Permitted Exceptions. If Seller's three (3) day cure period would expire after the scheduled Closing Date (as defined in Section 6.1, below), the Closing Date will be extended until the expiration of the time periods set forth in this Section.

(c) Failure to Provide Written Acceptance. Any item that Buyer accepts in writing or is deemed to have accepted pursuant to the terms of this Agreement will be a "Permitted Exception." The term "Permitted Exceptions" also includes and Buyer may not disapprove or object to the following: all zoning ordinances and regulations and any other laws, ordinances, or governmental regulations and restrictions regulating the use, occupancy or enjoyment of the Property; such state of facts as would be disclosed by a survey or physical inspection of the Real Property (unless Buyer obtains a survey); the lien of taxes and assessments not yet delinquent; any exclusions from coverage set forth in the jacket of the Title Policy; the Avigation Easement (as defined below); or any exceptions caused by Buyer or Buyer's Agents. Notwithstanding the foregoing, Buyer will not be required to disapprove or object to, and Seller covenants to remove as an encumbrance against title to the Property on or prior to the Closing, any deeds of trust, monetary liens, or monetary encumbrances (except for real property taxes and assessments not yet due) created by Seller. If Buyer does not provide written acceptance of an exception to title as disclosed by the Title Report or an Amended Report within the applicable time period, Buyer will be deemed to have accepted such matter. If this Agreement is terminated due to Seller's failure to eliminate or cure any of Buyer's objections under this Section 4.2, the Escrow Agent shall immediately disburse to Buyer all Earnest Money, together with any documents or instruments that Buyer has deposited with the Escrow Agent, and neither Party will have any further obligation to the other, except those obligations that expressly survive the termination of this Agreement.

4.3 Survey. At any time through the Closing Date, Buyer, at its expense, may obtain a current or updated survey of the Property (the "Survey").

4.4 Review of Diligence Materials. Seller shall, no later than five (5) Business Days after the Effective Date, provide Buyer (or make available for Buyer's inspection) copies of the following items that relate to the Property (to the extent the same are in Seller's possession or control): the Granite Lease; existing environmental assessment reports; surveys; utility bills for the most recent month and past six (6) months, if any; valuation notices and any other fees, dues, and taxes applicable to the Property for the past year; and copies of any pending or threatened Claims (as defined in Section 4.5(b)) relating to the Property, and any governmental notices regarding uncured violations of laws or regulations (collectively, the "Current Diligence Materials"). In the event that the sale of the Property fails to close for any reason, all Current Diligence Materials provided to Buyer by Seller shall be returned to Seller promptly upon request and the contents of all Current Diligence Materials shall thereafter be treated by Buyer as confidential information of Seller and shall not be disclosed to any third parties (except as may be required by law or upon court order) without the prior consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. Any Current Diligence Materials provided by Seller to Buyer under this Agreement are provided as an accommodation to Buyer, and Buyer acknowledges and agrees that Seller makes no representations or warranties whatsoever with regard to the contents, completeness or accuracy of any such Current Diligence Materials.

4.5 Physical Inspections; Entry on Property.

(a) Physical Inspections. Buyer and its agents, representatives, employees or subcontractors ("Buyer's Agents") will have the right, from time to time prior to the Closing, to enter upon the Property to examine the same and the condition thereof and to conduct such surveys and to make such engineering and other inspections, tests and studies as Buyer determines to be reasonably necessary, all at Buyer's sole cost and expense. As part of Buyer's physical inspection, Buyer may, in its discretion and its sole cost and expense, obtain a current ASTM Phase I environmental site assessment (the "Phase I") for the Property, performed by an environmental consultant (the "Environmental Consultant") acceptable to and for the benefit of and reliance on by Buyer. If the Phase I recommends that a Phase II environmental site assessment (the "Phase II") be prepared or Buyer determines that a Phase II is necessary and desirable, then Buyer may, in its discretion, elect to perform a Phase II by giving written notice to Seller. Seller shall have the right to be present at any or all inspections. Buyer shall promptly provide Seller copies of the Phase I and Phase II, and any other conclusions, assessments, or reviews provided to Buyer by the Environmental Consultant. Neither Buyer nor Buyer's Agents may contact any governmental official or representative regarding hazardous materials on or the environmental condition of the Property without Seller's prior written consent thereto, which consent shall not be unreasonably withheld, conditioned, or delayed. In addition, if Seller consents to any such governmental contacts, Seller shall be entitled to receive at least five (5) days prior written notice of the intended contact and to have a representative present when any Buyer's Agent has any such contact with any governmental official or representative.

(b) Entry on Property. Up to and through the Closing Date, if this Agreement has not been terminated, Buyer and Buyer's Agents will have the right (upon at least twenty-four (24) hours prior written notice to Seller) to enter the Property to conduct such surveys, inspections, investigations and/or studies with respect to the Property as permitted by Section 4.5(a) of this Agreement, at Buyer's sole cost and expense. Prior to and as a condition of any entry onto the Property by Buyer's Agents,

Buyer shall cause such agent to execute and deliver to Seller an unconditional release and indemnity agreement in the form attached hereto as Exhibit E. Buyer shall also indemnify, defend and hold Seller and the Property free and harmless from and against any and all debts, duties, obligations, liabilities, liens, suits, claims, demands, causes of actions, damages, losses, costs and expenses (including, without limitation, reasonable legal expenses and attorneys' fees with respect to the same or to enforce the foregoing) (collectively, "Claims") incurred by reason of or in connection with such entry or such surveys, inspections, investigations and/or studies, *provided*, however, that Buyer's indemnification obligation will not extend to any Claims or liabilities arising out of the discovery of any preexisting conditions of the Property or diminution of value to the Property attributable to any such discovery; and *further provided* that under no circumstances shall Seller be able to recover exemplary, punitive, indirect, consequential or special damages. Buyer agrees to repair any and all damages caused to the Property due to Buyer's or Buyer's Agents entry thereon and otherwise to restore the Property to the Property's original condition before such entry. The obligations of Buyer under this Section 4.5 will survive Closing or earlier termination of this Agreement.

(c) No Liens or Interference. Buyer shall not permit, and shall indemnify, defend and hold harmless Seller for, from and against any and all Claims incurred by reason of or in connection with, any construction, mechanics or materialmen's liens or any other liens that attach to the Property or any portion thereof by reason of the performance of any work or the purchase of any materials by Buyer or Buyer's Agents in connection with Buyer's inspection of the Property. The provisions of this Section will survive Closing or other termination of this Agreement.

4.6 Right to Terminate Before Expiration of Review Period. Notwithstanding anything contained within this Agreement to the contrary, Seller acknowledges and understands that Buyer may, prior to the expiration of the Review Period, notify Seller in writing that Buyer elects to terminate this Agreement as a result of any matter or no matter as determined by Buyer, in Buyer's sole discretion. Seller acknowledges that Buyer has the right to so terminate this Agreement, regardless of whether Seller would be willing or able to cure any such matter to which Buyer has objected. If Buyer elects, in its sole discretion, to proceed with this transaction, Buyer shall send a written approval notice to Seller and Escrow Agent on or before expiration of the Review Period ("Approval Notice"). If Buyer fails to send an Approval Notice to Seller and Escrow Agent by the expiration of the Review Period, Buyer will be deemed to have elected to terminate this Agreement. Buyer may also terminate this Agreement by sending written notice of termination to Seller on or before expiration of the Review Period. If this Agreement is terminated as provided in this Section 4.6, the Earnest Money will be refunded to Buyer, and the Parties will have no further rights or obligations to each other, except for those rights and obligations that expressly survive the termination of this Agreement. After the Approval Notice is sent by Buyer or upon expiration of the Review Period, the Earnest Money will be nonrefundable to Buyer, except as otherwise expressly provided in this Agreement.

4.7 Short Plat. Prior to the Effective Date, Seller has caused its engineer to prepare that certain Preliminary Short Plat Airport Parcel #9 (the "Preliminary Short Plat"), which Preliminary Short Plat outlines the proposed boundaries for the Real Property and has been approved by Buyer. Following the Effective Date, Seller shall, at its sole cost and expense, take all actions reasonably necessary to cause the Preliminary Short Plat to be (i) approved by all applicable City and County Governmental Authorities (once approved, the "Final Short Plat"), and (ii) recorded in the official records of Spokane County, in each instance with no Unanticipated Approval Conditions other than those approved by Buyer in writing (the "Subdivision Contingency"). Buyer shall reasonably cooperate (at no cost to Buyer) with Seller

and take all actions reasonably necessary to assist Seller in Seller's efforts to satisfy the Subdivision Contingency, including, without limitation, executing such applications and any other documents necessary or convenient with respect to obtaining a Final Short Plat. Seller shall promptly provide to Buyer a copy of all written communications with any Governmental Authority concerning the pursuit of the Final Short Plat, and shall afford Buyer the opportunity to participate in any and all telephonic and in-person meetings and hearings relating thereto, if permissible and reasonably practical. If, as a condition to its approval of the Preliminary Short Plat, any Governmental Authority requires any material modifications to the metes and bounds of the Real Property from those shown within the Preliminary Short Plat or otherwise requires the Real Property to be subject to any material covenants, conditions, restrictions, exactions, off-site improvement obligations, fees in lieu, or impact fees that are not contemplated in the Preliminary Short Plat or this Agreement (each, an "Unanticipated Approval Condition"), Seller shall promptly notify Buyer and afford Buyer the opportunity to discuss the same with Seller and such Governmental Authority. If either Party, after discussing an Unanticipated Approval Condition with the other Party and such Governmental Authority, determines, in its reasonable discretion, that (y) the applicable Governmental Authority is unwilling to approve the Preliminary Short Plat without the Unanticipated Approval Condition and (z) such Unanticipated Approval Condition will have a material and adverse impact on Buyer's contemplated project (on the one hand), or the remainder of the Seller Property and its plans to develop or retain the same, either Party may terminate this Agreement by delivering written notice to the other Party and Escrow Agent, in which event Escrow Agent shall promptly disburse the Earnest Money to Buyer and neither Party will have any further obligation to the other, except those obligations that expressly survive the termination of this Agreement.

At Closing, Buyer must purchase the Property, in accordance with all the terms and conditions of this Agreement, including, without limitation, the Purchase Price set forth in Section 3 hereof.

4.8 Roadway Contingency. If, as a condition to Buyer's contemplated project and future development of the Real Property, any Governmental Authority requires the construction, development, and installation of 21st Avenue improvements over and through the Real Property in order to promote congestion relief for U.S. Highway 2, including vehicular, pedestrian and nonmotorized access for the communities of Airway Heights and City of Spokane, the scope and magnitude of which ultimately causes Buyer's contemplated project to no longer be economically feasible (hereinafter, "Roadway Contingency"), Buyer may, in Buyer's sole and absolute discretion, terminate this Agreement by delivering written notice to Seller and Escrow Agent, in which case Escrow Agent shall immediately disburse the Earnest Money to Buyer, and in such event, neither Party shall have any further obligation to the other, except those obligations that expressly survive the termination of this Agreement. If Buyer elects not to terminate this Agreement in accordance with this Section or affirmatively waives the Roadway Contingency prior to the Closing, the transactions contemplated by this Agreement will close in accordance with the terms contained herein.

5. Conditions Precedent.

5.1 Buyer's Conditions Precedent. Buyer's obligation to close under this Agreement shall be subject to and conditioned upon the fulfillment of each and all of the following conditions precedent:

- (a) All of the documents required to be delivered by Seller to Buyer at Closing pursuant to the terms and conditions hereof shall have been delivered;

(b) Each of the representations of Seller set forth in Section 7 shall be true in all material respects as of the Closing Date;

(c) Title Company is irrevocably committed to issue, upon the condition of the payment of the applicable premium, the Title Policy, subject only to the Permitted Exceptions applicable to the Real Property;

(d) The Subdivision Contingency shall have been satisfied in accordance with Section 4.7;

(e) The Roadway Contingency shall have been satisfied in accordance with Section 4.8; and

(f) Seller shall have satisfied the Approval Condition (as defined below) and delivered written confirmation thereof to Buyer.

If any of the foregoing conditions are not satisfied (or waived in writing by Buyer) on or before the Closing, then Buyer shall have the right to terminate this Agreement by delivering written notice to Seller and, in the event of such termination, all rights and obligations of the Parties hereunder (other than those obligations that expressly survive the termination of this Agreement) will cease and the Earnest Money shall be promptly refunded to Buyer; *provided however*, that if any of the foregoing conditions are not satisfied (or waived in writing by Buyer) on or before the Closing due to any default by Seller hereunder, then Buyer, in its discretion, and by delivering written notice to Seller, may elect to pursue any of the remedies available to Buyer pursuant to Section 13. In the event Buyer elects to terminate this Agreement pursuant to Section 13, all obligations of Seller and Buyer under this Agreement (other than those that expressly survive the termination of this Agreement and the rights and remedies arising out of any breach of such surviving obligations) shall cease.

5.2 Seller's Conditions Precedent. Seller's obligation to close under this Agreement shall be subject to and conditioned upon the fulfillment of each and all of the following conditions precedent:

(a) All of the documents and funds required to be delivered by Buyer to Seller at Closing pursuant to the terms and conditions hereof shall have been delivered;

(b) Each of the representations of Buyer set forth in Section 8 shall be true in all material respects as of the Closing Date;

(c) The Subdivision Contingency shall have been satisfied in accordance with Section 4.7;

(d) Seller's receipt of written approval of the transaction contemplated by this Agreement from the board of directors of Seller's Airport Board, the City of Spokane, and County of Spokane, acting through the City Council of Spokane, and the Spokane County Board of Commissioners, respectively; and

If any of the conditions delineated in Sections 5.2(a), 5.2(b) or 5.2(c) are not satisfied (or waived in writing by Seller) on or before the Closing, then Seller shall have the right to terminate this Agreement by delivering written notice to Buyer and, in the event of such termination, all rights and obligations of the Parties hereunder (other than those obligations that expressly survive the termination of this Agreement) will cease and the Earnest Money shall be promptly disbursed

to Seller as liquidated damages. Seller shall use commercially reasonable efforts to cause the condition set forth in Section 5.2(d) (the "Approval Condition") to be satisfied (which Seller affirmatively cannot waive whether orally or in writing) on or before Closing.

6. Closing.

6.1 Closing Date. The closing ("Closing") of the purchase and sale transaction contemplated in this Agreement will occur ("Closing Date") on the earlier of (i) sixty (60) days following the expiration of the Review Period, or (ii) provided that the Approval Condition has been satisfied, and the satisfaction or waiver of all contingencies under this Agreement, on such earlier date as mutually agreed to by the Parties. Notwithstanding anything herein to the contrary, if Closing has not occurred not later than sixty (60) days following expiration of the Review Period due to the failure of the Approval Condition, *provided, however*, that Seller's failure to satisfy the Approval Condition shall not be considered a Seller Default, then either Party may, in its sole discretion and at any time thereafter, elect to terminate this Agreement by delivering written notice to the other Party and, in the event of such termination (a) all rights and obligations of the Parties hereunder (other than those obligations that expressly survive the termination of this Agreement) will cease, and (b) the Earnest Money shall be promptly refunded to Buyer.

6.2 Location. Closing will occur at the offices of the Escrow Agent, or at such other place as may be agreed to by the Parties in writing.

6.3 Closing Costs and Prorations.

(a) Closing Fees. At Closing, Buyer and Seller will each pay one-half (1/2) of any escrow fees and closing fees. Seller shall be solely responsible for any state or local transfer taxes, real estate excise tax or any similar taxes or fees attributable to the sale transaction contemplated in this Agreement, if applicable to Seller. Seller shall be solely responsible for all recording fees associated with recording the Avigation Easement. Buyer shall be responsible for all recording fees associated with recording the Deed. Any other fees and costs will be paid by, or shared by, Buyer and Seller in accordance with local custom in Spokane County, Washington.

(b) Title Policy; Survey. Seller shall pay the equivalent premium of an ALTA standard owner's title policy for the Property, and Buyer shall pay the additional premium necessary for any ALTA extended or other policy Buyer elects to acquire (the "Title Policy"). Buyer shall also pay premium of any and all endorsements to the Title Policy unless provided by Seller to remove a Disapproved Matter, in which case, Seller shall be responsible for the cost of such endorsements. The cost of any Survey of the Real Property obtained by Buyer will be borne by Buyer.

(c) Taxes and Fees. Real estate taxes for the year of Closing shall be the sole responsibility of Buyer. Buyer acknowledges that Seller does not pay real estate taxes and, as such, Buyer is free to seek a refund for that portion of time in which real estate taxes may have otherwise been required to be paid in order to close the transaction contemplated by this Agreement. Annual municipal or special district assessments (on the basis of the actual fiscal tax years for which such taxes are assessed), lienable water and sewer rentals, license, or permit and inspection fees, if any, will be apportioned as of the Closing Date between Buyer and Seller. If, on the day prior to the Closing Date, real estate taxes have been imposed upon the Real Property for the real estate tax year in which Closing occurs such taxes shall be paid by Buyer at the time of Closing.

(d) Utility Readings; Rent. Seller shall use commercially reasonable efforts to obtain readings of the utility meters on the Property (if any) to a date no sooner than two (2) Business Days prior to the Closing Date. At or prior to Closing, Seller shall pay all charges based upon such meter readings. However, if after reasonable efforts Seller is unable to obtain readings of any meters prior to Closing, Closing will be completed without such readings and upon the obtaining of such readings after Closing, Seller shall promptly pay the pre-Closing charges as reasonably determined by Seller and Buyer based upon post-Closing readings. Rent under the Granite Lease will be apportioned as of the Closing.

(e) Attorney Fees. Each Party shall pay its own attorney fees incurred with respect to this transaction.

(f) Preliminary Closing Statement. Seller and Buyer shall cooperate with Escrow Agent to prepare a preliminary closing statement (the "Closing Statement") on the basis of the real estate taxes and other sources of income and expenses for the Property on or prior to the Closing Date. All apportionments and prorations provided for in this Section 6.3 to be made as of the Closing Date will be made, on a per diem basis, as of 11:59 p.m. on the day prior to the Closing Date, such that Buyer will be deemed the owner of the Property as of the Closing Date. The preliminary Closing Statement and the apportionments and/or prorations reflected therein will be based upon actual figures to the extent available. If any of the apportionments and/or prorations cannot be calculated accurately based on actual figures on the Closing Date, then they will be calculated based on Seller's and Buyer's good faith estimates thereof, subject to reconciliation as provided in the following Section 6.3(g).

(g) Post-Closing Reconciliation. If there is an error on the preliminary Closing Statement or, if after the actual figures are available as to any items that were estimated on the preliminary Closing Statement, it is determined that any actual proration or apportionment varies from the amount thereof reflected on the preliminary Closing Statement, the proration or apportionment will be adjusted based on the actual figures as soon as feasible, but not later than sixty (60) days after the Closing Date. Either Party owing the other Party a sum of money based on such subsequent proration(s) shall promptly pay said sum to the other Party.

(h) Other Costs and Survival. All other costs not addressed within this Section 6.3 will be paid in accordance with the custom followed in Spokane County, Washington. The provisions of this Section 6.3 will survive Closing for a period of six (6) months.

6.4 Deliveries at Closing.

(a) Deliveries by Seller. At Closing, Seller shall execute and deliver (or cause to be executed and delivered) all documents and take all other actions reasonably necessary to effect the Closing, including, without limitation:

(1) A duly executed and acknowledged bargain and sale deed (the "Deed"), in the form attached to this Agreement as Exhibit B.

(2) A counterpart original duly executed and completed real estate excise tax affidavit ("REETA").

(3) A non-foreign affidavit for purposes of compliance with Section 1445(b)(2) of the Internal Revenue Code of 1986 (and the regulations adopted thereunder), as amended (the “Code”).

(4) Copies of all current property tax bills and tax notices pertaining to the Real Property, if any.

(5) A counterpart of an Assignment and Assumption Agreement in the form attached hereto as Exhibit F (the “Granite Assignment”)

(6) Such documentation as Escrow Agent may reasonably require, or may otherwise be required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

(b) Deliveries by Buyer. On the Closing Date, Buyer shall execute and deliver all documents, or cause to be executed and delivered all documents, and take such other action that may be reasonably necessary to effect and complete the Closing, including, without limitation:

(1) The amounts required under Section 3 and Section 6.3 in Current Funds.

(2) A duly executed and completed REETA.

(3) An original duly executed and acknowledged avigation easement (“Avigation Easement”) encumbering the Real Property, in the form attached to this Agreement as Exhibit C, but only if the Title Report Buyer obtains with respect to the Real Property does not disclose the existence of a satisfactory avigation easement, as determined by Seller in its sole and absolute discretion.

(4) A counterpart of the Granite Assignment.

(5) Such documentation as Escrow Agent may reasonably require, or may otherwise be required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

(c) Actions of Escrow Agent. When Buyer and Seller have delivered the items described above, the Escrow Agent shall:

(1) Prepare the Closing Statement and obtain signed copies from Seller and Buyer.

(2) Record the Deed and the Avigation Easement (if applicable), in that order.

(3) Deliver the balance of the Purchase Price in Current Funds to Seller, net of Seller’s costs, fees, and prorations.

(4) Issue and deliver the Title Policy to Buyer.

(5) Deliver the above referenced documents to the applicable Party.

7. Representations and Warranties of Seller. Seller makes the representations and warranties set forth in this Section 7. Buyer expressly understands and agrees that the phrase “to Seller’s knowledge” as used in this Section 7 means the actual present knowledge of Lawrence J. Krauter, acting solely in his capacity as the Chief Executive Officer of Seller, and shall not be construed to refer to the knowledge of any other partner, officer, director, agent, employee or representative of Seller, or any affiliate or parent of Seller. Such individual shall not have any personal liability or liability whatsoever with respect to any matters set forth in this Agreement or any of Seller’s representations and/or warranties herein being or becoming untrue, inaccurate or incomplete. Each representation and warranty: (i) is true in all material respects as of the Effective Date; (ii) will be true in all material respects on the Closing Date; and (iii) will survive Closing for a period of one (1) year.

7.1 Authority/Binding Agreement. This Agreement and all exhibits and documents to be delivered by Seller pursuant to this Agreement have been duly executed and delivered by Seller and constitute the valid and binding obligations of Seller. Subject to obtaining the approvals described in Section 5.2(d), Seller has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Seller is requisite to the valid and binding execution, delivery and performance of this Agreement. The execution, delivery, and performance of this Agreement will not conflict with or constitute a breach or default under (i) the organizational documents of Seller; (ii) any material instrument, contract, or other agreement to which Seller is a party which affects the Property; or (iii) any statute or any regulation, order, judgment, or decree of any court or Governmental Authority.

7.2 Condemnation. Seller has not received from any Governmental Authority having the power of eminent domain any written notice of any condemnation of the Property or any part thereof.

7.3 Pending Litigation. Seller has received no written notice of any pending litigation initiated against Seller or the Property which would materially affect the Property after Closing.

7.4 Governmental Compliance. Seller has not received from any Governmental Authority written notice of any material violation of any building, fire or health code or any other statute applicable to the Property which will not be cured prior to Closing.

7.5 Non-Foreign Person. Seller is not a “foreign person” as defined in § 1445 of the Code and any related regulations.

7.6 Environmental Matters. To Seller’s knowledge, and except as may otherwise be disclosed in the Current Diligence Materials: (a) the Property is free from Hazardous Substances; (b) the soil, surface water and ground water of, under, on or around the Property are free from Hazardous Substances; (c) the Property has never been used for or in connection with the manufacture, refinement, treatment, storage, generation, transport or hauling of any Hazardous Substances, nor has the Property been used for or in connection with the disposal of any Hazardous Substances; and (d) the Property is now and during Seller’s ownership, has been in compliance with all Environmental Laws. As used in this Agreement, the term “Hazardous Substance” means any material, waste, substance, pollutant, or contaminant which may or could pose a risk of injury or threat to health or the environment, including, without limitation: (i) those substances included within the definitions of “hazardous substance”, “hazardous waste”, “hazardous material”, “toxic substance”, “solid waste”, or “pollutant or contaminant” in or otherwise regulated by, any Environmental Law; (ii) those substances listed in the United States Department of Transportation Hazardous Materials Table (49 C.F.R. 17.101, including

appendices and amendments thereto), or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (iii) such other substances, materials, or wastes which are or become regulated or classified as hazardous or toxic under any Environmental Law; and (iv) any material, waste, or substance which is (A) petroleum or refined petroleum products; (B) radon; (C) polychlorinated biphenyls; (D) flammable explosives; or (E) radioactive materials. As used in this Agreement, the term "Environmental Law" means any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or environmental conditions, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.*; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.*; the Toxic Substances Control Act of 1976, 15 U.S.C. § 2601, *et seq.*; the Superfund Amendments and Reauthorization Act of 1986, Title III, 42 U.S.C. § 1101, *et seq.*; the Clean Air Act, 41 U.S.C. § 7401, *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*; The Safe Drinking Water Act, 41 U.S.C. § 300f, *et seq.*; the Solid Waste Disposal Act, 42 U.S.C. § 3251, *et seq.*; and any other federal, state or local law, statute, ordinance, or regulation now in effect or hereinafter enacted which pertains to health, industrial hygiene, or the regulation or protection of the environment, including without limitation, ambient air, soil, groundwater, surface water, or land use.

8. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the representations and warranties set forth in this Section 8. Each representation and warranty: (i) is true in all respects as of the Effective Date; (ii) will be true in all respects on the Closing Date; and (iii) will survive Closing for a period of one (1) year.

8.1 Power and Authority. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transaction contemplated in this Agreement, including, but not limited to, executing and delivering (or causing the execution and delivery of) the Buyer's deliverables as provided in Section 6.4(b) of this Agreement. Buyer's execution, delivery and performance of this Agreement have been duly authorized.

8.2 Bankruptcy or Insolvency. There are no attachments, executions, assignments for the benefit of creditors or voluntary or involuntary proceedings in bankruptcy pending against or contemplated by Buyer, and no such actions have been threatened.

8.3 Anti-Terrorism. All funds to be used by Buyer as payment of the Purchase Price at Closing are from sources operating under, and in compliance with, all federal, state and local statutes and regulations and are free of all liens and claims of lien. Neither Buyer, nor any of its directors, members, managers or other owners is a "Prohibited Person" or "Specifically Designated National and Blocked Person" under Anti-Terrorism Laws. As used in this Agreement, the term "Anti-Terrorism Laws" means any and all present and future judicial decisions, statutes, rulings, rules, regulations, permits, certificates, orders and ordinances of any Governmental Authority relating to terrorism or money laundering including, without limiting the generality of the foregoing, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Pub. L. No. 107-56); the Trading with the Enemy Act (50 U.S.C.A. App. 1 *et seq.*); the International Emergency Economic Powers Act (50 U.S.C.A. § 1701-06); Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism") and the United States Treasury Department's Office of Foreign Assets Control list of "Specifically Designated National and Blocked Persons" (as published from time to time in various mediums).

9. "AS IS" Sale: Release & Waiver.

9.1 "AS IS" Purchase.

(A) SUBJECT TO SELLER'S REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 7, AND ACKNOWLEDGING THE PRIOR USE OF THE PROPERTY AND BUYER'S OPPORTUNITY TO INSPECT THE PROPERTY, BUYER AGREES TO PURCHASE THE PROPERTY "AS IS", "WHERE IS", WITH ALL FAULTS AND CONDITIONS THEREON. ANY WRITTEN OR ORAL INFORMATION, REPORTS, STATEMENTS, DOCUMENTS OR RECORDS CONCERNING THE PROPERTY ("DISCLOSURES") PROVIDED OR MADE AVAILABLE TO BUYER, ITS AGENTS OR CONSTITUENTS BY SELLER, SELLER'S AGENTS, EMPLOYEES OR THIRD PARTIES REPRESENTING OR PURPORTING TO REPRESENT SELLER, SHALL NOT BE REPRESENTATIONS OR WARRANTIES, UNLESS SPECIFICALLY SET FORTH IN SECTION 7 OF THIS AGREEMENT. IN PURCHASING THE PROPERTY OR TAKING OTHER ACTION HEREUNDER, BUYER HAS NOT AND SHALL NOT RELY ON ANY SUCH DISCLOSURES, BUT RATHER, BUYER SHALL RELY ONLY ON BUYER'S OWN INSPECTION OF THE PROPERTY. BUYER ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE PROPERTY IS BEING SOLD "AS IS".

(B) BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT AS EXPRESSLY SET FORTH IN SECTION 7 OF THIS AGREEMENT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY INCLUDING, WITHOUT LIMITATION, (A) THE NATURE, QUALITY OR PHYSICAL CONDITION OF THE PROPERTY, (B) THE WATER, SOIL AND GEOLOGY OF THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR THE OPERATION THEREOF WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION THEREOVER, (E) THE FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE, (F) THE MARKETABILITY OF THE PROPERTY OR THE ABILITY TO LEASE OR SELL THE PROPERTY, (G) THE STATUS OR CONDITION OF ENTITLEMENTS PERTAINING TO THE PROPERTY, (H) DEFICIENCY OF ANY DRAINAGE ON THE REAL PROPERTY, (I) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE, AND (J) ANY MATTER REGARDING TERMITES OR WASTES, AS DEFINED BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., OR ANY HAZARDOUS SUBSTANCES, AS HEREINABOVE DEFINED. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER, UNLESS OTHERWISE REQUIRED BY LAW, IS UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURES REGARDING ANY MATTER WHICH MAY BE KNOWN TO SELLER.

Seller's Initials: LJK

Buyer's Initials: TT

9.2 Release. Subject to the covenants, representations and warranties of Seller contained in this Agreement, effective as of Closing, Buyer on behalf of itself and its shareholders, members, investors or partners of each of them and any permitted assignees of Buyer hereunder and its successors and assigns (collectively, the "Buyer Affiliated Parties") waives its right to recover from, and forever releases and discharges, Seller and its affiliates, property manager, partners, trustees, beneficiaries, owners, members, managers, officers, employees and agents and representatives, and its respective heirs, successors, personal representatives and assigns from any and all Claims, whether direct or indirect, known or unknown, suspected or unsuspected, foreseen or unforeseen, that may arise on account of or in any way be connected with: (i) the physical condition of the Property, including, without limitation, all seismic elements; the condition, valuation, or utility of the Property; title and survey matters with respect to the Property; and the environmental condition of the Property and the presence of any Hazardous Substance on, under or about the Property; and (ii) any law or regulation applicable to the Property, including, without limitation, any Environmental Laws and any other federal, state or local law.

In this connection and to the extent permitted by law, Buyer hereby agrees, realizes and acknowledges that factual matters now unknown to Buyer may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Buyer further agrees that it waives (and by Closing this transaction will be deemed to have waived) any and all objections and complaints concerning the physical characteristics and any existing conditions of the Property, and that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Buyer nevertheless hereby intends to release, discharge and acquit Seller from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. The releases set forth in this Section shall become effective upon the Closing. Buyer further hereby assumes the risk of changes in applicable laws, including any relevant Environmental Laws and regulations relating to past, present and future environmental conditions on the Property and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Substances or other contaminants, may not have been revealed by its investigation.

9.3 Waiver of Right to Receive Seller Disclosure Statement and Waiver of Right to Rescind. PURSUANT TO RCW 64.06, AS AMENDED BY CHAPTER 64, LAWS OF 2010, WITH RESPECT TO THE REAL PROPERTY, BUYER HEREBY WAIVES ITS RIGHT TO RECEIVE THE SELLER DISCLOSURE STATEMENT REFERRED TO THEREIN. THIS WAIVER DOES NOT EXTEND TO THE SECTION OF THE DISCLOSURE STATEMENT ENTITLED "ENVIRONMENTAL". Buyer is hereby provided with the "Environmental" section of the Seller Disclosure Statement attached hereto as Exhibit D. Buyer further agrees that any information discovered by Buyer concerning the Real Property prior to Closing shall not obligate Seller to prepare and deliver to Buyer a revised or updated Seller Disclosure Statement. Buyer hereby waives any right to receive an updated or revised Seller Disclosure Statement, regardless of the source of any new information. Buyer further warrants that it is a sophisticated buyer who is familiar with the ownership of real estate similar to the Real Property and Buyer has or will have adequate opportunity to complete such independent inspections of the Property it deems necessary, and will acquire the Real Property solely on the basis of and in reliance upon such examinations and not on any information provided in any Seller Disclosure Statement or

otherwise provided or to be provided by Seller (other than as expressly provided in this Agreement or in the Deed). BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, THE RIGHT TO RESCIND THIS AGREEMENT PURSUANT TO ANY PROVISION OF RCW 64.06, AS AMENDED BY CHAPTER 64, LAWS OF 2010. IT IS THE INTENT OF BUYER THAT ANY SELLER DISCLOSURE STATEMENT PROVIDED BY SELLER WILL NOT BE RELIED UPON BY BUYER, AND SHALL GIVE BUYER NO RIGHTS WITH RESPECT TO SELLER UNDER THIS AGREEMENT. THIS WAIVER OF THE RIGHT TO RESCIND APPLIES TO THE SELLER DISCLOSURE STATEMENT PROVIDED TO BUYER DURING THE REVIEW PERIOD AND APPLIES PROSPECTIVELY TO ANY UPDATED OR REVISED SELLER DISCLOSURE STATEMENTS THAT MAY BE PROVIDED BY SELLER TO BUYER.

10. Covenants.

10.1 Covenants of Seller.

(a) Normal Operations. Until the Closing Date, Seller shall (i) continue to operate the Property in substantially the same manner as in the past and will perform all necessary maintenance to the Property as its ordinary course of business dictates; and (ii) not modify or alter the Property without the prior written consent of Buyer. From and after the Effective Date, Seller shall not enter into any contracts or commitments relating to the Property without the prior written consent of Buyer (in Buyer's reasonable discretion) if any such contracts or commitments would extend beyond the Closing Date. From and after the Effective Date, Seller shall not encumber the Property with any liens, encumbrances or other instruments creating a cloud on title or securing a monetary obligation with the Property.

(b) Insurance. Until the Closing Date, Seller shall maintain substantially the same liability, casualty, and all other insurance on the Property as is in effect as of the Effective Date.

10.2 Post-Closing Construction Covenant of Buyer. As of the Effective Date, Seller has obtained and is in receipt of a "release" (as that term is defined in Chapter 22 of the Federal Aviation Administration ("FAA") Airport Compliance Manual) or similar authorization for disposal of the Real Property by Seller from the FAA that formally authorizes the release and removal of the Real Property as airport dedicated real property (the "FAA Release"). Buyer acknowledges and agrees that as a condition subsequent to Seller's procurement of the FAA Release, Buyer must adhere to the requirements of 14 CFR Part 77, submitting FAA Form 7460-1 and receiving FAA's positive determination, prior to constructing any facility or feature on the Property.

11. Condemnation. Risk of loss resulting from any condemnation or eminent domain proceeding that is commenced or has been threatened before the Closing, and risk of loss to the Property due to fire, flood, or any other cause before Closing, will remain with Seller. If before Closing the Property (or any portion thereof) is subjected to a threat of condemnation or becomes the subject of any proceedings, judicial, administrative, or otherwise, with respect to the taking by eminent domain or condemnation, then Seller shall promptly provide written notice thereof to Buyer and Buyer may terminate this Agreement by written notice to Seller sent within fifteen (15) days after Seller informs Buyer in writing that the Property has been taken, in which event the Earnest Money will be returned to Buyer, and neither Party will have any further obligation to the other, except those obligations that expressly survive the termination of this Agreement. If the Closing Date is within the fifteen (15) day period, then Closing will be extended to the next Business Day following the end of the fifteen (15) day

period. If no such election is made by Buyer, (i) this Agreement will remain in full force and effect, (ii) the purchase of the Property, less any interest taken by eminent domain, will be effected with no further adjustment, and (iii) upon Closing, Seller shall assign to Buyer all of the right, title, and interest of Seller in and to any awards that have been or may thereafter be made for such taking.

12. Default by Buyer; Liquidated Damages. BUYER WILL BE IN DEFAULT UNDER THIS AGREEMENT IF (I) ANY OF BUYER'S REPRESENTATIONS OR WARRANTIES ARE FALSE, (II) BUYER FAILS TO PERFORM ALL OF ITS OBLIGATIONS UNDER SECTION 6.4(b) ON OR BEFORE THE CLOSING DATE, OR (III) BUYER FAILS TO PERFORM ANY OF ITS OTHER OBLIGATIONS UNDER THIS AGREEMENT WITHIN THREE (3) BUSINESS DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM SELLER OF SUCH FAILURE. IN THE EVENT OF ANY DEFAULT BY BUYER UNDER THIS AGREEMENT, SELLER WILL BE RELIEVED OF ANY OBLIGATION TO SELL THE PROPERTY TO BUYER, SELLER WILL NOT HAVE ANY RIGHT TO SEEK OR OBTAIN SPECIFIC ENFORCEMENT OF THIS AGREEMENT, AND, AS SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY FOR SUCH DEFAULT, THE EARNEST MONEY WILL BE RELEASED TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES THAT SELLER MIGHT SUFFER IN THE EVENT OF BUYER'S DEFAULT HEREUNDER. BUYER AND SELLER AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION IS A FAIR AND REASONABLE ESTIMATE OF SUCH DAMAGES. THE FOREGOING PROVISION SHALL IN NO WAY LIMIT OR IMPAIR SELLER'S RIGHT OR ABILITY TO RECOVER FROM BUYER ATTORNEY'S FEES TO WHICH SELLER MAY OTHERWISE BE ENTITLED UNDER THIS AGREEMENT OR ANY SUMS WHICH MAY BECOME DUE TO SELLER BASED UPON ANY INDEMNITY PROVIDED BY SELLER PURSUANT TO THE TERMS OF THIS AGREEMENT.

Seller's Initials: LJK

Buyer's Initials: TT

13. Default by Seller; Remedies. Seller will be in default under this Agreement if (i) Seller fails to perform all of its obligations under Section 6.4(a) on or before the Closing Date, or (ii) Seller fails to perform any of its obligations under this Agreement within three (3) Business Days after Buyer provides Seller with notice of such failure (a "Seller Default"). Upon a Seller Default, Buyer may, as its sole and exclusive remedy for such Seller Default, either: (y) terminate this Agreement in its entirety by delivery of notice of termination to Seller, whereupon the Earnest Money shall be immediately returned to Buyer or (z) continue this Agreement pending Buyer's action for specific performance hereunder provided appropriate proceedings are commenced by Buyer within forty-five (45) days following Seller's Default and thereafter prosecuted with diligence. Buyer agrees that under no circumstances shall Buyer file a *lis pendens* action against the Property unless Buyer is seeking option (z) above.

Anything in this Agreement to the contrary notwithstanding, with respect to all matters affecting title to the Real Property, Buyer acknowledges and agrees that it is relying upon the Title Policy. If Buyer has a claim under the Title Policy and the subject matter of that claim also constitutes a breach of any warranty made by Seller in this Agreement or the Deed, Buyer agrees that it will look first to its Title Policy for recovery on such claim, and Buyer shall not assert any claim against Seller for a breach of a representation, warranty or covenant with respect to such claim unless and until Buyer has pursued its remedies against the Title Company to a final judgment and has not been made whole. The time period for bringing a claim against Seller for a breach of a representation or warranty relating to title to the Real Property will be tolled during the pendency of any action by Buyer against Title Company.

14. Brokerage. Seller and Buyer have not engaged a broker in connection with this Agreement. Seller and Buyer hereby agree to indemnify, defend and hold each other harmless from and against any and all Claims arising out of any claim for commissions, fees, or other similar compensation or charges relating to the transaction contemplated in this Agreement, or the consummation thereof, which may be made by any third party as the result of the acts of Seller or Buyer or their respective representatives. The obligations of the Parties under this Section 14 will survive Closing.

15. Miscellaneous.

15.1 Attorneys' Fees. Should any Party hereto bring any action against any other Party related in any way to this Agreement, the substantially prevailing party shall be awarded its or their reasonable attorneys' fees and costs incurred for prosecution, defense, consultation, or advice in connection with such action.

15.2 Escrow Agent. The Escrow Agent hereby accepts its designation as the Escrow Agent under this Agreement and agrees to hold and disburse the Earnest Money as provided in this Agreement. The provisions of this Agreement will constitute joint instructions to the Escrow Agent to consummate the purchase in accordance with the terms and provisions of this Agreement; *provided, however*, that the Parties shall execute such additional escrow instructions, not inconsistent with the provisions of this Agreement, as may be deemed reasonably necessary to carry out the intentions of the Parties as expressed in this Agreement. The provisions of this Section 15.2 will survive the Closing or termination of this Agreement.

15.3 Notices. All notices required or permitted under this Agreement must be in writing and will be deemed to have been properly given (i) upon delivery, if delivered in person, (ii) upon delivery, if sent by electronic mail, provided that such notice is also promptly thereafter delivered in accordance with another permissible method of delivery, (iii) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iv) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Seller:

Spokane International Airport
c/o Airport Board
Attn: Lawrence J. Krauter
9000 West Airport Drive, Suite 204
Spokane, WA 99224
Email: lkrauter@spokaneairports.net

with a copy to: Lukins & Annis, P.S.
717 W. Sprague, Suite 1600
Spokane, WA 99201
Attn: Tyler J. Black, Esq.
Email: tblack@lukins.com

If to Buyer: West Plains Development, L.L.C.
Attn: Thomas B. Tilford
5308 S. Saint Andrews Lane
Spokane, WA 99223
Email: ttilford@gmail.com

with a copy to: Lukins & Annis, P.S.
717 W. Sprague, Suite 1600
Spokane, WA 99201
Attn: Tyler J. Black, Esq.
Email: tblack@lukins.com

If to Escrow Agent: Spokane County Title
1010 N. Normandie, Suite 100
Spokane, WA 99201
Attn: Keith Newell
Email: keith@spokanetitle.com

15.4 Survival. Unless expressly provided otherwise in this Agreement, the representations and warranties of Seller contained in this Agreement will survive Closing for a period of one (1) year (the "Survival Period"). Seller shall not be liable to Buyer by reason of a breach of any of Seller's representations or warranties unless the Buyer notifies the Seller of such breach (the "Warranty Notice") prior to the expiration of the Survival Period, and gives the Seller an opportunity to cure any such breach within a reasonable period of time after delivery of the Warranty Notice. Any proceeding with respect to Seller's alleged breach of any representation or warranty must be commenced within the Survival Period, and if not commenced within such time period, Buyer will be deemed to have waived its Claims for such breach or default. Seller's aggregate liability to Buyer by reason of a breach of one or more of Seller's representations or warranties shall not exceed One Hundred Twenty Five Thousand Dollars (\$125,000). Seller's liability will be limited to actual damages and will not include consequential, special, punitive or incidental damages.

15.5 Governing Law/Venue. The laws of the State of Washington govern the enforcement, and interpretation of this Agreement. The venue for any action related to this Agreement will be in Spokane County, Washington.

15.6 Integration; Modification; Waiver. This Agreement, the recitals to this Agreement, exhibits, and closing documents pursuant to this Agreement are hereby incorporated into this Agreement and, together with the Agreement, constitute the complete and final expression of the agreement of the Parties relating to the Property. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect between the Parties. This Agreement cannot be modified, or any of the terms hereof waived, except by an instrument in writing (referring specifically to this Agreement) executed by the Party against whom enforcement of the modification or waiver is sought.

15.7 Counterpart Execution. This Agreement may be executed in several counterparts and transmitted via facsimile or other electronic transmission, each of which will be fully effective as an original and all of which together will constitute one and the same instrument.

15.8 Headings; Construction. The headings used throughout this Agreement have been inserted for convenience of reference only and do not constitute matters to be construed in interpreting this Agreement. Words of any gender used in this Agreement will be construed to include any other gender, and words in the singular number will be construed to include the plural, and vice versa, unless the context requires otherwise. The words "herein," "hereof," "hereunder," and other similar compounds of the word "here" when used in this Agreement refer to the entire Agreement and not to any particular provision or section. The terms "includes," "including," or "include" as used herein shall be interpreted as being non-exclusive and shall be read to mean, respectively, "includes without limitation," "including, without limitation" and "include without limitation."

15.9 Deadlines and Dates. Any deadline, unless otherwise set forth in this Agreement, will expire at 5:00 p.m., Pacific Time. Should any deadline or date in this Agreement fall on a day other than a Business Day, such deadline or date will be extended until 5:00 p.m., Pacific Time, on the next Business Day.

15.10 Severability. If for any reason any provision of this Agreement is determined by a tribunal of competent jurisdiction to be legally invalid or unenforceable, the validity of the remainder of the Agreement will not be affected and such provision will be deemed modified to the minimum extent necessary to make such provision consistent with applicable law and, in its modified form, such provision will then be enforceable and enforced.

15.11 Time of the Essence. Time is of the essence of this Agreement and of the obligations of the Parties to purchase and sell the Property, it being acknowledged and agreed by and between the Parties that any delay in effecting the Closing pursuant to this Agreement may result in loss or damage to the Party in full compliance with its obligations hereunder.

15.12 Invalid Provisions. If any one or more of the provisions of this Agreement, or the applicability of any such provision to a specific situation, is held invalid or unenforceable, such provision will be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Agreement and all other applications of any such provision will not be affected thereby.

15.13 Binding Effect. This Agreement is binding upon and inures to the benefit of Seller and Buyer, and their respective successors and permitted assigns.

15.14 Further Acts. In addition to the acts recited in this Agreement to be performed by Seller and Buyer, Seller and Buyer agree to perform or cause to be performed at the Closing or after the Closing any and all such further acts as may be reasonably necessary to consummate the transactions contemplated in this Agreement.

15.15 Assignment. Buyer shall not assign this Agreement without Seller's prior written consent, which consent may be withheld in Seller's sole and absolute discretion; *provided, however,* that Buyer shall have the right to assign its rights under this Agreement without first obtaining Seller's consent if such assignment is to a special purpose entity in which Buyer or its principals hold an ownership interest or control. No such assignment shall release Buyer from any of its obligations under this Agreement. Any assignment made in violation of this Section shall be void.

15.16 Other Parties. The relationship of the Parties hereto is solely that of Seller and Buyer with respect to the Property and no joint venture or other partnership exists between the Parties hereto. Neither Party has any fiduciary relationship hereunder to the other. The provisions of this Agreement are not intended to benefit any third parties.

15.17 1031 Exchange. Buyer may purchase the Property and Seller may sell the Property by completing one or more Code §1031 tax-deferred exchange(s). Each Party agrees to cooperate with the other in effecting such an exchange; *provided, however*, the cooperating Party will not incur any additional liability or financial obligations as a consequence of any such exchange.

15.18 Sole Discretion. If a Party is given the right to exercise its sole or absolute discretion, neither the other Party nor any third party (including, without limitation, an arbitrator) will have the right to challenge said exercise, whether reasonable or unreasonable, on any grounds whatsoever.

15.19 Confidentiality. Seller and Buyer agree that there will be no press or other publicity release or communication to any third party concerning the transaction contemplated in this Agreement without the prior written consent of the other. Notwithstanding the foregoing, prior to Closing, either Party shall have the right to disclose information with respect to the Property to its officers, directors, members, partners, employees, attorneys, accountants, environmental auditors, engineers, current and potential lenders, investors, insurers and permitted assignees under this Agreement and other consultants to the extent necessary to evaluate the transactions contemplated hereby and the Property provided that all such persons are told that such information is confidential and agree to keep such information confidential. If Buyer acquires the Property from Seller, either Party may disclose any information concerning the Property or the transactions contemplated hereby that the disclosing Party wishes to disclose; provided that any press release or other public disclosure by either Party regarding this Agreement or the transactions contemplated herein, and the wording of same, must be approved by the non-disclosing Party. The provisions of this Section shall survive the Closing or any termination of this Agreement.

15.20 Disclaimer—Preparation of Agreement. This Agreement has been negotiated by the Parties. Buyer and Seller agree that no presumption will apply in favor or against any Party in respect of the interpretation or enforcement of this Agreement. Each Party is advised to have this Agreement reviewed by independent legal and tax counsel prior to its execution. By executing this Agreement, each such Party represents: (i) that it has read and understands this Agreement, (ii) that it has had the opportunity to obtain independent legal and tax advice regarding this Agreement and (iii) that it has obtained such independent advice or has freely elected not to do so.

[signatures to appear on the following page]

IN WITNESS WHEREOF, the Parties have executed and delivered the foregoing Agreement as of the Effective Date.

SELLER:

SPOKANE AIRPORT BOARD,
a joint operation of the City of Spokane and County
of Spokane, Washington

By: 
Name: Lawrence J. Krauter

Its: Chief Executive Officer

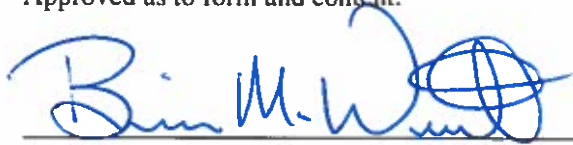
BUYER:

WEST PLAINS DEVELOPMENT, L.L.C.,
a Washington limited liability company

By: 
Name: Thomas B. Tilford

Its: Business Manager

Approved as to form and content:



Brian Werst, General Counsel

This Real Property Purchase and Sale Agreement and Escrow Instructions, together with the Earnest Money, is hereby acknowledged and accepted and the escrow is opened as of the ____ day of May, 2021. The Escrow Agent hereby agrees to act as “the person responsible for closing” the purchase and sale transaction contemplated in this Agreement within the meaning of Section 6045(e) of the Internal Revenue Code of 1986, as amended, and to file all forms and returns required thereby.

SPOKANE COUNTY TITLE

By: _____
Name: _____
Title: _____

EXHIBIT A-1

LEGAL DESCRIPTION OF SELLER PROPERTY

LEGAL DESCRIPTION FOR PARCEL 25295.9050

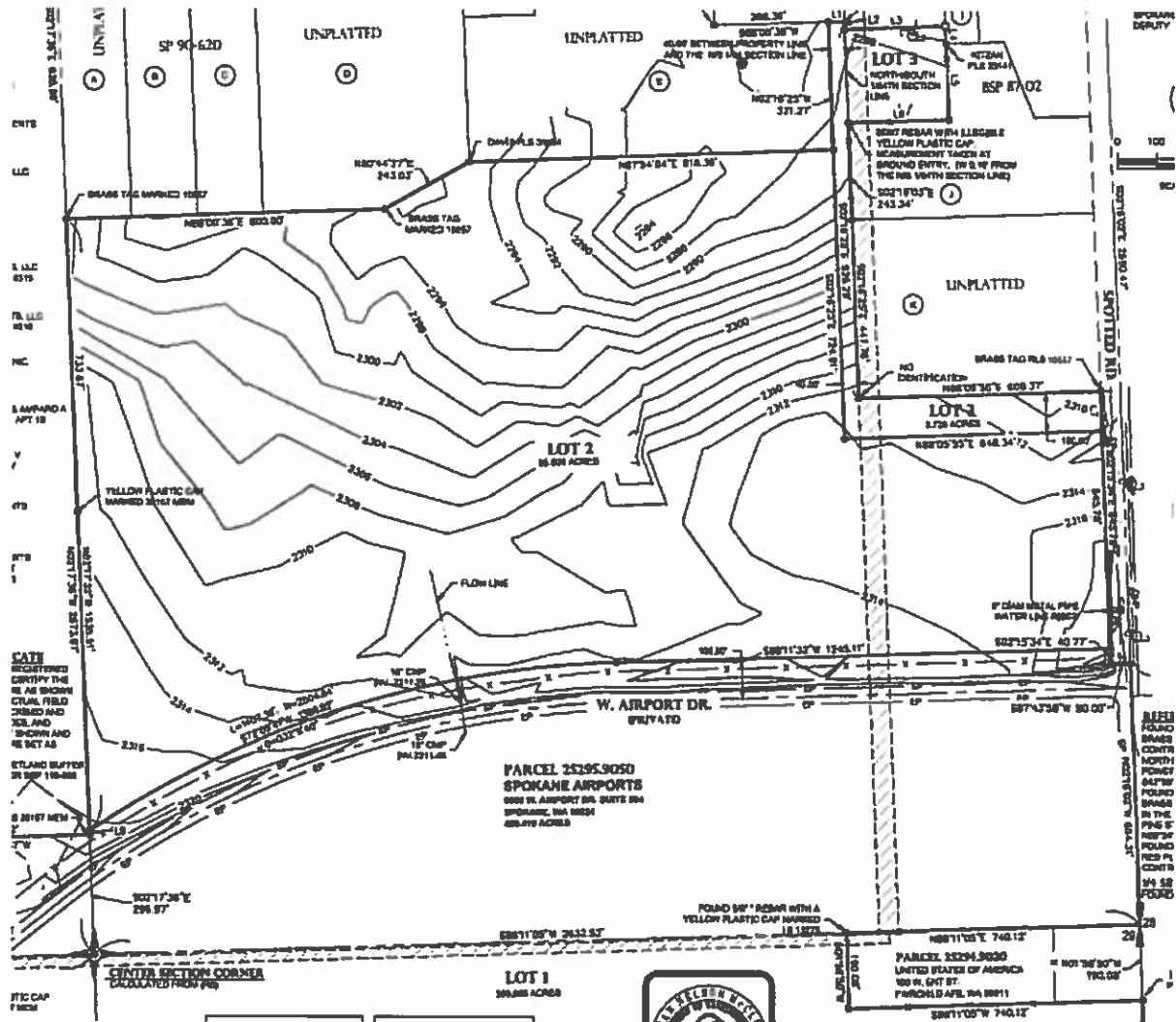
THE LAND IN THE COUNTY OF SPOKANE, STATE OF WASHINGTON, DESCRIBED AS FOLLOWS:

THE SOUTH HALF OF SECTION 29, TOWNSHIP 25 NORTH, RANGE 42 EAST, W.M. IN SPOKANE COUNTY, WASHINGTON, EXCEPT PSH NO. 2; AND EXCEPT THE NORTH 190 FEET OF THE EAST 740 FEET THEREOF, AND EXCEPT THE EAST 50 FEET THEREOF RESERVED FOR ROAD PURPOSES. TOGETHER WITH THE NORTHEAST QUARTER OF SAID SECTION, EXCEPT RIGHT OF WAY FOR SPOTTED ROAD AND EXCEPT THAT PORTION LYING NORTH AND EAST OF A LINE DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 29, FROM WHICH THE NORTHEAST CORNER OF SECTION 29 BEARS N88°02'35"E, 2633.69 FEET; THENCE S02°17'36"E, 828.56 FEET ALONG THE NORTH-SOUTH CENTER SECTION LINE OF SAID SECTION 29, TO THE SOUTHWEST CORNER OF SPOKANE COUNTY PARCEL, AS DESCRIBED IN WARRANTY DEED INSTRUMENT NUMBER 6704472, MONUMENTED WITH A 5/8 INCH REBAR AND TAG MARKED RLS 10857; THENCE DEPARTING SAID NORTH-SOUTH CENTER SECTION LINE, N88°00'35"E, 800.00 FEET ALONG THE SOUTHERLY LINES OF SPOKANE COUNTY PARCELS, AS DESCRIBED IN WARRANTY DEED INSTRUMENT NUMBER 6704472, QUIT CLAIM DEED INSTRUMENT NUMBER 6092421, DEED OF TRUST INSTRUMENT NUMBER 4248801, AND QUIT CLAIM DEED INSTRUMENT NUMBER 5984653 TO A 5/8 INCH REBAR AND TAG MARKED RLS 10857; THENCE N60°44'27"E, 243.03 FEET ALONG THE SOUTHERLY LINE OF SPOKANE COUNTY PARCEL AS DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 5984653, TO THE SOUTHWEST CORNER OF SPOKANE COUNTY PARCEL, AS DESCRIBED IN STATUTORY WARRANTY DEED 8162541, MONUMENTED WITH A 1/2 INCH REBAR AND YELLOW PLASTIC CAP MARKED DAVIS PLS 35894; THENCE N87°54'04"E, 918.36 FEET ALONG THE SOUTHERLY LINE OF THE ADDITION TO CURRENTLY EXISTING PARCEL NUMBER 25291 9049 TO A 5/8 INCH REBAR AND YELLOW PLASTIC CAP MARKED T-O ENGINEERS PLS 57444; THENCE N02°16'25"W 321.27 FEET, TO THE SOUTHERLY LINE OF SPOKANE COUNTY PARCEL AS DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 6183392 MONUMENTED WITH A 5/8 INCH REBAR AND YELLOW PLASTIC CAP MARKED T-O ENGINEERS PLS 57444; THENCE, N88°05'39"E 40.10 FEET ALONG SAID SOUTHERLY LINE TO THE SOUTHEAST CORNER OF SPOKANE COUNTY PARCEL AS DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 6163392, MONUMENTED WITH A 3/8 INCH REBAR WITH A YELLOW PLASTIC CAP MARKED PLS 10018. THENCE S01°58'48"E 19.89 FEET TO A 5/8 INCH REBAR WITH A YELLOW PLASTIC CAP MARKED T-O ENGINEERS PLS 57444; THENCE N87°59'12"E 253.78 FEET TO A 1 INCH OUTSIDE DIAMETER IRON PIPE WITH NO IDENTIFICATION 1.3 FEET BELOW THE GROUND SURFACE. THENCE S02°42'14"E 44.48 FEET TO A 1/2 INCH REBAR WITH A YELLOW PLASTIC CAP MARKED KITZAN PLS 33141; THENCE S02°14'46"E 190.78 FEET TO A 5/8 INCH REBAR WITH A YELLOW PLASTIC CAP MARKED T-O ENGINEERS PLS 57444; THENCE S88°00'19"W 254.19 FEET TO A 5/8 INCH REBAR AND ILLEGIBLE YELLOW PLASTIC CAP; THENCE S02°19'03"E 243.34 FEET TO A 5/8 INCH REBAR WITH A YELLOW PLASTIC CAP MARKED T-O ENGINEERS PLS 57444, THENCE S02°16'25"E 447.78 FEET TO A 1/2 INCH REBAR WITH NO IDENTIFICATION, THENCE N88°05'55"E 608.37 FEET TO THE WESTERLY RIGHT OF WAY OF SPOTTED ROAD, MONUMENTED WITH A 5/8 INCH REBAR WITH BRASS TAG MARKED RLS 10857, SAID REBAR BEING THE TERMINUS OF THIS LINE DESCRIPTION.

ALSO TOGETHER WITH THE SOUTH 300 FEET OF THE EAST 400 FEET OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 29, SITUATE IN THE CITY OF SPOKANE, SPOKANE COUNTY, STATE OF WASHINGTON.

EXHIBIT A-2
DEPICTION OF REAL PROPERTY*



*Real Property to be acquired identified as Lot 2 in the depiction above. A final legal description of the Real Property shall be determined by the Final Short Plat, once completed, and the Parties acknowledge and agree such legal description will be deemed incorporated into this Agreement as a replacement Exhibit A-2.

EXHIBIT B
FORM OF BARGAIN AND SALE DEED

Filed for Record at Request of and
copy returned to:

Lukins & Annis, P.S.
Attn: Tyler J. Black, Esq.
717 W. Sprague Avenue, Suite 1600
Spokane, WA 99201

DOCUMENT TITLE:	BARGAIN AND SALE DEED
GRANTOR:	SPOKANE AIRPORT BOARD
GRANTEE:	[*]
ABBREVIATED LEGAL DESCRIPTION:	[*]
ASSESSOR'S PARCEL NO.:	[*]

BARGAIN AND SALE DEED

The grantor, SPOKANE AIRPORT, by and through its Airport Board, a joint operation of the City of Spokane and County of Spokane, municipal corporations of the State of Washington, for and in consideration of Ten Dollars (\$10.00) in hand paid, bargains, sells and conveys to _____, that real property situated in the county of Spokane, state of Washington and legally described on Schedule 1 attached hereto and incorporated herein by this reference (the "Property").

SUBJECT TO: (i) the lien securing non-delinquent taxes and assessments, both general and special, (ii) all covenants, conditions, restrictions, reservations, rights, rights of way, easements, and title matters whether or not of record or visible from an inspection of the Property and all matters which an accurate survey of the Property would disclose; and (iii) a restriction that no part of the Property shall ever be used or improved for the operation of a commercial park and ride, park and fly, or such other primary use as a pay-to-park business or enterprise (the "Restrictive Covenant"), such Restrictive Covenant to run with the land and be enforceable against Grantee, Grantee's heirs, successors and assigns forever.

It being further acknowledged that in the event of any violation or threatened violation of the terms and provisions of the Restrictive Covenant, Grantor or any person claiming through or otherwise entitled to enforce the Restrictive Covenant shall, in addition to all remedies available at law or in equity, have the right to enjoin such violation or threatened violation in a court of competent jurisdiction. The specified remedies to which any person entitled to enforce the Restrictive Covenant may resort are cumulative and are not intended to be exclusive of any other remedies or means of redress to which any person entitled to enforce the Restrictive Covenant may be lawfully entitled in case of any breach or threatened breach of any provision hereof. Failure to insist in any one or more cases upon the strict performance of any of the provisions of the Restrictive Covenant, or to exercise any remedy herein

contained, will not be construed as a waiver or a relinquishment for the future of such covenant or remedy.

[signature page and acknowledgment follows]

SIGNATURE PAGE
TO
BARGAIN AND SALE DEED

DATED effective the ____ day of _____, 2021.

SPOKANE AIRPORT BOARD,
a joint operation of the City of Spokane
and County of Spokane, Washington

By: _____
Name: Lawrence J. Krauter
Its: Chief Executive Officer

STATE OF WASHINGTON)
 : ss
County of Spokane)

On this ____ day of _____, 2021, before me personally appeared Lawrence J. Krauter, to me known to be the Chief Executive Officer of the SPOKANE AIRPORT BOARD, a joint operation of the City of Spokane and County of Spokane, Washington, the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

Notary Public (Signature)

(Print Name)

My commission expires: _____

(Seal or Stamp)

Schedule 1
to
Bargain and Sale Deed
Legal Description

[To be inserted.]

EXHIBIT C
FORM OF AVIGATION EASEMENT

Filed for Record at Request of and
copy returned to:

Lukins & Annis, P.S.
Attn: Tyler J. Black, Esq.
717 W. Sprague Avenue, Suite 1600
Spokane, WA 99201

DOCUMENT TITLE:	AVIGATION EASEMENT
GRANTOR:	[*]
GRANTEE:	SPOKANE AIRPORT BOARD
ABBREVIATED LEGAL	[*]
DESCRIPTION:	
ASSESSOR'S PARCEL NO.:	[*]

AVIGATION EASEMENT

THIS AVIGATION EASEMENT ("Easement") is made and entered into this ____ day of _____, 2021 ("Effective Date"), by [*], a Washington limited liability company ("Grantor") for the benefit of SPOKANE AIRPORT, by and through its Airport Board, a joint operation of the City of Spokane and County of Spokane, municipal corporations of the State of Washington, and the UNITED STATES OF AMERICA (collectively, the "Grantees").

RECITALS

A. Grantor is the owner of fee simple title to real property consisting of approximately 65.806 acres located generally at the south side of U.S. Highway 2, west of South Spotted Road, north of West Airport Drive in the City of Spokane, Spokane County, Washington, and legally described on the attached Schedule 1 (the "Property"), which Property was acquired by Grantor from the City of Spokane and Spokane County, as tenants in common, for Spokane Airport, by and through its Airport Board (the "Seller").

B. In consideration of Seller agreeing to sell the Property to Grantor, Grantor desires to provide Grantees an easement over the Property for the unobstructed passage of all Aircraft, on the terms and conditions set forth in this Easement. For purposes of this Easement, "Aircraft" means any contrivance now known or hereafter invented, used or designed for navigation of, or flight in, the air.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Grantor agrees as follows:

1. Recitals. The recitals set forth above are incorporated by reference in this Easement as though fully set forth herein.

2. Grant of Avigation Easement for Benefit of Grantees. Grantor hereby grants and conveys to Grantees, for themselves, their heirs, administrators, executors, successors and assigns an easement over and across the airspace above the surface of the Property for the unobstructed passage and avigation of all Aircraft by whomsoever owned and operated. Grantees' foregoing avigation easement shall include the right to (i) emit such noise, vibrations, fumes, dust, fuel particles and other incidents typically resulting from the operation of Aircraft, (ii) increase the noise impact to the Property by virtue of an increase in flight frequencies, altering flight paths, or changing types of Aircraft pursuant to the continued growth and expansion of Spokane International Airport and Felts Field Airport (collectively, the "Airports"), or (iii) prevent the use of the Property in a manner that constitutes an Aircraft hazard, including, without limitation, (a) interfering with the operations of radio or electronic facilities used by any Aircraft, (b) making it difficult for pilots to distinguish between airfield lights and other lights, or (c) implementing a use that (1) results in glare in the eyes of Aircraft pilots, (2) impairs visibility in the vicinity of any Aircraft flight path, (3) creates thermal plumes hazardous to Aircrafts, (4) endangers the landing, taking off, or maneuvering of any Aircraft, (5) creates a wildlife attractant that in Grantees' sole discretion and opinion, could create a bird or wildlife strike hazard or otherwise interfere with Aircraft operations, or (6) creates a potential hazard of a fire accelerant or secondary explosion resulting from an Aircraft crash on the Property.

It is further understood and acknowledged that it is reasonable to expect that ongoing expansion of the Airports and attendant improvements will cause Aircraft effects to change, potentially increasing flight frequencies, alteration of flight paths and changing of Aircraft types as the operations of the Airports grow and expand which may have a greater future deleterious impact to the Property of the nature described in this Section.

3. Negative Covenants. Grantor hereby specifically disclaims any intention to create any other easements on the Property by this Easement, except as otherwise specifically provided herein. Grantor shall not erect, construct, alter, maintain, or allow to grow, any vegetation, object, structure, wall, fence or barrier ("Obstruction") of any kind on or in the Property that would increase the Federal Aviation Administration ("FAA") landing, approach, or departure minimum height requirements for Aircraft, or prevent or unreasonably impair the free access of any Aircraft to travel through the airspace above the surface of the Property, unless such Obstruction is specifically consented to by all appropriate Grantees. If any Obstruction violates the height restrictions described herein this Section 3, then any of the Grantees shall have the right to enter the Property to remove such Obstruction at Grantor's sole cost and expense. Grantor shall not create or cause interference with or utilize the Property in any way contrary to (i) Spokane County Zoning Code, Chapters 14.700 and 17C.180 or (ii) any FAA requirements and regulations.

4. Indemnification. Grantor shall indemnify, defend and hold harmless Grantees, their heirs, administrators, executors, successors and assigns from all claims, demands, or suits in law or equity arising from Grantor's intentional or negligent acts or breach of its obligations under this Easement.

5. Not a Public Dedication. The easements established by this Easement shall be for the benefit of and restricted solely to the use of Grantees, their heirs, administrators, executors, successors and assigns and shall be used only for the purposes described herein. Nothing contained in this Easement shall be deemed to be a public dedication of any portion of the Property described herein in the general public or for the general public or for any public purposes whatsoever.

6. Covenants Run With the Land. This Easement shall remain in effect until said Easement, as existing, enlarged or relocated, is abandoned or ceases to be used for Aircraft travel and Airports purposes. The covenants given and the easements granted pursuant to this Easement shall be deemed to be covenants running with the Property and shall be binding upon and benefit the heirs, successors in interest, assigns and devisees of Grantor and Grantees. The Property is the servient estate.

7. Consent to Modification. This Easement and any provision, covenant, or easement contained herein may be terminated, extended, modified, or amended only with the written consent of the Grantor and all appropriate Grantees; *provided, however*, that no termination, extension, modification, or amendment of this Easement shall be effective unless a written instrument setting forth the terms thereof has been executed as herein provided, acknowledged, and recorded in the offices of the Spokane County Recorder.

8. Not a Partnership. By this Easement, the Grantor does not, and any successors or assigns of Grantor shall not, in any way or for any purpose become partners or joint venturers with any of the Grantees, or of any of their respective successors or assigns.

9. Construction. Wherever used herein, unless the context shall otherwise provide, the singular form shall include the plural, the plural shall include the singular, and the use of any gender will include all genders. The section headings set forth herein are for convenience and reference only and are not intended to describe, interpret, define, or otherwise affect the content, meaning, or intent of this Easement or any section or provision hereof.

10. Entire Easement; Interpretation. This Easement constitutes the entire Easement with respect to the subject matter hereof. It is expressly agreed that there are no verbal understandings or other easements that in any way change the terms, covenants and conditions herein set forth. References to Grantor and Grantees shall also be deemed to refer to their respective successors and assigns.

11. Miscellaneous. This Easement shall be governed by the laws of the state of Washington. Any action related to this Easement shall be brought in Superior Court in Spokane County, Washington.

[signature page and acknowledgements follow]

[remainder of page left intentionally blank]

[Insert SPE signature block]

In witness whereof, I have hereunto set my hand and official seal on the day and year first above written.

(Print Name)

My commission expires: _____

Schedule 1
to
Avigation Easement

LEGAL DESCRIPTION OF PROPERTY

[To be inserted.]

EXHIBIT D
ENVIRONMENTAL SECTION OF SELLER DISCLOSURE STATEMENT

NOTICE TO THE BUYER: WEST PLAINS DEVELOPMENT, L.L.C., a Washington limited liability company

THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF THE PROPERTY CONSISTING OF APPROXIMATELY 65.806 ACRES LOCATED GENERALLY AT THE SOUTH SIDE OF U.S. HIGHWAY 2, WEST OF SOUTH SPOTTED ROAD, IN THE CITY OF SPOKANE, SPOKANE COUNTY, WASHINGTON (THE "PROPERTY") AS LEGALLY DESCRIBED IN EXHIBIT A-1 ATTACHED TO THIS AGREEMENT. SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR MATERIAL DEFECTS TO BUYER BASED ON SELLER'S CURRENT AND ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT. THIS INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.

FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS PROPERTY BUYER IS ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, ELECTRICIANS, OR ON-SITE WASTEWATER TREATMENT INSPECTORS. THE PROSPECTIVE BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS OR WARRANTIES. SELLER IS NOT OCCUPYING THE PROPERTY.

SELLER'S DISCLOSURES - ENVIRONMENTAL

**YES NO DON'T
KNOW**

If the answer is "Yes" to a question with an (*), please explain your answer and attach documents, if available and not otherwise publicly recorded. If necessary, use an attached sheet.

- | | | | |
|--|--------------------------|-------------------------------------|-------------------------------------|
| *A. Have there been any flooding, standing water or drainage problems on the Property that affect the Property or access to the Property? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| *B. Is there any material damage to the Property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| *C. Are there any shorelines, wetlands, floodplains, or critical areas on the Property? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| *D. Are there any substances, materials, or products in or on the Property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| *E. Is there any soil or groundwater contamination? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| *F. Has the Property been used as a legal or illegal dumping site? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| *G. Has the Property been used as an illegal drug manufacturing site? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

ADDITIONAL NOTICES TO BUYER: INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY BE OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE OF REGISTERED SEX OFFENDERS.

EXPLANATIONS FOR *YES* ANSWERS (IF ANY):

N/A.

EXHIBIT E
FORM OF UNCONDITIONAL RELEASE AND INDEMNITY AGREEMENT

UNCONDITIONAL RELEASE AND INDEMNITY AGREEMENT
for
Spokane International Airport, Airport Business Park, Felts Field Airport

The undersigned hereby requests permission of Spokane Airport to allow the undersigned, or its agents acting on its behalf, to enter a portion of approximately _____ at Spokane International Airport for the purposes of _____ commencing _____, and terminating on _____. It is understood that any damage caused while accessing Airport property shall be immediately replaced or repaired at the sole cost and expense of the undersigned. At least 24 hours prior notice shall be provided to the Airport prior to commencing any activities on Airport property. There shall not be a charge for said use. In consideration of and as an inducement for the grant of such permission by the Airport, the undersigned, on behalf of itself, its heirs, employees and assigns, by the execution and delivery of the Unconditional Release and Indemnity Agreement (hereinafter "Release") and provision of a Certificate of Insurance evidencing insurance and coverages as outlined on Exhibit A, attached hereto;

FURTHER, THE UNDERSIGNED HEREBY WAIVES, RELEASES, AND RENOUNCES any and all claims, liabilities, actions, suits, causes, injuries, whether known or unknown or contemplated, demands, penalties, costs (including the reasonable fees for attorneys) and judgments ("all claims") of any kind or nature whatsoever against the Airport, and its respective officers, directors, employees, agents, consultants, assigns, lessees, and attorneys (the "Released Parties") arising out of or in any way connected with its entry onto, presence on, and activities sponsored by or on behalf of the undersigned on the Airport property; and

PERSONALLY ASSUMES ALL RISKS in connection with its entry onto or presence or activities on the Airport property; and

FURTHER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND the Released Parties against and from all claims in connection with its entry onto, presence on and activities sponsored by or on behalf of the undersigned on the Airport property.

I hereby declare and represent to the Airport that I, on behalf of _____ its officers, directors and employees, have fully informed myself of the contents of this Release by reading it before voluntarily accepting and signing it below; and declare and represent to the Airport that I understand this is a total and complete release of all claims; and that I have been advised to consult with an attorney should I have any questions about the legal effect of this release.

I warrant, on behalf of _____, its officers, directors and employees, that I have the authority to enter into this Release on behalf of and to fully bind the undersigned:

By: _____
Title: _____
Date: _____

SPOKANE AIRPORT

By: _____
Title: _____
Date: _____

EXHIBIT F
FORM OF GRANITE ASSIGNMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Assignment") is made as of _____, 20__ ("Assignment Date"), between SPOKANE AIRPORT, by and through its Airport Board, a joint operation of the City of Spokane and County of Spokane, municipal corporations of the State of Washington ("Assignor") and West Plains Development, L.L.C., a Washington limited liability company ("Assignee").

Assignor and Assignee entered into that certain Real Property Purchase and Sale Agreement and Escrow Instructions dated May [*], 2021 ("Agreement"), providing for, among other things, the conveyance to Assignee of certain Property, as defined and more particularly described in the Agreement. Capitalized terms that are not defined in this Assignment shall have the meanings that are ascribed to them in the Agreement.

Assignor is the landlord under the Granite Lease, and Assignor desires to transfer, assign, and convey to Assignee all its right, title, and interest in, to, and under the Granite Lease on the following terms and conditions.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment. Assignor hereby assigns, conveys, transfers, and sets over unto Assignee all of Assignor's right, title, and interest in the Granite Lease.
2. Assumption. Assignee hereby assumes and agrees to pay all sums, and perform, fulfill, and comply with all covenants and obligations, which are to be paid, performed, and complied with by the Property owner with respect to the Granite Lease from and after the Assignment Date.
3. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.
4. Counterparts. This Assignment may be executed in counterparts.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the Assignment Date.

ASSIGNOR:

SPOKANE AIRPORT BOARD,
a joint operation of the City of Spokane and County
of Spokane, Washington

ASSIGNEE:

WEST PLAINS DEVELOPMENT, L.L.C.,
a Washington limited liability company

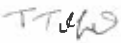
By: _____
Name: Lawrence J. Krauter
Its: Chief Executive Officer

By: _____
Name: Thomas B. Tilford
Its: Business Manager

**REFERENCE NUMBER**
14CAD254-9453-4F43-87C5-76DB3C8705EA**SIGNATURE
CERTIFICATE**

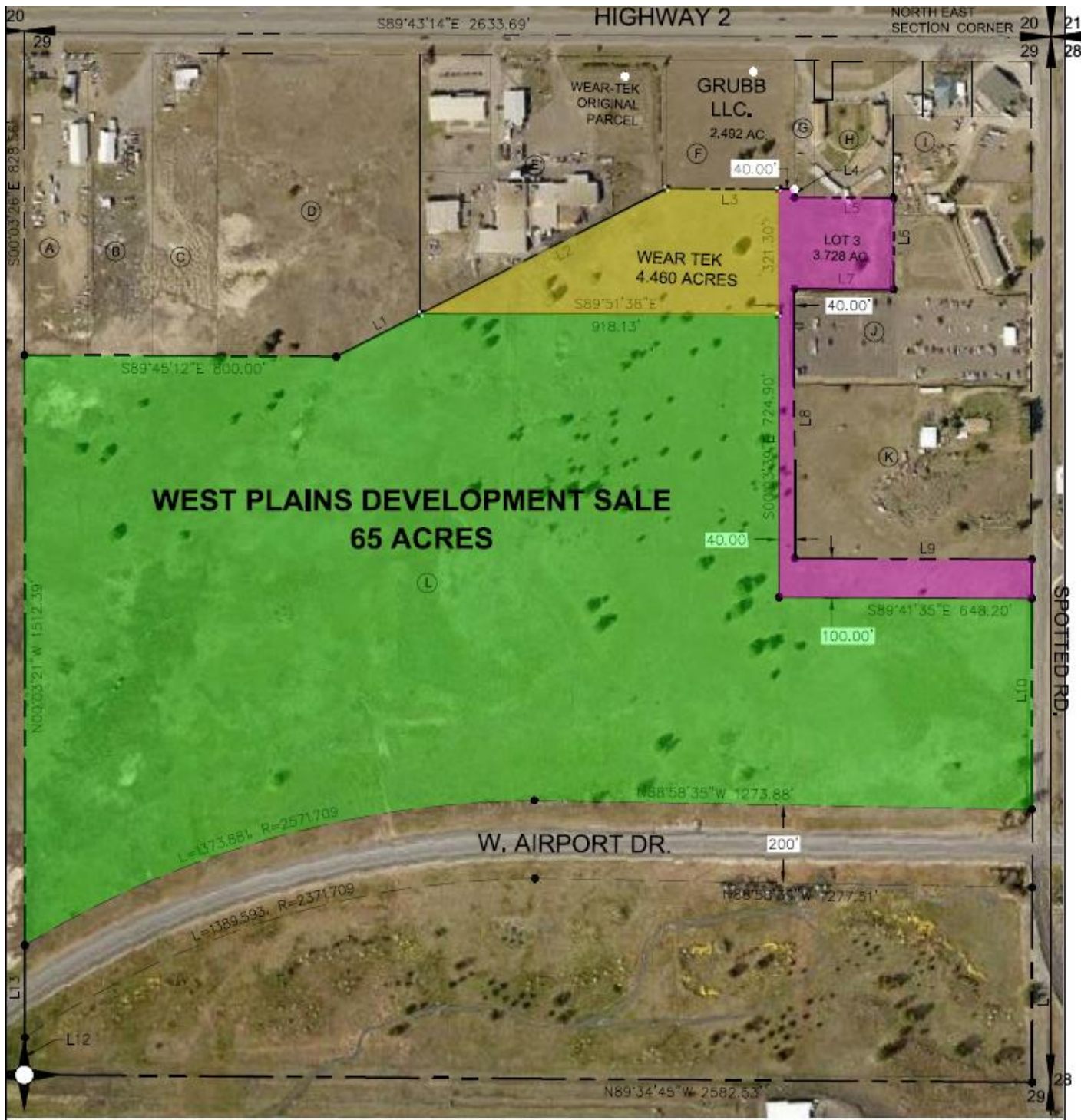
TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number 14CAD254-9453-4F43-87C5-76DB3C8705EA	Document Name PSA - West Plains Development (Final)
Transaction Type Signature Request	Filename psa_west_plains_development_final_version_-_5_20_21_02434696x9f871_.pdf
Sent At 05/20/2021 12:17 EDT	Pages 36 pages
Executed At 05/20/2021 15:05 EDT	Content Type application/pdf
Identity Method email	File Size 536 KB
Distribution Method email	Original Checksum ab88084082c560ff453381f1ac73977556810896a3aac91308e32c25f970583
Signed Checksum 614263402093249104e3d802408742d61cad3e1fba71b467cf71e54d3d14659e	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Thomas B. Tilford	Status signed	Viewed At 05/20/2021 15:03 EDT
Email ttilford@gmail.com	Multi-factor Digital Fingerprint Checksum 249abb8ada7364448a9a2a81b7029279ed3e3c7b6d1949ada7967b91900da79	Identity Authenticated At 05/20/2021 15:05 EDT
Components 3	IP Address 73.59.50.124	Signed At 05/20/2021 15:05 EDT
	Device Safari via Mac	
	Drawn Signature 	
	Signature Reference ID 442E5084	
	Signature Biometric Count 210	

AUDITS

TIMESTAMP	AUDIT
05/20/2021 12:17 EDT	Tyler Black (tblack@lukins.com) created document 'psa_west_plains_development_final_version_-_5_20_21_02434696x9f871_.pdf' on Chrome via Windows from 66.195.40.82.
05/20/2021 12:17 EDT	Thomas B. Tilford (ttilford@gmail.com) was emailed a link to sign.
05/20/2021 15:03 EDT	Thomas B. Tilford (ttilford@gmail.com) viewed the document on Safari via Mac from 73.59.50.124.
05/20/2021 15:05 EDT	Thomas B. Tilford (ttilford@gmail.com) authenticated via email on Safari via Mac from 73.59.50.124.
05/20/2021 15:05 EDT	Thomas B. Tilford (ttilford@gmail.com) signed the document on Safari via Mac from 73.59.50.124.



Briefing Paper

Division & Department:	City Council
Subject:	Housing Action Subcommittee Stipend
Date:	June 14, 2021
Contact (email & phone):	Melissa Morrison; mmorrison@spokanecity.org
City Council Sponsor:	Breean Beggs
Executive Sponsor:	
Committee(s) Impacted:	Urban Experience, Finance
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment:	Comprehensive Plan
Strategic Initiative:	Increasing housing quality and diversity
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Provide financial payments to Housing Action Subcommittee participants who qualify for stipend

Background/History: Community stakeholders advocated for stipends for participants on city boards and commissions. Stipends are recognized as good practice for community engagement, especially when increasing participation in underserved and underrepresented communities. Stipends provide financial support to participants and are a strategy to decrease barriers to participation.

Executive Summary:

- Housing Action Subcommittee Stipend is a pilot program for HAS only
- This would be a City Council department policy
- Housing Action Subcommittee members would be eligible for \$25 per meeting stipend if:
 - meet income guidelines
 - not receiving other compensation to participate in meetings by employer.

Budget Impact:
 TOTAL COST:
 Approved in current year budget? ☐ Yes ☒ No ☐ N/A
 Annual/Reoccurring expenditure? ☒ Yes ☐ No ☐ N/A
 If new, specify funding source: 1590 funds
 Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:
 Consistent with current operations/policy? ☐ Yes ☒ No ☐ N/A
 Requires change in current operations/policy? ☒ Yes ☐ No ☐ N/A
 Specify changes required:
 Known challenges/barriers: Developing stipend program with accounting as participants will need to complete all applicable paperwork and receive stipend payments through accounting department

RESOLUTION NO. 2021-_____

A Resolution establishing a pilot stipend program for members of the Housing Action Subcommittee.

WHEREAS, the City relies on boards and commissions, often made up of volunteer members of the public, to inform many policies and assist in making decisions that benefit the Spokane community; and

WHEREAS, stipends show value for the participant's time and involvement; and

WHEREAS, providing stipends to participants is commonly viewed as good practice in community engagement literature; and

WHEREAS, the City Council wishes to expand resident participation in our City Council subcommittees to include a broader range of experience and voices; and

WHEREAS, many individuals may struggle to participate on a volunteer basis, especially if there are issues with transportation, childcare or other barriers; and

WHEREAS, offering a small stipend to participants in need may help reduce such barriers and open opportunities for increased participation on our City Council subcommittees.

NOW, THEREFORE, BE IT RESOLVED that the Spokane City Council establishes a pilot program for distributing stipends to members of the Housing Action Subcommittee who meet certain criteria.

BE IT ALSO RESOLVED that the City will consider, in consultation with the Administration, the adoption and implementation of a formal stipend policy for all City boards, commissions and committees as part of the annual budget process for 2022.

BE IT FINALLY RESOLVED that the City Council adopts the attached guidelines for the distribution of stipends to eligible participants of the Housing Action Subcommittee for one year after the adoption of this Resolution or until a formal City-wide policy is adopted, whichever occurs first.

PASSED by the City Council this ____ day of _____, 2021.

City Clerk

Approved as to form:

Assistant City Attorney

DRAFT

City Council Housing Action Subcommittee Stipend Guidelines

POLICY

1. Council stipends will generally be limited to Housing Action Subcommittee members which meet one of the following criteria and attest in writing that a stipend and/or bus pass would support them in participating in attending subcommittee meetings and/or workgroup meetings:
 - a. Total household income less than 60% AMI as defined by HUD for the current fiscal year;
 - b. Households receiving means tested state or federal assistance programs. Examples include SNAP, TANF, SSI, HEN/ABD, housing subsidy assistance, or Apple Health.
2. Council stipends will be limited to \$25 per subcommittee meeting or workgroup meeting. Individuals may receive a maximum stipend of \$50 a month and \$600 a year.
3. Members may be provided an appropriate bus pass in lieu of or in addition to stipends.
4. Individuals being paid by a workplace or other source are not eligible for stipends.

PROCEDURE

1. Housing Action Subcommittee members interested in receiving a stipend must complete and sign a stipend request form and return to the Housing and Homelessness Initiatives Manager. Housing Action Subcommittee members must complete paperwork as required by Accounting Department to process payment.
2. To apply for the stipend, the Housing Action Subcommittee member must attest to meeting the household income requirement and/or provide verification of receiving a state or federal means tested assistance program.
3. The stipend request forms must be completed and returned to the Housing and Homelessness Initiatives manager within 60 days of attending the meeting or workgroup.
4. The Housing and Homelessness Initiatives Manager must process the stipend payment within 15 days of receiving the completed request and any requested verifications.
5. The Housing and Homelessness Initiatives Manager will provide requests to Accounting Department and assist in facilitating delivery of stipend payment.

RESPONSIBILITIES

The point of contact for all grants will be the Housing and Homelessness Initiatives Manager. Council staff will collaborate with the City's Accounting Department on any necessary reporting, compliance, accounting, or other administrative requirements of the stipend.

Briefing Paper F&A Committee

Division & Department:	Finance – Facilities Department
Subject:	Surplus Property Resolution
Date:	06/21/2021
Author (email & phone):	dsteele@spokanecity.org 625-6064
City Council Sponsor:	CM Mumm
Executive Sponsor:	Tonya Wallace
Committee(s) Impacted:	Finance
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Comp Plan, Strategic Plan
Strategic Initiative:	Sustainability
Deadline:	NA
Outcome: (deliverables, delivery duties, milestones to meet)	Adoption of a surplus property resolution declaring two residential lots surplus and authorizing the sale of both properties
Background/History: The Real Estate Review Committee (RERC) met and reviewed 3 properties. The final consensus was to declare 1927 East Dalton and 2912 East Wabash surplus and list them with a qualified residential broker for immediate sale. The subsequent committee report was reviewed, and concurrence was provided from the Mayor's office for the action.	
Executive Summary: <ul style="list-style-type: none"> Both 1927 East Dalton and 2912 East Wabash were acquired through the Spokane County tax foreclosure process with the intent of returning them to the tax roles. The city has associated clean up costs for both lots. The sale of these properties will recoup a portion of those costs. 	
Budget Impact: 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>	
Operations Impact: Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A Specify changes required: Known challenges/barriers:	

RESOLUTION

A RESOLUTION PROVIDING FOR THE SALE OF SURPLUS CITY PROPERTY.

WHEREAS, the City of Spokane is the owner of certain properties located in the City of Spokane, County of Spokane, State of Washington, and more particularly described in Exhibit A hereto ("Properties"); and

WHEREAS, pursuant to Chapter 12.10 of the Spokane Municipal Code, the Real Estate Review Committee reviewed the Properties and recommends that the City declare the Properties surplus and authorize the City's Facilities Department to find buyers for the Properties; and

WHEREAS, the Properties were acquired by the City of Spokane through the public auction process conducted by Spokane County due to non-payment of property taxes and settlement of property liens in order to protect the City of Spokane's lien position and possible recovery; and,

WHEREAS, the City of Spokane finds that the Properties are no longer needed for a public use of the City of Spokane and has determined it to be in the public interest to offer them for sale; and

WHEREAS, RCW 35.22.280(3) authorizes the City to dispose of surplus property upon commercially reasonable means; and

WHEREAS, the City of Spokane is required to seek fair market value for the Properties.

NOW, THEREFORE - - it is hereby resolved by the City of Spokane City Council; as follows:

1. The Properties are hereby declared to be surplus City property no longer needed for the present and foreseeable public uses of the City. The following described Properties are hereby declared to be of low value and surplus to the public needs of the City.

Type	Address	Parcel Number
Residential	1927 East Dalton	35043.0130
Residential	2912 East Wabash	36343.2806

2. The Mayor has directed the City's Facilities Department to dispose of the surplus Properties by determining the fair market value of the Properties using commercially reasonable means and seeking a qualified buyer or buyers for the Properties and to negotiate the terms of a purchase and sale agreement(s) with said buyer(s). The final negotiated terms of the purchase and sale agreement(s) is subject to final approval by the

City Council.

ADOPTED by the Spokane City Council this _____ day of _____,
2021.

City Clerk

Approved as to form:

Assistant City Attorney

EXHIBIT "A"

1927 East Dalton

Assessor's parcel number: 35043.0130

2912 East Wabash

Assessor's parcel number: 36343.2806

Briefing Paper

Finance and Administration Committee

Division & Department:	Finance – Fleet Services
Subject:	Upgrade instrumentation control units (ICU) at the Broadway Refueling/Wash Site
Date:	06/09/2021
Contact (email & phone):	Rick Giddings, rgiddings@spokanecity.org , 509-710-5500
City Council Sponsor:	CM Wilkerson
Executive Sponsor:	Tonya Wallace
Committee(s) Impacted:	Finance Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	CIP
Strategic Initiative:	
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approve contract
<p><u>Background/History:</u></p> <p>The Broadway Refueling/Wash Site, used to fuel and wash a majority of the City's vehicles, has a variety of instrumentation control units (ICUs) currently running on a Windows 10 platform. This platform is outdated and no longer supported by the software, AssetWorks, that interfaces with the City's fleet management application.</p> <p>This was a planned hardware upgrade for 2021. The total cost of the project is \$107,989, based on the latest attached quotes, including sales tax. The upgrades will be completed by vendor staff from AssetWorks, to ensure a smooth implementation and interface.</p> <p>The cost of the project will be allocated between the Solid Waste Fund, \$39,343, and Fleet Services Fund, \$68,646, based on the management of the site. The wash bays are managed by Solid Waste staff and the fueling island is managed by Fleet Services.</p>	
<p><u>Executive Summary:</u></p> <p>Staff requests City Council approve the contract to acquire and update the ICUs at the City's Broadway Fueling/Wash Site to ensure full functionality on the latest and compatible software platform. The one-time cost for the upgrade is estimated to be \$107,989, funded from both the Solid Waste Fund and Fleet Services Fund.</p>	
<p><u>Budget Impact:</u></p> <p>Approved in current year budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>If new, specify funding source:</p> <p>Other budget impacts: (revenue generating, match requirements, etc.)</p>	
<p><u>Operations Impact:</u></p> <p>Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Requires change in current operations/policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Specify changes required:</p> <p>Known challenges/barriers:</p>	



City of Spokane

CONTRACT

Title: **ICU UPDATE AT BROADWAY
REFUELING/WASH SITE**

THIS CONTRACT is between the **CITY OF SPOKANE**, a Washington State municipal corporation, as ("City"), and **ASSETWORKS, LLC**, whose address is 998 Old Eagle School Road, Suite 1215 Wayne, Pennsylvania 19087, as ("Company"), individually hereafter referenced as a "party", and together as the "parties".

The parties agree as follows:

1. **PERFORMANCE.** The Company will provide ICU Update at Broadway Refueling/Wash Site, in accordance with Company's Quotation No. Q-07219-1, attached as Exhibit B. In the event of a discrepancy between the documents this City Contract controls.
2. **CONTRACT TERMS.** The Contract shall begin June 1, 2021, and run through May 31, 2022, unless amended by written agreement or terminated earlier under the provisions.
3. **COMPENSATION.** The City shall pay the Company **ONE HUNDRED THOUSAND, NINE HUNDRED SEVEN AND 04/100 DOLLARS (\$100,907.04)**, excluding tax, for everything furnished and done under this Contract. This is the maximum amount to be paid under this Contract for the work described in Section 1 above, and shall not be exceeded without the prior written authorization of the City in the form of an executed amendment to this Contract.
4. **PAYMENT.** The Company shall send its application for payment to City of Spokane Fleet Services, 915 North Nelson Street, Spokane, Washington 99202. **Payment will be made via direct deposit/ACH** within thirty (30) days after receipt of the Contractor's application except as provided by state law.
5. **COMPLIANCE WITH LAWS.** Each party shall comply with all applicable federal, state, and local laws and regulations.
6. **ASSIGNMENTS.** This Contract is binding on the parties and their heirs, successors, and assigns. Neither party may assign, transfer or subcontract its interest, in whole or in part, without the other party's prior written consent.
7. **AMENDMENTS.** This Contract may be amended at any time by mutual written agreement.

8. ANTI-KICKBACK. No officer or employee of the City of Spokane, having the power or duty to perform an official act or action related to this Contract shall have or acquire any interest in the Contract, or have solicited, accepted or granted a present or future gift, favor, service or other thing of value from or to any person involved in this Contract.

9. TERMINATION. Either party may terminate this Contract by thirty (30) days written notice to the other party. In the event of such termination, the City shall pay the Company for all work previously authorized and performed prior to the termination date.

10. INSURANCE. During the term of the Agreement, the Company shall maintain in force at its own expense, the following insurance coverages:

- A. Worker's Compensation Insurance in compliance with RCW 51.12.020, which requires subject employers to provide workers' compensation coverage for all their subject workers; and
- B. General Liability Insurance on an occurrence basis, with a combined single limit of not less than \$1,000,000 each occurrence for bodily injury and property damage. It shall include contractual liability coverage for the indemnity provided under this contract. It shall provide that the City, its officers and employees are additional insureds, but only with respect to the Contractor's services to be provided under this contract;
 - i. Acceptable supplementary Umbrella insurance coverage, combined with the Company's General Liability insurance policy must be a *minimum* of \$1,000,000, in order to meet the insurance coverages required under this Contract;
- C. Automobile Liability Insurance with a combined single limit, or the equivalent of not less than \$1,000,000 each accident for bodily injury and property damage, including coverage for owned, hired and non-owned vehicles.

There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without sixty (60) days written notice from the Company or its insurer(s) to the City. As evidence of the insurance coverage(s) required by this Agreement, the Company shall furnish acceptable Certificates of Insurance (COI) to the City at the time it returns this signed Agreement. **The certificate shall specify the City of Spokane as "Additional Insured"** specifically for Company's services under this Agreement, as well as all of the parties who are additional insureds, and include applicable policy endorsements, the sixty (60) day cancellation clause, and the deduction or retention level. The Company shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

11. INDEMNIFICATION. The Company shall defend, indemnify, and hold the City and its officers and employees harmless from all claims, demands, or suits at law or equity asserted by third parties for bodily injury (including death) and/or property damage which arise from the Company's negligence or willful misconduct under this Agreement, including attorneys' fees and litigation costs; provided that nothing herein shall require a Company to indemnify the City against and hold harmless the City from claims, demands or suits based solely upon the negligence of the City, its agents, officers, and employees. If a claim or suit is caused by or results from the concurrent negligence of the Company's agents or employees and the City, its agents, officers and employees, this indemnity provision shall be valid and enforceable to the extent of the negligence of the Company, its agents or employees. The Company specifically assumes liability

and agrees to defend, indemnify, and hold the City harmless for actions brought by the Company's own employees against the City and, solely for the purpose of this indemnification and defense, the Company specifically waives any immunity under the Washington State industrial insurance law, or Title 51 RCW. The Company recognizes that this waiver was specifically entered into pursuant to the provisions of RCW 4.24.115 and was the subject of mutual negotiation. The indemnity and agreement to defend and hold the City harmless provided for in this section shall survive any termination or expiration of this agreement.

12. DEBARMENT AND SUSPENSION. The Contractor has provided its certification that it is in compliance with and shall not contract with individuals or organizations which are debarred, suspended, or otherwise excluded from or ineligible from participation in Federal Assistance Programs under Executive Order 12549 and "Debarment and Suspension", codified at 29 CFR part 98.

13. SEVERABILITY. In the event any provision of this Contract should become invalid, the rest of the Contract shall remain in full force and effect.

14. STANDARD OF PERFORMANCE. The silence or omission in the Contract regarding any detail required for the proper performance of the work, means that the Company shall perform the best general practice.

15. NONDISCRIMINATION. No individual shall be excluded from participation in, denied the benefit of, subjected to discrimination under, or denied employment in the administration of or in connection with this Contract because of age, sex, race, color, religion, creed, marital status, familial status, sexual orientation including gender expression or gender identity, national origin, honorably discharged veteran or military status, the presence of any sensory, mental or physical disability, or use of a service animal by a person with disabilities. The Company agrees to comply with, and to require that all subcontractors comply with, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act, as applicable to the Company.

16. BUSINESS REGISTRATION REQUIREMENT. Section 8.01.070 of the Spokane Municipal Code states that no person may engage in business with the City without first having obtained a valid annual business registration. The Company shall be responsible for contacting the State of Washington Business License Services at www.dor.wa.gov or 360-705-6741 to obtain a business registration. If the Company does not believe it is required to obtain a business registration, it may contact the City's Taxes and Licenses Division at (509) 625-6070 to request an exemption status determination.

17. AUDIT / RECORDS. The Company and its subcontractors shall maintain for a minimum of three (3) years following final payment all records related to its performance of the Contract. The Company and its subcontractors shall provide access to authorized City representatives, at reasonable times and in a reasonable manner to inspect and copy any such record. In the event of conflict between this provision and related auditing provisions required under federal law applicable to the Contract, the federal law shall prevail.

18. CONFIDENTIALITY/PUBLIC RECORDS. Notwithstanding anything to the contrary, City will maintain the confidentiality of Company's materials and information only to the extent that is legally allowed in the State of Washington. City is bound by the State Public Records Act, RCW Ch. 42.56. That law presumptively makes all records in the possession of the City public records

which are freely available upon request by anyone. In the event that City gets a valid public records request for Company's materials or information and the City determines there are exemptions only the Company can assert, City will endeavor to give Company notice. Company, at its own expense, will be required to go to Court to get an injunction preventing the release of the requested records. In the event that Company does not get a timely injunction preventing the release of the records, the City will comply with the Public Records Act and release the records.

19. DISPUTES. This Contract shall be performed under the laws of the State of Washington. Any litigation to enforce this Contract or any of its provisions shall be brought in Spokane County, Washington.

ASSETWORKS, LLC

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

Attachments that are part of this Agreement:

Exhibit A – Certificate Regarding Debarment
Exhibit B – Company's Quotation No. Q-07219-1

21-085

EXHIBIT A
CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY AND VOLUNTARY EXCLUSION

1. The undersigned (i.e., signatory for the Subrecipient / Contractor / Consultant) certifies, to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
 - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
 - d. Have not within a three-year period preceding this contract had one or more public transactions (federal, state, or local) terminated for cause or default.
2. The undersigned agrees by signing this contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
3. The undersigned further agrees by signing this contract that it will include the following clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

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

1. The lower tier contractor certified, by signing this contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
 2. Where the lower tier contractor is unable to certify to any of the statements in this contract, such contractor shall attach an explanation to this contract.
4. I understand that a false statement of this certification may be grounds for termination of the contract.

_____ Name of Subrecipient / Contractor / Consultant (Type or Print)	_____ Program Title (Type or Print)
_____ Name of Certifying Official (Type or Print)	_____ Signature
_____ Title of Certifying Official (Type or Print)	_____ Date (Type or Print)

EXHIBIT B



QUOTATION

AssetWorks LLC

998 Old Eagle School Road, Suite 1215
Wayne, PA 19087

Quote #: Q-07219-1
Date: 3/5/2021
Expires On: 6/3/2021
Account Manager: Jim Hammond
Email: jim.hammond@assetworks.com
Phone:

Ship To

Troy Hayden
City of Spokane
Fleet Management
915 N. Nelson St.
spokane, Washington 99202
United States
509-625-7777
thayden@spokanecity.org

Bill To

City of Spokane
Fleet Management
915 N. Nelson St.
Spokane, Washington 99202
United States

This price is issued pursuant to Agreements entered into between AssetWorks and the above named Customer. Pricing below is valid until 6/3/2021.

Fuel Hardware

Description	QTY	UNIT PRICE	Line Total
Windows 10 ICU Upgrade - SS - 2 Hose RFID HID/MAG	4	USD 6,464.04	USD 25,856.16
Windows 10 ICU Upgrade - SS - 4 Hose RFID HID/MAG	2	USD 6,862.78	USD 13,725.56
Windows 10 ICU Upgrade - SS - 12 Hose RFID HID/MAG	1	USD 8,083.41	USD 8,083.41
Windows 10 ICU Upgrade - SS - 16 Hose RFID HID/MAG	1	USD 8,408.91	USD 8,408.91
RFID Antenna - High Power w/mast adapters 2.4GHz FJ3	5	USD 1,173.00	USD 5,865.00
60G CFST Disk for Win10	6	USD 484.50	USD 2,907.00
Nozzle Transponder - Dual Mode FJ3 & 918MHz	34	USD 374.00	USD 12,716.00
Fuel Shipping	9	USD 125.00	USD 1,125.00
Fuel Hardware Total:			USD 78,687.04

Professional Services

Description	Line Total
Remote FJ3 Installation & Diagnostic Training Services	USD 1,640.00
Hardware Installation Services	USD 9,840.00
Remote FuelFocus Site Startup Services	USD 4,920.00
Project Management Services	USD 2,820.00

Description	Line Total
Travel Costs (to be billed at actual)	USD 3,000.00
Professional Services Total:	USD 22,220.00

Grand Total: USD 100,907.04

If you have any technical questions related to FuelFocus products and services, please contact Russ Whelan at (909) 921-6724 or russ.whelan@assetworks.com.

NOTES/ASSUMPTIONS

1. Unless Customer has a separate written and signed agreement with AssetWorks, this Order Schedule is subject to the Assetworks Online Master Agreement, as applicable, located at <https://www.assetworks.com/tc-fleet/> which is incorporated herein by reference.
2. This Order Schedule is based on the site being Fuel Management System Ready (FMS). FMS Ready means that all FuelFocus System pedestals will be mounted to the appropriate location. All conduits will be connected between the FuelFocus Controllers and pumps, junction boxes and breaker panels. Assumes all dispensers have pulsers and are fuel system compatible. All wires will be pulled and left disconnected at each end. See full FMS Ready Checklist below.
3. This Order Schedule does not include permits, permit fees or site as built drawings.
4. Prices are quoted in USD and are subject to any applicable state and/or local sales tax, import duties, PST, VAT. The pricing is based upon the quantities listed at the time of purchase. In the event that the number of licenses, assets or sites changes the pricing is subject to change.
5. This is a fixed price contract with payment due within 30 days of the date of an invoice. All licenses, hardware, and maintenance will be billed upon date of delivery. All services and travel will be invoiced monthly as incurred. Year 1 maintenance period will begin ninety (90) days from date of delivery.
6. Details of the warranty, which includes 1 year parts with telephone help desk support, can be found under Hardware Terms in the AssetWorks Online Master Agreement referenced above. Extended warranty plans are available for subsequent years.
7. Customer must have a tested network connection at the fuel island. This connection needs to be able to ping the FleetFocus Server successfully.
8. Site must have fuel in tanks, dispensers primed and ready to pump fuel for full site certification.
9. The following will apply to all Professional Services under the Order Schedule:
 1. Additional charges may apply if sites are not ready as described above for both services and travel.
 2. Travel: Expenses include actual costs for lodging, air and ground travel and per diem rates for meal expenses (corporate rate/government agreement).
 3. Professional Services engagements have 4-8 week lead time from execution of contract/order. When Professional Service days are contracted, they are removed from AssetWorks' capacity and considered sold to the customer, and as a result AssetWorks makes financial plans based upon the revenues it expects to achieve from the full performance of the contract. It is impossible for AssetWorks to know in advance whether or under what circumstances it would be able to resell the service days if the customer does not use them, either as the result of delaying or canceling meetings, tasks or deliverables. In most instances, when customers do not use the contracted time, AssetWorks is unable to resell those days or services. Even when days or services may be resold, it is costly to re-market the services, and such efforts divert effort to do so. While customer days have been held out of AssetWorks' capacity planning, AssetWorks may have turned away or delayed the start of other customers in order to meet AssetWorks' commitment to the customer. For these reasons, AssetWorks and the customer agree that in the event of delay or cancellation of scheduled project tasks and meetings at the customer's request within two weeks of execution, AssetWorks shall be due compensation equal to the contracted amount to deliver the services cancelled including any travel expenses incurred in preparation for the delayed or cancelled services.

FMS Ready Checklist for FuelFocus Island Controller System

The following represents a checklist of items that need to be performed to comply with "FMS Ready".

1. Have an electrical contractor mount the FuelFocus Island Controller pedestals and fasten to concrete.
2. Conduit Requirements
 1. Have electrician run a conduit from the master dispensers to pedestal as needed. Our electrical requirements to each FMS Island Controller are as follows:
 2. We will need dedicated power from a circuit breaker panel to each FuelFocus Island Controller. The power for each FMS Controller can be pulled off one circuit breaker.

3. We will need a dedicated conduit back to the building from each FMS Controller for communication wiring unless RF LAN connectivity will be used. These may be looped also. Please note that a maximum cable length for CAT5/6 is 300 feet.
4. We will need one conduit from the pedestal to be terminated in the dispenser electrical junction box.
5. We will either need:
 1. A second conduit from the pedestal to the pulser junction box in the dispenser, or
 2. The pulser junction box in the dispenser piped over to the electrical junction box in the dispenser
3. Contractor must mount RFID Antenna centrally to all fuel lanes if RFID option is purchased. Must have conduit from nearest FuelFocus Island Controller to this point. Please discuss location with AssetWorks Project Team.
4. (For Transit Lanes only) Mount Banner sensor in each fuel lane and run conduit from sensor to respective FuelFocus Island Controller.
5. Cable Requirements:
 1. Have electrician pull the following cables - leaving at least three feet extra to extend above the top of the pedestal and as much as possible to fit in the electrical junction box within the dispensers: The items lettered below correspond with the same letter of the conduit above.
 2. Three 14AWG minimum THHN gas/oil resistant wires for power, neutral, ground to each FMS Controller from breaker panel. Terminate at panel, wire nut FMS System ends and mark breaker. Lock breaker in off position
 3. Pull whatever cable is appropriate based on Customer demands and location parameters to ensure a reliable TCP/IP ethernet connectivity at the fuel island to each Island Control Unit. This may be a CAT5/6 cable, fiber optics or RF Ethernet connectivity. If the TLS Interface option is chosen, there are two methods of connecting the Veeder Root console to FuelFocus. The first method is via a RS232 card installed in the Veeder Root (Customer responsibility). While this is a less expensive option – RS232 is only rated to communicate effectively if the distance between the Veeder Root and the nearest FuelFocus Controller does not exceed fifty (50) feet. If RS232 is used, a four conductor shielded cable must be installed between the two. Veeder Root connectivity can also be achieved via TCP/IP as an option. This method requires the installation of a ethernet card in the Veeder Root console, and then a CAT5/6 network connection run from the Customers network to the Veeder Root – keeping in mind CAT5/6 distance limitations shown above. Procurement, installation, and configuration and programming of either method are the Customer responsibility.
 4. Pull four 14AWG minimum THHN gas/oil resistant wires to each pump/dispenser (eight if it is a two hose pump/dispenser) electrical junction box for control wiring. One of these wires should be white for neutral. Dispenser must be able to have handle wired hot at all times when using RFID technology and solenoid will be used for system control.
 5. Pull a four conductor 22AWG minimum shielded cable to the dispenser for pulser communication. Please consult with an AssetWorks technician if these distances exceed three hundred (300) feet.
 6. Pull the CAT5/6 wire included with WAF Antenna to the FuelFocus Island Controller along with a single 14AWG THHN green wire for grounding purposes.
 7. (For Transit Lanes only) Pull included cable for Banner Sensor through conduit. Extend length if needed.

Call AssetWorks to schedule a date for final terminations when all of the above is done.

Note - All wiring and conduits identified above describe what is needed for the FuelFocus Island Controller System only. This document assumes wiring for the station and dispensers has already been completed.

Briefing Paper

Finance and Administration Committee

Division & Department:	Finance – Facilities Management
Subject:	SBO for CPTED Improvements & Art/Cultural Capital Investments
Date:	06/09/2021
Contact (email & phone):	Paul Ingiosi, pingiosi@spokanecityorg, X 6061
City Council Sponsor:	CM Lori Kinnear
Executive Sponsor:	Tonya Wallace
Committee(s) Impacted:	Finance Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
Strategic Initiative:	Strategic Investment
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approve SBO

Background/History:

In 2019¹, the City sold the Normandie Complex and allocate the proceeds for three (3) primary initiatives – Arts/Culture, Safer Communities, and River Connections. To date, there is \$410,067 remaining and reserved in the Asset Management Fund. Of this remaining amount, \$80,000 is intended for Arts/Culture capital investment and \$330,067 is intended for Safer Communities.

The Safer Communities Initiative focused on Crime Prevention Through Environmental Design (CPTED) as a proactive crime fighting technique in which the proper design and effective use of parks, building open spaces, and the surroundings leads to a reduction in crime, as well as, an improvement in the quality of life for the citizens of the community.

In September 2019, Spokane Police Department provided a CPTED audit of the area surrounding the Intermodal Facility (221 W First Ave/201 W Sprague) and found that drug activity and other offenses are rampant in the area. Currently, suspicious persons are known to hide in the trees at night or loiter along the low retaining wall. There is an excessive amount of graffiti, used syringes, and trash in the area. Recently, a brush fire was set on the corner of Browne/Sprague.

The following elements are recommended CPTED improvements based on the audit from 2 years ago:

Access Control— It is recommended that security fencing be installed and be at least 6” in height.

Surveillance—It is recommended that overgrown shrubs and trees along the perimeter be removed.

Territorial Reinforcement— Redesign the area, such as additional signage and security cameras, to clearly show that the space is owned and occupied.

Lighting—It is recommended that additional LED lighting be installed.

Implementing the CPTED recommendations will mitigate similar brush fire occurrences in the future and will provide enhanced security for this facility.

Improvements are estimated to be:

Landscaping ¹	110,000.00
Security Fencing	80,000.00
Security Cameras	10,000.00
	200,000.00

¹Bids due on June 16, 2021 at 1:00 PM

The rest of the CPTED budget will continue to be dedicated for CPTED improvements as they are identified. An update will be provided at a future Finance & Administration Committee.

¹The Arts/Culture initiative includes an additional contribution of \$208,311 from the General Fund for grant funding to Spokane Arts for a public arts program

Executive Summary:

Staff requests the appropriation of \$410,067 from the unappropriated reserves of the Asset Management Fund to initiate the first CPTED project at the Intermodal Complex, as recommended by the Spokane Police Department according to the 2019 audit of the area.

The remaining appropriated funds will be utilized according to their intended use and projects will come to the City Council for approval as they are identified.

Budget Impact:

Approved in current year budget? ☐Yes ☒No ☐N/A

Annual/Reoccurring expenditure? ☐Yes ☒No ☐N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy? ☒Yes ☐No ☐N/A

Requires change in current operations/policy? ☐Yes ☒No ☐N/A

Specify changes required:

Known challenges/barriers:

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, it is necessary to establish and make changes in the appropriations of the Asset Management Capital 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 Asset Management Capital Fund, and the budget annexed thereto with reference to the Asset Management Capital Fund, the following changes be made:

- A. Increase appropriation by \$410,067.
- B. Of the increased appropriation, \$410,067 is provided from Asset Management Capital Fund unappropriated reserves, specifically from the proceeds of the sale of the Normandie Complex. Of this amount, \$330,067 is intended for Crime Prevention Through Environmental Design (CPTED), and \$80,000 is intended for art/culture capital investments. Facilities Department anticipates utilizing an estimated \$200,000 for the CPTED and security improvements planned at the City-owned Intermodal Center.

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 make CPTED and safety improvements at the City-owned Intermodal Center, 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

Finance & Administration

Division & Department:	Community and Economic Development – Code Enforcement
Subject:	SBO to support the addition of 10 temp/seasonal employees to Code Enforcement to support litter control, downtown maintenance, unlawful encampment abatement, and graffiti abatement
Date:	6/9/2021
Author (email & phone):	Kris Becker kbecker@spokanecity.org 625-6392
City Council Sponsor:	CM Wilkerson
Executive Sponsor:	Johnnie Perkins
Committee(s) Impacted:	Finance & Administration
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Strategic Plan
Strategic Initiative:	Economic Development
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approval of SBO

Background/History:

Downtown environment and cleanliness is a priority for the health and safety of everyone who uses it. Spokane is welcoming people back downtown – anticipating the June 30 statewide reopening. We have already seen increases in hospitality capacity. We have identified some immediate steps, based on user feedback, to improve the environment for the many users of downtown. The pandemic impacted many of the measures that were previously in place, and the expected reopening of the economy could help accelerate the immediate actions, which include:

- Doubling size of team devoted to litter and graffiti clean up
- Partnering with Downtown Spokane Partnership on viaduct sanitization
- Adding a second partner in a pilot specific to Browne
- Adding a dozen more secure public garbage cans
- Adding back Geiger crews that were paused by COVID

Ten temp/seasonal positions will be added to the Code Enforcement department to support these efforts. The positions include:

- Four Laborer I positions and Four Laborer II positions. These eight positions will supplement the existing two Laborer II and five Laborer I positions and will be split into four crews:
 - A two person Graffiti Abatement Team will respond to graffiti complaints as well as proactively patrol prescribed routes multiple times per week to cover graffiti quickly. The team will act as liaisons with property owners to secure abatement agreements for private property. They will identify graffiti hot spots and refer private property owners to SPD/COPS CPTED experts. The graffiti abatement team will serve as subject matter experts in graffiti abatement techniques and methods.
 - A five-person Downtown Maintenance Team will work directly with the Downtown Police Precinct to respond to reports of illegal camping as well as provide routine abatement, cleaning and sanitization of downtown hotspots such as railroad viaducts and other populated areas. The maintenance team will remove solid waste voluntarily given from occupied encampments and will store personal property from

vacant camps in accordance with the City's policy. The Downtown maintenance team will further coordinate efforts with the Downtown Spokane Partnership, Geiger Correctional Work Crew, and other organizations as applicable.

- A four-person Neighborhood Unlawful Encampment Team will work as part of the POD team with SPD and homeless service providers at locations outside of the downtown. This team will coordinate with the Riverkeeper and other volunteer organizations to remove solid waste from environmentally sensitive areas adjacent to the Spokane River. The Neighborhood Unlawful Encampment Team will remove solid waste from occupied encampments voluntarily given by occupants and will store personal property from vacant camps in accordance with the City's policy.
- A five-person Litter Control Crew will provide general code enforcement support and will abate illegal dumping in the public right of way and on other City owned properties including the pick-up of appliances and other large items. This team will support Code Officers and the Neighborhood and Housing team by performing authorized abatements on private property to resolve active Code violations. This crew will also proactively visit known hot spots for illegal dumping outside of the downtown and utilize available data to identify new hotspots. The Laborer II positions will act as team leads so the larger crews can be split into 2-person teams to cover more areas of the City.
- One Labor Foreperson position will be added for a total of two in the department. One Foreperson will exclusively support the unlawful encampment teams and the other will support Litter Crew/ General Code Enforcement operations.
- One Program Professional position will be added to support the operations of all four work crews.
 - This position will be responsible for management of reported activities, to include; scheduling department responses, monitoring for completion, updating statuses in tracking database and responding to escalated issues.
 - The Program Professional will also provide timely updates and reporting to citizens, adjacent departments, Council and administration. This position will manage relationships with multiple agencies to coordinate cleaning activities, identify and proactively address concentrated or continuing issues at areas around the City. These agencies will include WSDOT, Geiger, BNSF, UD, DSP, service providers and others as identified.
 - The Program Professional will also work closely with Office of Neighborhood Services when needed for graffiti abatement or cleaning events other related City sponsored, and volunteer-based organizations.
 - This position will manage abatement contracts, specialty contractors, vendors and procurement processes for materials such as paint, materials, equipment, cleaning chemicals, etc.

Salary and benefits for these 10 positions will be approximately \$370,000 for six months.

The additional staffing will allow the hours of service to be expanded to 6 am to 6 pm on weekdays and service will be added on the weekends from 7 am to 3 pm. Weekend service will focus in the Downtown, but the crew will be available to respond to any emergent issue in the neighborhoods on an as-needed basis. By having crews dedicated to each of these core services, we can ensure that minimum levels of service are maintained across all categories.

As Geiger crews become available after COVID restrictions are lifted, they will be used to supplement the above teams as needed. Specialty contractors will also be utilized for services as needed – including specialty graffiti removal and clean-up of hazardous materials or biohazards.

Additional vehicles and equipment will be needed to support the new positions. Leasing trucks is the most cost-effective solution and will provide maximum flexibility. To launch these expanded services, staff anticipates one-time equipment costs of approximately \$40,000, which includes graffiti removal equipment and cleaning and sanitization equipment.

Paint, hand tools, PPE, materials costs, and additional dump fees will total approximately \$90,000 for the rest of 2021. The total additional program costs will be \$500,000 for six months.

The plan is to hire temp/seasonal employees to launch this program quickly this summer. As part of the 2022 budget conversations, staff may ask the City Council to consider making some or all these positions full time, permanent positions in 2022.

Executive Summary:

Staff is requesting the allocation of up to \$500,000 from the Unappropriated General Fund Balance to hire 10 temp/seasonal positions to support expanded litter control, unlawful encampment mitigation, and graffiti abatement efforts city-wide, with focused services in the downtown. The intent is the ready the downtown core for a successful economic re-opening. The hours of service will be temporarily expanded, and crews will respond from 6 am to 6 pm on weekdays and weekend service will be added from 7 am to 3 pm.

Budget Impact:

Approved in current year budget? ☐ Yes ☒ No

Annual/Reoccurring expenditure? ☒ Yes ☐ No

If new, specify funding source: General Fund – Unappropriated Reserves

Other budget impacts: (revenue generating, match requirements, etc.):

Operations Impact:

Consistent with current operations/policy? ☐ Yes ☒ No

Requires change in current operations/policy? ☒ Yes ☐ No

Specify changes required:

Known challenges/barriers:

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, it is necessary to establish and make changes in the appropriations of 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:

- (1) Increase appropriation by \$500,000 in the General Fund-Allocations department.
- (A) Of the increased appropriation, \$500,000 from the General Fund unappropriated fund balance is transferred to the Code Enforcement department.

Section 2. 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:

- (1) Increase appropriation by \$500,000.
- (A) Of the increased appropriation, \$500,000 transferred from the General Fund unappropriated reserves are provided solely for temporary/seasonal staff to support litter control, downtown maintenance, unlawful encampment abatement, and graffiti abatement.
- (B) The General Fund contribution is intended to temporarily support Code Enforcement operations through the rest of the current year as part of citywide economic reopening efforts.

Section 3. 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 fund temporary/seasonal staff to support litter control, downtown maintenance, unlawful encampment abatement, and graffiti abatement, 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

Finance and Administration Committee

Division & Department:	Public Works, Engineering
Subject:	SBO to reimburse Engineering for landslide costs
Date:	6-21-21
Contact (email & phone):	Kyle Twohig (ktwohig@spokanecity.org 625-6152)
City Council Sponsor:	CP Breean Beggs
Executive Sponsor:	Marlene Feist
Committee(s) Impacted:	Finance and Administration/PIES
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
Strategic Initiative:	Innovative Infrastructure
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approval of SBO
Background/History: <ul style="list-style-type: none"> On February 18th, 2021, an Executive Declaration of Civil Emergency or Disaster was declared and subsequently ratified by City Council to related to the public health, safety and welfare, for the Clarke Ave. landslide and related events in Peaceful Valley. Engineering Services has led the management effort to mitigate the immediate risk to the public and surrounding vicinity. Engineering Services is continuing to manage the ongoing effort to remediate the risk of this emergency. 	
Executive Summary: <ul style="list-style-type: none"> SBO proposed would move \$200,000 from the General Fund Contingency Reserves into the Engineering Services Contractual Services budget. This amount will cover costs to date as well as a portion of the pending design cost. Engineering Services' 2021 operation budget does not have the capacity to absorb the costs incurred from this unforeseen event. Another SBO will be proposed once a construction contract and final cost estimate is developed. 	
Budget Impact: 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.)	
Operations Impact: 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-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage," and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, 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:

(1) Increase appropriation by \$200,000.

(A) \$200,000 of the appropriation from the City's Contingency Reserve is provided to the Engineering Services department solely for the purpose of emergency work related to the Clark Ave. landslide.

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 fund necessary operation expenses related to the emergency situation created by the Clark Ave Landslide, 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

Finance and Administration Committee

Division & Department:	Public Works, Engineering
Subject:	SBO for additional funds for Construction Management Remodel and Relocation
Date:	6-21-21
Contact (email & phone):	Kyle Twohig (ktwohig@spokanecity.org 625-6152)
City Council Sponsor:	CP Breean Beggs
Executive Sponsor:	Marlene Feist
Committee(s) Impacted:	Finance and Administration/PIES
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
Strategic Initiative:	Innovative Infrastructure
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approval of SBO
Background/History: <ul style="list-style-type: none"> • COS and Spokane Public Schools entered into land exchange agreement in Nov. 2019 • Properties were exchanged to leverage opportunity assets and site 3 new middle schools • East half of N. Foothills property has transferred to SPS, which contains the Engineering Construction Management (CM) office on ~1 acre • The project to relocate the construction management office is being delivered by SPS' Gc/Cm contractor Bouten Construction 	
Executive Summary: Staff requests an appropriation <i>transfer</i> of \$315,000 from personnel savings to the Construction Management Remodel/Relocation Project to cover additional costs as follows: <ul style="list-style-type: none"> ○ Washington State Sales Tax - ~\$172,000 <ul style="list-style-type: none"> ▪ SPS contract with Bouten excludes sales tax from GMP, this was unknown at time of previous SBO ○ Additional architectural and engineering costs - ~\$80,000 <ul style="list-style-type: none"> ▪ Total square footage increased from 8K-10K SF and includes an added elevator necessitating additional design. Also, a structural deficiency in the existing building was discovered after demolition requiring an engineered solution. ○ Moving costs - ~\$10,000 ○ Proposed added scope to paint exterior and replace soffit, gutters, downspouts - ~\$53,000 <p>Engineering Services has been working to fill several open positions, mostly due to retirements, and has had vacancies for a few months as recruitments were completed and positions filled. Nearly all vacant positions will be filled by the end of June, 2021.</p> <p>Engineering Services proposes to utilize existing, available 2021 budget funds to cover these additional costs to relocate the construction management office.</p>	

Budget Impact:

Approved in current year budget? ☐Yes ☒No ☐N/A

Annual/Reoccurring expenditure? ☐Yes ☒No ☐N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy? ☒Yes ☐No ☐N/A

Requires change in current operations/policy? ☐Yes ☒No ☐N/A

Specify changes required:

Known challenges/barriers:

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage," and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, 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 General Fund, and the budget annexed thereto with reference to the General Fund, the following changes be made:

- (1) Transfer \$315,000 in Engineering Services salary and benefit savings to other improvements.
- (A) \$315,000 of the salary and benefit savings are from the following vacant positions: Clerk III; Engineering Tech III; Engineering Tech IV; Public Works Journey Level Inspector; and, Public Works Lead Inspector. Budget authority is transferred to the "other improvements" expense type solely for additional costs associated with the Engineering Field Office relocation and remodel project.

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 fund additional costs associated with the Engineering Field Office relocation and remodel project, 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

FINANCE & ADMINISTRATION

Division & Department:	Public Works, Wastewater and Stormwater
Subject:	SBO for a new Education Coordinator and new Clerk II position
Date:	May 21, 2021
Contact (email & phone):	Raylene Gennett (rgennett@spokanecity.org 625-7901)
City Council Sponsor:	CM Wilkerson
Executive Sponsor:	Marlene Feist
Committee(s) Impacted:	Finance & Administration Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment:	Budget
Strategic Initiative:	Innovative Infrastructure
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	Approval of SBO

Background/History:

Public Education & Outreach is a component of the City Stormwater Management Program and a requirement of the Eastern Washington Phase II Municipal Stormwater Permit. The Division has two Education Coordinators for Garbage and Water. The Division is seeking to hire a 3rd position for the Wastewater and Stormwater Departments.

Clerks perform a variety of clerical and office support activities for the Wastewater Collections Department and the Wastewater Treatment Facility. The Division is seeking to hire a new Clerk II position dedicated to Stormwater.

The former City Engineering position previously held by Mike Taylor to oversee the Next Level of Treatment at the plant is vacant and there are no plans to fill it as NLT nears completion. Funding for this position exists in the 2021 budget and is available to use as a source to fund these needed positions.

Executive Summary:

- Create 3rd Education Coordinator position in the Public Works Division dedicated to Wastewater and Stormwater
- Create new Clerk II position for Public Works division dedicated to Stormwater activities
- The Division wishes to use the City Engineering/CM vacancy at the WWTP to fund the Education Coordinator and Clerk II positions. The City Engineering/CM position will be deleted.

Budget Impact:

TOTAL COST:

Approved in current year budget? ☐ Yes ☒ No ☐ N/A

Annual/Reoccurring expenditure? ☒ Yes ☐ No ☐ N/A

If new, specify funding source:

Other budget impacts: (revenue generating, match requirements, etc.)

Operations Impact:

Consistent with current operations/policy? ☒ Yes ☐ No ☐ N/A

Requires change in current operations/policy? ☐ Yes ☒ No ☐ N/A

Specify changes required:

Known challenges/barriers:

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, it is necessary to make changes in the appropriations of the Enterprise 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 WWTP Fund, and the budget annexed thereto with reference to the WWTP, Stormwater and Sewer Maintenance Funds, the following changes be made:

FROM:	4320-30210	WWTP	
	35141-08300	City Engineer/CM (from 1 to 0 positions)	\$ 141,462
	35141-52110	Social Security	\$ 10,596
	35141-52210	Retirement	\$ 14,146
	35141-52310	Medical Insurance	\$ 15,276
	35141-52320	Dental Insurance	\$ 1,536
	35141-52330	Life Insurance	\$ 468
	35141-52340	LTD	\$ 439
	35141-52400	Industrial Insurance	\$ 128
	35141-51640	Def Comp	\$ 1,800
			<u>\$ 185,851</u>
TO:	4320-30210	WWTP Administration	
	35141-00640	Education Coordinator (from 0 to 1 position)	\$ 9,324
	35141-52110	Social Security	\$ 713
	35141-52210	Retirement	\$ 932
	35141-52310	Medical Insurance	\$ 1,913
	35141-52320	Dental Insurance	\$ 147
	35141-52330	Life Insurance	\$ 59
	35141-52340	LTD	\$ 22
	35141-52400	Industrial Insurance	\$ 17
	35141-51640	Def Comp	\$ 225
	4320-43270	WWTP PreTreatment	
	35148-00640	Education Coordinator	\$ 9,324
	35148-52110	Social Security	\$ 713
	35148-52210	Retirement	\$ 932
	35148-52310	Medical Insurance	\$ 1,913
	35148-52320	Dental Insurance	\$ 147
	35148-52330	Life Insurance	\$ 59
	35148-52340	LTD	\$ 22
	35148-52400	Industrial Insurance	\$ 17
	35148-51640	Def Comp	\$ 225
	4330-30210	Stormwater	
	35141-00640	Education Coordinator	\$ 18,646
	35141-52110	Social Security	\$ 1,426

35141-52210	Retirement	\$ 1,865
35141-52310	Medical Insurance	\$ 3,825
35141-52320	Dental Insurance	\$ 294
35141-52330	Life Insurance	\$ 117
35141-52340	LTD	\$ 44
35141-52400	Industrial Insurance	\$ 33
35141-51640	Def Comp	\$ 450
4310-30210	Sewer Maintenance	
35141-00020	Clerk II (from 0 to 1 position)	\$ 26,749
35141-52110	Social Security	\$ 2,046
35141-52210	Retirement	\$ 2,675
35141-52310	Medical Insurance	\$ 9,564
35141-52320	Dental Insurance	\$ 588
35141-52330	Life Insurance	\$ 46
35141-52340	LTD	\$ 87
35141-52400	Industrial Insurance	\$ 59
35141-51640	Def Comp	\$ 720
4320-30210	WWTP Administration	
35141-59951	Reserve for Budget Adjustment	<u>\$ 89,913</u>
		<u>\$ 185,851</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 reclassify a vacant City Engineer position and create two positions including an Education Coordinator and a Clerk II, 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

Finance & Administration Committee

Division & Department:	Municipal Court / Probation
Subject:	Additional Staff for Electronic Home Monitoring Program
Date:	06/21/2021
Author (email & phone):	Paul Ingiosi (pingiosi@spokanecity.org / 625-6061)
City Council Sponsor:	Council Member Wilkerson
Executive Sponsor:	Tonya Wallace
Committee(s) Impacted:	Finance & Administration
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Criminal Justice Pre-Trial Initiative
Strategic Initiative:	N/A
Deadline:	
Outcome:	SBO for Additional Probation Staff
<p><u>Background/History:</u></p> <p>The Spokane Municipal Probation Department has operated an Electronic Monitoring (EM) Program since 2010 and is currently staffed with 3 probation officers. The EM Program provides monitoring and house arrest services for both pre- and post-adjudication cases, utilizing the latest equipment in Global Positioning Satellite (GPS) Monitoring, Continuous Alcohol Monitoring, and Remote Breath Monitoring.</p> <p>During 2019, the EM Program, comprised of 3 probation officers, managed an average 89 defendants and 8 house-arrest defendants per day. However, since April 2020, the EM Program has experienced an increase in the average number of defendants being monitored for statutory compliance purposes to over 100 per day, and near doubling in house-arrest defendants to 15 per day. The increase in the number of house-arrest defendants is due to the policy to minimize jail occupancy during the pandemic. The team is at maximum capacity and cannot sustain further increases in caseload. This has resulted in a near 3-week wait list for defendants to connect with an officer to receive monitoring devices in order to fully comply with state statutes.</p> <p>The proposal to add an additional probation officer will help alleviate the current maximum workload per officer and, through the ability to add more cases, provide a possible alternative to jail as it has during COVID when jail was not a viable option.</p>	
<p><u>Executive Summary:</u></p> <p>Staff requests the addition of 1 FTE and an appropriation increase of \$72,000 for Probation Services in the General Fund, funded from a transfer from the Criminal Justice Assistance Fund. Of this amount, \$10,500 would be one-time to fund the cost of a computer, furniture, and other necessary equipment for an additional Probation II Officer position. The remaining \$61,500 would be for the cost of salary and benefits for the remaining 6 months of 2021. The full annual cost is estimated to be about \$123,000 for 2022 which may be offset by potential salary savings in a Probation Office I position.</p>	
<p><u>Budget Impact:</u></p> <p>Approved in current year budget? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>Annual/Reoccurring expenditure? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p> <p>If new, specify funding source: Transfer from Criminal Justice Assistance Fund</p> <p>Other budget impacts: (revenue generating, match requirements, etc.)</p>	
<p><u>Operations Impact:</u></p> <p>Consistent with current operations/policy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>	

Requires change in current operations/policy?

☐ Yes

☒ No

☐ N/A

Specify changes required:

Known challenges/barriers: Known challenges/barriers:

ORDINANCE NO _____

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, it is necessary to establish and make changes in the appropriations of 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 Criminal Justice Assistance Fund, and the budget annexed thereto with reference to the Criminal Justice Assistance Fund, the following changes be made:

- (1) Increase appropriation by \$72,000.
- (A) \$72,000 of the appropriation from the Criminal Justice Assistance Fund unappropriated fund balance is transferred to the Probation Services department.

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

- (2) Increase appropriation by \$72,000.
- (A) Approximately \$61,500 of the appropriation transferred from the Criminal Justice Assistance Fund to the Probation Services department is provided solely for the purpose of creating one Probation Officer II position (from 0 to 1 position), funding salary and benefits.
- (B) The remaining \$10,500 of the appropriation transferred from the Criminal Justice Assistance Fund to the Probation Services department is provided solely for equipment and training related to the Probation Officer II position.

Section 3. 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 add one Probation Officer II position in response to increased demand on the electronic monitoring program, 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

Finance and Administration Committee

Division & Department:	ITSD
Subject:	SAO – Performance Audit of IT Security
Date:	6/21/2021
Contact (email & phone):	Dan Wordell, dwordell@spokanecity.org , 509-842-2825
City Council Sponsor:	Council President Beggs
Executive Sponsor:	Eric Finch, CITO
Committee(s) Impacted:	Finance and Administration Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment:	
Strategic Initiative:	
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	
Background/History: The State Auditor’s Office performed a cybersecurity performance audit of the City of Spokane in 2020 and 2021. The purpose was to help the city identify opportunities to improve protections of our information technology (IT) systems and secure the data in our systems.	
Executive Summary: The SAO cybersecurity performance audit was requested in early 2018 and formal planning meetings begin in November of 2019. This audit is divided into two parts: The first part was a penetration test to identify existing vulnerabilities. Results from this first part note any correlations observed between strengths or weaknesses in the city’s controls and the results of the penetration test. The second part was a controls assessment to identify ways the city can improve its cybersecurity systems and processes. This portion compared the city’s existing controls with those recommended by the Center for Internet Security (CIS). These controls are a prioritized set of actions designed to help organizations prevent the most pervasive and dangerous attacks. ITSD is committed to securing the cities technology resources to ensure malicious actors do not disrupt the critical services we provide our community. SAO Assistant Audit Manager, Michael Hjermstad, will present the summary of the Performance Audit.	
Budget Impact: TOTAL COST: Approved in current year budget? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Annual/Reoccurring expenditure? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If new, specify funding source: Other budget impacts: (revenue generating, match requirements, etc.)	
Operations Impact: Consistent with current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Requires change in current operations/policy? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Specify changes required: Known challenges/barriers:	



Office of the Washington State Auditor
Pat McCarthy

Performance Audit

Opportunities to Improve City of Spokane's Information Technology Security

Published June 3, 2021

Report Number: 1028515



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Provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic [subscription service](#).

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

For more information about the State Auditor’s Office, visit www.sao.wa.gov.

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Public Records Officer
564-999-0918, PublicRecords@sao.wa.gov

Introduction

Critical government services depend on IT systems with confidential information, which must be protected to avoid service disruptions and financial losses

Governments depend on information technology (IT) systems to deliver an array of critical functions. The security of IT systems and related data underpins the stability of government operations, and the safety and well-being of residents. Therefore, protecting these systems is paramount to public confidence, because the public expects governments to protect these systems from IT security incidents that could disrupt government services.

These IT systems also process and store confidential data. Aside from the loss of public confidence, a data breach involving this information can cause governments to face considerable tangible costs, including those associated with identifying and repairing damaged systems and notifying and helping victims.

Government IT systems and data are attractive targets for cyberattacks

Government IT systems present a particularly tempting target to cyber criminals. In addition to selling stolen information for financial gain, attackers often target government systems with ransomware, essentially rendering IT systems and data unavailable until the attackers are paid. Because government IT systems support critical operations, attacked governments are often placed in the difficult position of either failing to deliver core services or paying an expensive ransom to the attackers.

Government organizations across the United States and around the world have been and continue to be critically affected by cybercrime. In addition to harming governments' ability to access their data and carry out operations, hackers have managed to disable telephone systems, email, water utility pumps, emergency dispatch centers, online tax and utility payment systems, and the ability to open jail cell doors remotely. According to a study by Emsisoft, at least 113 state and local governments in the United States were affected by ransomware in 2019 alone. When combined with ransomware attacks on healthcare and education organizations, the study estimated that the total cost of these attacks in 2019 may have exceeded \$7.5 billion. School districts nationwide continued to be targeted in 2020, resulting in increased disruption for students who were already adapting to remote learning due to COVID-19.

Washington governments have also been affected by cyberattacks. Since 2016, 20 Washington governments have reported data breaches to the Washington State Attorney General's Office as a result of a cyber-attack. Multiple state and local governments have also reported cybersecurity incidents to the State Auditor's Office, including frauds that occurred as the result of cybersecurity activity and a city whose operations were crippled by ransomware.

IT security incident

Any unplanned or suspected event that could pose a threat to the confidentiality, integrity or availability of information assets.

Data breach

An IT security incident that results in the confirmed disclosure of confidential information to an unauthorized party.

To help Washington's local governments protect their IT systems, we offer them the opportunity to participate in a performance audit designed to identify opportunities to improve their IT systems.

The City of Spokane chose to participate in this audit.

This audit looked for opportunities to improve the city's IT security

To help the City of Spokane protect its IT systems and secure the data it needs to operate, we conducted a performance audit designed to identify opportunities to improve IT security. This audit answered the following questions:

- Does the city have vulnerabilities in its IT environment that could lead to increased risk from external or internal threats?
- Do the city's IT security practices align with selected security controls?

Evaluating effective implementation of IT security practices

To determine if the city has implemented effective IT security practices, we conducted tests to determine if selected controls were implemented properly and functioning effectively.

Comparing the city's IT security program to leading practices

We assessed the city's IT security policies, procedures and practices to selected leading practices in this area to identify any improvements that could make them stronger. We selected leading practices from the Center for Information Security's Critical Security Controls (CIS Controls), which were developed by a broad community of private and public sector stakeholders after examining the most common attack patterns. The CIS Controls are a prioritized list of control areas designed to help organizations with limited resources optimize their security defense efforts to achieve the highest return on investment.

We gave city management the results of the tests as they were completed.

Next steps

Our performance audits of local government programs and services are reviewed by the local government's legislative body and/or by other committees of the local government whose members wish to consider findings and recommendations on specific topics. The City of Spokane's legislative body will hold at least one public hearing to consider the findings of the audit. Please check the City of Spokane's website for the exact date, time and location. The State Auditor's Office conducts periodic follow-up evaluations to assess the status of recommendations, and may conduct follow-up audits at its discretion. See **Appendix A**, which addresses the I-900 areas covered in the audit. **Appendix B** contains more information about our methodology.

Audit Results

The results of our audit work and recommendations were communicated to the City of Spokane's management for its review, response and action. We found that, while the city's IT policies and practices partially align with industry leading practices, there are areas where improvements can be made. The city has taken steps to address issues we identified, and is continuing to make improvements.

Because the public distribution of tests performed and test results could increase the risk to the city, distribution of this information is kept confidential under RCW 42.56.420(4), and under Generally Accepted Government Auditing Standards, Sections 9.61-9.67. We shared detailed results with the city.

Recommendations

To help ensure the City of Spokane protects its IT systems and the information contained in those systems, we make the following recommendations:

- Continue remediating identified gaps
- Revise the city's IT security policies and procedures to align more closely with leading practices

Auditor's Remarks

The Washington State Auditor's Office recognizes the City of Spokane's willingness to volunteer to participate in this audit, demonstrating its dedication to making government work better. It is apparent the city's management and staff want to be accountable to the citizens and good stewards of public resources. Throughout the audit, they fostered a positive and professional working relationship with the State Auditor's Office.

Auditee Response



**INFORMATION SECURITY OFFICE
INNOVATION AND TECHNOLOGY
SERVICES DIVISION**

808 W. SPOKANE FALLS BLVD.
SPOKANE, WA 99201-3344
(509) 625-6456
FAX (509) 625-6550

DAN WORDELL
INFORMATION SECURITY OFFICER

Date: May 27, 2021

Peggy Bodin
Assistant Director of IT Audits
Office of the Washington State Auditor
302 Sid Snyder Ave SW, Olympia, WA 98504-0021

Subject: Response Letter, SAO IT Security Audit

Dear Ms. Bodin,

On behalf of the City of Spokane's Information and Technology Services Division, thank you for the opportunity to review and respond to the cybersecurity performance audit report "Opportunities to Improve City of Spokane's Information Technology Security."

We agree that the security of IT systems and data is crucial to the stability of our government services, safety and well-being of the city and our residents. This effort is of the utmost interest to all of our departments and staff.

We value the commitment from your office to help improve the City of Spokane's security posture. Cyber threats continue to evolve rapidly and we must continuously strengthen and protect the systems and data that our citizens have entrusted to us.

We also appreciate the SAO's recognition of the security measures we have put in place to protect our systems and data. We are actively addressing the suggestions you have identified and will continue to strengthen our IT Security Program. We are committed to continuously improving our IT security processes and capabilities.

Sincerely,

Dan Wordell
Information Security Officer

Appendix A: Initiative 900 and Auditing Standards

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts." Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor's Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	No. The audit did not identify measurable cost savings. However, strengthening IT security could help the city avoid or mitigate costs associated with a data breach or security incident.
2. Identify services that can be reduced or eliminated	No. The audit objectives did not address services that could be reduced or eliminated.
3. Identify programs or services that can be transferred to the private sector	No. The audit did not identify programs or services that could be transferred to the private sector.
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	Yes. The audit compared the city's IT security controls against leading practices and made recommendations to align them.
5. Assess feasibility of pooling information technology systems within the department	No. The audit did not assess the feasibility of pooling information systems; it focused on the city's IT security posture.
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	Yes. The audit evaluated the roles and functions of IT security at the city and made recommendations to better align them with leading practices.
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	No. The audit did not identify a need for statutory or regulatory change.
8. Analyze departmental performance data, performance measures, and self-assessment systems	Yes. The audit examined and made recommendations to improve IT security control performance.
9. Identify relevant best practices	Yes. The audit identified and used leading practices published by the Center for Internet Security to assess the city's IT security controls.

Compliance with generally accepted government auditing standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with Generally Accepted Government Auditing Standards (July 2018 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B: Scope, Objectives and Methodology

Scope

The audit assessed the extent to which the City of Spokane's IT security programs, including their implementation and documentation, aligned with selected Center for Internet Security (CIS) Controls and their supporting sub-controls. This audit did not assess the city's alignment with federal or state special data-handling laws or requirements.

Objectives

To help the city protect its IT systems and secure the data it needs to operate, we conducted a performance audit designed to identify opportunities to improve IT security. This audit answered the following questions:

- Does the city have vulnerabilities in its IT environment that could lead to increased risk from external or internal threats?
- Do the city's IT security practices align with selected security controls?

Methodology

To answer the audit objectives, we conducted technical testing on the city's internal network, and we compared the city's IT security programs to selected leading practices.

Internal and external security testing

To determine if the city has vulnerabilities in its IT environment, we conducted internal and external security testing of selected key applications, systems and networks. This work was performed in December 2020 by our IT security specialists, and in February 2021 by a third-party vendor on our behalf. This work included identifying and assessing vulnerabilities, and determining whether they could be exploited.

The third-party vendor that provided subject matter expertise during this audit also provides IT security services to the city. We did not include in the scope of our audit any IT security services this vendor provided to the city.

Comparing the city's IT security programs to leading practices

To determine whether the city's IT security practices align with leading practices, we interviewed key city IT staff, reviewed the city's IT security policies and procedures, observed city security practices and settings, and conducted limited technical analysis of city systems. This work was completed at the city from June 2020 to January 2021.

We used selected controls from the CIS Controls, version 7.1, as our criteria to assess the city's IT security programs and to identify areas that could be made stronger.

CIS is a nonprofit organization focused on safeguarding public and private organizations against cyber threats. Its CIS Controls are a prioritized set of leading practices for cyber defense created to stop the most pervasive and dangerous attacks, are informed by analysis of real-world attack data,

and are developed and vetted across a broad community of government and industry practitioners. Contributors to the CIS Controls have included the U.S. Department of Defense, the National Security Agency, the U.S. Department of Energy national energy labs, law enforcement organizations, Verizon, HP and Symantec.

Each control consists of a series of sub-controls that are distinct and measurable tasks; when the sub-controls are implemented together, they fully meet the requirements of the overall control. We assessed the city against all applicable sub-controls to determine the alignment with each of the overall controls assessed. We did this by assessing the extent to which the city met each sub-control in three areas:

1. **Implementing** the sub-control
2. **Automating or technically enforcing** the sub-control, which minimizes the possibility of the sub-control failing due to human error or inconsistent processes
3. **Maintaining documentation** to support the sub-control, such as policies or procedures

We also assessed the extent to which the city's IT management was **reporting** on the control to city leadership.

Work on internal controls

This audit assessed the IT security internal controls at the City of Spokane. We used a selection of controls from the 20 CIS Controls as the internal control framework for the assessment. The CIS Controls are prioritized and the first six are considered among the most important controls to put in place to protect an organization. Based on an initial assessment, we selected four of the top six controls to include in the audit scope. To protect the city's IT systems, and the confidential and sensitive information in those systems, this report does not identify the specific controls assessed during the audit. We completed our assessment for the purpose of identifying opportunities for the city to improve its IT security internal controls but not to provide assurance on the city's current IT security posture.

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: June 14, 2021

Subject: General Fund Update

Attached for your information is an update of changes in the General Fund through May 2021.

Please let us know if you have any questions.

2021 Budget as of 5/31/21	\$223,884,061
2021 Adopted Budget	<u>\$208,569,897</u>

Net Addition to Budget	\$ 15,314,164
------------------------	---------------

TW: ab
pc: City Administrator Johnnie Perkins

Attachment

ALL CHANGES INCREASING OR DECREASING THE GENERAL FUND AS OF MAY 31, 2021

Date	Department	Reason	Additional Expenditure	From Unapp. Reserves	From Add'tl Revenue	Encumbrance Carryover	Operating Transfer In	Reference Document
1/13/2021	Public Defender	Washington State Office of Public Defense Grant	\$50,000		\$50,000			C36002
1/31/2021	General Fund	Encumbrance Carryover	\$4,122,894			\$4,122,894		C36007
3/10/2021	General Fund	Non-Departmental transfer out to Arterial Streets related to the East Sprague Project	\$225,713	\$225,713				C36020
3/24/2021	General Fund	Council Grant Award	\$10,000		\$10,000			C36030
3/29/2021	General Fund	Police Retro Pay	\$9,875,000	\$9,875,000				C36029
3/31/2021	General Fund	Engineering for Admin Specialist coming from Public Works	\$79,807				\$79,807	C36031
4/30/2021	General Fund	Utilities for extension of the lease for the Spokane EnVision Center	\$9,000	\$9,000				C36041
5/6/2021	General Fund	Parks Cumulative Fund for windstorm damage	\$898,000	\$898,000				C36042
5/28/2021	General Fund	Envision Center lease costs through the end of the year	\$43,750	\$43,750				C36052
		Total	\$15,314,164	\$11,051,463	\$60,000	\$4,122,894	\$79,807	

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: June 14, 2021

Subject: Intrafund Budget Transfer Report for May 2021

In accordance with SMC 7.09 – Intrafund Budget Transfers, Section 7.09.020 - Report required, attached please find the report for May 2021.

Please let us know if you have any questions.

TW/ab

pc: City Administrator Johnnie Perkins

Attachment

Intrafund Budget Transfers
Per SMC 7.09.020
Report for May 2021

FUND/DEPT	FROM	TO	AMOUNT	PURPOSE
0680 - Police	Minor Equipment	Machinery/Equipment	\$48,764	Transfer to capital for SWAT night vision
0680 - Police	Spokane County	Building Improvements	\$474	Transfer for sales tax on door keypad/ security parts and installation for DT Precinct - tax was excluded on initial quote from vendor
1620 - Public Safety & Judicial Grants	Minor Equipment	Office Furniture/Equipment	\$23,695	Transfer to capital for purchase of shoe sanitizer - paid using COVID grant funds
3200 - Arterial Street	Construction of Fixed Assets	Contractual Services	\$1,700,000	Moving from capital to non-capital for Chip Seal project - Riverside project delayed and scope being reduced, funds being rebudgeted
3365 - 2018 UTGO Library Capital Bond	Land Acquisition	Operating Transfer Out	\$225,000	Land remediation for Liberty Park Branch construction, preparing for cash transfer to Parks Department - approved by Library and Park Boards in May 2021
4100 - Water	Certified Water Service Specialist	Water Service Specialist	\$38,088	Downgrade of a vacant position for hiring
4330 - Sewer	Laborer II	Laborer I	\$20,304	Downgrade of a vacant position for hiring
4490 - Solid Waste Disposal	Equipment Repair/Maintenance & Reserve for Budget Adjustment	Equipment Repair/Maintenance	\$1,079,000	Landfill work
4530 - Solid Waste Landfills	Machinery/Equipment	Equipment Repair/Maintenance	\$1,020,000	Capital to maintenance transfer for landfill work
5700 - My Spokane	Customer Service Specialist	Customer Service Assistant	\$20,967	Downgrade of a vacant position for hiring