



## **Everett City Council Preliminary Agenda**

### **6:30 p.m., Wednesday, March 5, 2025**

### **City Council Chambers**

Roll Call

Pledge Of Allegiance

Land Acknowledgment

Approval Of Minutes: February 26, 2025

Mayor's Comments

Public Comment

Council Comments

Administration Update

City Attorney

CONSENT ITEMS:

(1) Adopt Resolution Authorizing Claims Against The City Of Everett In The Amount Of \$5,039,468.03 For The Period Ending February 15, 2025 Through February 21, 2025.

Documents:

[RES\\_CLAIMS PAYABLE 2.21.25.PDF](#)

(2) Authorize The Mayor To Sign The Collective Bargaining Agreement Between The City And The Everett Municipal Employees Local No. 113, AFSCME For Years 2025 Through 2027.

Documents:

[AFSCME CBA 2025-2027.PDF](#)

(3) Adopt A Resolution Declaring A 2006 Ford F450, J0082, Surplus And Authorizing Its Sale At Public Auction.

Documents:

[2006 FORD 450 SALE.PDF](#)

(4) Adopt A Resolution Declaring A 2008 Ford 250 XL, V0175 Surplus And Authorizing Sale At Public Auction.

Documents:

[2008 FORD F250 XL SALE.PDF](#)

(5) Adopt A Resolution Declaring A 2009 Navistar Dump Truck With Snowplow And Swenson Sander, J0093, N0011, And N0017, Surplus And Authorizing Sale At Public Auction.

Documents:

[2009 NAVISTAR DUMP TRUCK SALE.PDF](#)

(6) Adopt A Resolution Declaring A 2009 Toyota Prius, A0062 Surplus And Authorizing Sale At Public Auction.

Documents:

[2009 TOYOTA PRIUS SALE.PDF](#)

(7) Authorize A Call For Bids For The 2025 Federal Overlay And 2025 Pavement Maintenance Overlay Projects.

Documents:

[2025 FEDERAL AND PAVEMENT MAINTENANCE OVERLAY-CALL FOR BIDS.PDF](#)

#### PROPOSED ACTION ITEMS:

##### ACTION ITEMS:

(8) CB 2502-14 – 2nd Reading – Adopt An Ordinance Creating A Special Improvement Project Entitled "Forest Park Entry Driveway Repave Project", Fund 354, Program 107, To Accumulate All Design And Permitting Costs For The Project In The Amount Of \$50,000. (3rd & Final Reading 3/12/25)

Documents:

[CB 2502-14.PDF](#)

(9) CB 2502-15 – 2nd Reading – Adopt An Ordinance Creating A Special Improvement Project Entitled "Lowell Park Playground Replacement", Fund 354, Program 104, To Accumulate Project Costs In The Amount Of \$575,000. (3rd & Final Reading 3/12/25)

Documents:

[CB 2502-15.PDF](#)

(10) CB 2502-16 – 2nd Reading – Adopt An Ordinance Creating A Special Improvement Project Entitled "Park And Downtown Restrooms Access Control Project", Fund 354, Program 105, And Fund 342, Program 048 To Accumulate All Costs For The Project. (3rd & Final Reading 3/12/25)

Documents:

[CB 2502-16.PDF](#)

## BRIEFINGS & PROPOSED ACTION ITEMS:

(11) CB 2502-17 – 1st Reading - Adopt An Ordinance Providing For The Issuance, Sale, And Delivery Of One Of More Series Of Limited Tax General Obligation Bonds In An Aggregate Principal Amount Not To Exceed \$28,000,000. (3rd & Final Reading 3/19/25)

Documents:

[CB 2502-17.PDF](#)

(12) CB 2502-18 – 1st Reading - Adopt An Ordinance Providing For The Issuance Of One Or More Series Of Water And Sewer Revenue Bonds In An Aggregate Principal Amount Not To Exceed \$181,000,000. (3rd & Final Reading 3/19/25)

Documents:

[CB 2502-18.PDF](#)

## ACTION ITEMS:

(13) CB 2502-12 – 3rd & Final Reading - Adopt An Ordinance Creating A Special Improvement Project Entitled "WPCF Electrical Switch Gear Replacement" Fund 336, Program 047.

Documents:

[CB 2502-12.PDF](#)

(14) CB 2502-13 – 3rd & Final Reading – Adopt An Ordinance Creating A Special Improvement Project Entitled "WPCF Headworks Replacement" Fund 336, Program 046.

Documents:

[CB 2502-13.PDF](#)

(15) Adopt A Resolution Declaring Intent To Issue General Indebtedness To Be Repaid With Certain Sales And Use Taxes That The City Receives Under The Local Infrastructure Financing Tool Program Pursuant To Chapter 39.102 RCW.

Documents:

[RES\\_2025 LOCAL INFRASTRUCTURE FINANCING TOOL\\_LIFT PROGRAM.PDF](#)

Executive Session

Adjourn

## PARTICIPATION IN REMOTE COUNCIL MEETINGS

- Participate remotely via Zoom by registering to speak at [everettwa.gov/speakerform](https://everettwa.gov/speakerform). You must register no later than 30 minutes prior to the meeting. You may contact the Council office at 425.257.8703 or [aely@everettwa.gov](mailto:aely@everettwa.gov) and identify the topic you wish to address.
- Provide written public comments by email to [Council@everettwa.gov](mailto:Council@everettwa.gov) or mail to 2930 Wetmore Avenue, Suite 9A, Everett, WA 98201. Emailing comments 24 hours prior to the meeting will ensure your comment is distributed to councilmembers and

appropriate staff.

- Persons seeking to comment on non-agenda items may be asked to submit the comments in writing if the comment does not address an issue of broad public interest.

## **AGENDAS, BROADCAST AND RECORDINGS**

- The Council agendas and meeting recordings can be found, in their entirety, at [everettwa.gov/citycouncil](http://everettwa.gov/citycouncil).
- Watch live meetings and recordings at [YouTube.com/EverettCity](https://www.youtube.com/EverettCity).

## **CONTACT THE COUNCIL**

If you do not wish to participate in the meeting, we provide these other methods of contacting your elected officials: Email the Council at [Council@everettwa.gov](mailto:Council@everettwa.gov) or call the Council offices at 425.257.8703.

*The City of Everett does not discriminate on the basis of disability in the admission or access to, or treatment in, its programs or activities. Requests for assistance or accommodations can be arranged by contacting the Everett City Council Office at 425.257.8703. For additional information, please visit our website at <https://www.everettwa.gov/3129/American-Disabilities-Act-ADA-and-Title->.*



Whereas the claims payable by check against the City of Everett for the period February 15, 2025 through February 21, 2025, having been audited and approved by the proper officers, have been paid and the disbursements made by the same, against the proper funds in payment thereof, as follows:

Fund	Department	Amount	Fund	Department	Amount
002	General Funds	(574.00)	101	Parks & Recreation	6,844.49
003	Legal	129,790.53	110	Library	1,223.21
005	Municipal Court	12.60	112	Community Theater	18,372.39
007	Human Resources	3,342.40	119	Public Works - Str Imp	1,750.00
009	Misc Financial Funds	17,765.15	120	Public Works - Streets	6,231.41
015	Information Technology	4.20	126	MV-Equip. Replacement Re	103,328.73
021	Planning & Community Dev	172.80	146	Property Management	12,209.94
024	Public Works-Engineering	9,384.15	149	Senior Center Reserve	20,833.33
031	Police	4,225.17	153	Emergency Medical Service:	18,812.87
			156	Criminal Justice	43,662.06
			162	Capital Projects Reserve	4,860.00
TOTAL GENERAL FUND	\$	164,123.00	197	CHIP Loan Program	775.00
			198	Comm Dev Block Grants	12,894.08
			303	Public Works Impr. Projects	1,740,313.28
			336	Water & Sewer Sys Improv I	2,194,679.24
			354	Parks Capital Const.	4,073.00
			401	Public Works-Utilities	351,192.93
			402	Solid Waste Utility	535.00
			425	Public Works-Transit	6,832.66
			430	Everpark Garage	33,385.57
			440	Golf	19,692.16
			501	MVD - Trans Services	83,183.19
			505	Computer Reserve	76,482.31
			508	Health Benefits Reserve	1,466.71
			637	Police Pension	44,579.66
			638	Fire Pension	67,131.81
			TOTAL CLAIMS		5,039,468.03

Councilperson introducing Resolution

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2025

Council President



## City Council Agenda Item Cover Sheet

**Project title:** AFSCME Collective Bargaining Agreement

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 03/05/25  
Action  
Ordinance  
Public hearing  
Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

2025-2027 AFSCME CBA

**Department(s) involved:**

Human Resources

**Contact person:**

Kandy Bartlett

**Phone number:**

425-257-8767

**Email:**

kbartlett@everettwa.gov

**Initialed by:**

KB

Department head

Administration

Council President

**Project:** AFSCME Collective Bargaining Agreement

**Partner/Supplier:** Everett Municipal Employees Local NO 113 (AFSCME)

**Location:** NA

**Preceding action:** NA

**Fund:** Multiple Funds

**Fiscal summary statement:**

The city negotiated the collective bargaining agreement with the Everett Municipal Employees, Local NO. 113, AFSCME for 2025-2027. A budget amendment will not be needed for this agreement.

**Project summary statement:**

The current collective bargaining agreement between the City and the Everett Municipal Employees expired on December 31, 2024. Highlights of the successor agreement include:

- 3-year contract
- Wage adjustments:
  - 2025 – 3.8% COLA
  - 2026 - 100% CPI (min 1% and max 5%)
  - 2027 – 100% CPI (min 1% and max 5%) plus 1% market adjustment
- Adjust salary ranges 19-25 to ensure consistent progression for employees through ranges
- Increase clothing and safety boots premium consistent with inflation

**Recommendation (exact action requested of Council):**

Authorize the Mayor to sign the Collective Bargaining Agreement between the City and the Everett Municipal Employees Local NO. 113, AFSCME for years 2025 through 2027.

**2025-2027 LABOR AGREEMENT**

**between**

**CITY OF EVERETT, WASHINGTON**

**and**

**EVERETT MUNICIPAL EMPLOYEES  
LOCAL NO. 113, AFSCME**

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This Agreement is entered into by the City of Everett, Washington, hereinafter referred to as the "City" and Everett Municipal Employees Local No. 113, American Federation of State, County, and Municipal Employees, AFL-CIO, and the Washington State Council of County and City Employees, hereinafter referred to as the "Union".

## **ARTICLE 1 - LEGALITY**

If any Article of this Agreement or any Addendums thereto should be held invalid by operation of law or by any tribunal of competent jurisdiction, or compliance with or enforcement of any Article should be restrained by such tribunal, the remainder of this Agreement and Addendums shall not be affected thereby and the parties shall enter into immediate collective bargaining negotiations for the purpose of arriving at a mutually satisfactory replacement of such Article.

## **ARTICLE 2 - NON-DISCRIMINATION**

The City and the Union agree not to discriminate against any person or employee for their activity and/or membership in the Union. The City and the Union agree not to discriminate against any employee because of race, color, sex, creed, national origin, age, marital status, sexual orientation, gender, or the presence of physical, mental, or sensory disability, unless it is a bonafide occupational qualification.

### **ARTICLE 3 - EXCLUSIVE BARGAINING REPRESENTATIVE**

The City agrees to recognize the Union as the exclusive bargaining representative for all of its non-uniformed employees listed in Article 7 of this Agreement.

## **ARTICLE 4 - UNION MEMBERSHIP**

Section 1. Upon written authorization of the employee, the City agrees to deduct from the paycheck of each employee the regular monthly dues uniformly required of members of the Union. The amounts deducted shall be transmitted monthly to the WSCCCE on behalf of the employees with a list of the employees' names, salaries and individual amounts deducted. For current Union members and those who choose to join the Union, the Employer shall continue to do so for such time and on conditions set forth in the authorization for payroll deduction. Authorizations for Payroll Deduction are valid whether executed in writing or electronically.

Section 2. All employees hired on a non-regular basis including, but not limited to day laborers and temporary employees, shall not be required to join the Union. Provided however, pursuant to Article 17, Section 1, the Union may require the employee to purchase a work permit for the length of employment. It is understood and agreed between the parties that said work permit shall not entitle the employee to any rights under this Agreement, except those rights specifically enumerated herein.

Section 3. City shall maintain their copies of Authorization for Payroll Deduction and Representation in a secure location that is available to the Union. The City shall provide an electronic copy of the Authorization for Payroll Deduction and Representation via email to [C2everett@council2.com](mailto:C2everett@council2.com) upon request. The City shall provide to the Union monthly a complete list of all bargaining unit members that includes: Employee name, work address, home address, work phone, personal phone, work email, personal email, birth date, hire date in current bargaining unit, job classification, department, hours worked and monthly base wage. The City shall honor the terms and conditions of each employee's authorization for payroll deduction. Whether an employee is a union member or not, the City shall continue to deduct and remit Union dues and fees to the Union until such time as the Union notifies the City that the dues authorization has been properly terminated in compliance with the terms of the payroll deduction authorization executed by the employee.

Section 4. The City agrees to deduct from the wages of any Union member a P.E.O.P.L.E. (Public Employees Organized to Promote Legislative Equality) deduction as provided for in a written or electronically executed authorization. An executed authorization may be revoked by the employee at any time by giving written notice to both the City and the Union. The City agrees to remit any deductions made pursuant to this provision promptly to the Union together with an itemized statement showing the name of each employee from whose pay such deductions have been made and the amount deducted during the period covered by the remittance. The City will transfer amounts deducted to the P.E.O.P.L.E program.

Section 5. The City agrees to notify the Union bi-weekly of any new hire or permanent change to appointive positions of members within the bargaining unit and any person hired as a day laborer. The City agrees to notify the Union staff representative and Local Union President in writing of any new positions and new employees. Prior to the benefits orientation of the new employee, City shall provide an electronic format list with the names of the employees, corresponding job title, and Department. A Union official, or designee, shall, at no loss of pay, be granted up to thirty minutes to provide each new employee a basic overview of the employees' rights and responsibilities regarding Union membership, dues authorizations, and Union insurance.

Section 6. The Union shall indemnify the City and hold it harmless against any and all claims, demands, suits or other forms of liability that may arise out of, or by reason of, any action taken by the City for the purpose of complying with provisions of this Article.

The City and the Union agree that this Article will be interpreted consistent with State and federal law.

Section 7. The Union agrees to provide a list of Union Officials and shop stewards to the City in January of each year and keep the City apprised of any changes to the list.

## **ARTICLE 5 - MANAGEMENT RIGHTS**

Section 1. Any and all rights concerned with the management and operation of the City of Everett are exclusively those of the City unless otherwise provided by the terms of this Agreement. The City has the authority to adopt rules for the operation of the City and the conduct of its employees, provided such rules are not in conflict with the provision of this Agreement or with applicable law.

Section 2. The City has the right to (among other actions) discipline, temporarily lay-off, or discharge employees for just cause in compliance with either civil service or the library board; to assign work and to determine duties of employees; to schedule hours of work; to determine the number of personnel to be assigned duty at any time; and to perform all other functions not otherwise expressly limited by this Agreement.

Section 3. The parties recognize that pursuant to Ordinance No. 1069-84, the Everett Civil Service Commission has jurisdiction to approve and modify the content of class specifications. If the addition or deletion of duties to a class specification covered by this Agreement constitutes a mandatory subject of bargaining under RCW 41.56, the City will meet and negotiate with the Union upon request. All modifications to existing class specifications and proposed new classifications shall be provided to the Union at least two weeks prior to submission to the Civil Service Commission unless mutually agreed.

Section 4. The City may use administrative leave with pay as a means of placing employees in an off-duty capacity during times that they are otherwise scheduled to be on duty. Examples where administrative leave with pay may be used, if appropriate, would include, but not be limited to investigations or fitness for duty exams. Individuals on paid administrative leave must be available during their regular work schedule. Individuals on Paid Administrative Leave are not subject to unscheduled overtime or callout shifts. Employees on Paid Administrative Leave will earn their regular rate of pay, plus premiums they would have ordinarily received as part of their shift, such as pre-scheduled overtime and stand-by pay. If on Paid Administrative Leave for more than one week, overtime earned over the past year will be averaged in to the employee's pay while on Paid Administrative Leave.

## **ARTICLE 6 - SAFETY COMPLIANCE**

All employees covered by this collective bargaining agreement are expected to comply with W.I.S.H.A. (Washington Industrial Safety and Health Act) regulations and City policies and rules related thereto. Employees knowingly violating such policies, rules and regulations shall be subject to disciplinary action which may include suspension and discharge. No supervisor shall require an employee to go or be in any employment or place of employment which is not safe according to W.I.S.H.A. standards.

## ARTICLE 7 - SCHEDULE OF WAGES

### Section 1:

Effective the pay period following the date of execution of this Agreement, all City employees who are employed in classifications set forth below or who are employed in classifications subject to Addendum A shall be paid in accordance with the following salary schedule.

RANGE NO.	CLASS NO.	JOB TITLE
	2425	Public Service Aide
01-007	1530	Animal Shelter Attendant
01-008	1535	Animal Care and Customer Services Assistant
	1370	Mail Processing Clerk
	1950	Custodian
	2390	Office Assistant
	2391	Municipal Court Office Assistant
	2606	Circulation Assistant II
	2618	Northwest Room Assistant
	2621	Youth Services Assistant
	2636	Library Technician II
01-009	1525	Veterinary Technician
	3160	Recreation Leader
01-010	1430	Warehouse Worker
	2420	Office Technician
	2470	Switchboard Operator
	2609	Circulation Assistant III
	2639	Library Technician III
	3900	Utility Laborer
	4325	Permit Support Assistant
	4545	Paratransit Schedule Technician
	4590	Transportation Services Customer Service Technician
01-011	2300	Accounting Asst/Customer Service Rep
	3420	Parking Enforcement Officer
	2016	Security Officer
	4547	Vehicle Parts Storekeeper
	2395	Legal Assistant



RANGE NO.	CLASS NO.	JOB TITLE
01-012	1222	Assistant Buyer
	1680	Planning Technician
	2310	Accounting Technician
	2400	Office Specialist
	2612	Circulation Assistant IV
	2642	Library Technician IV
	2720	Library Office Specialist
	3080	Park Ranger I
	3026	Maintenance Technician
	3530	Police Records Information Specialist
	4070	Treatment Plant Operator-in-Training
	4081	Meter Reader
01-013	2010	Street Light Maintenance Worker
	3525	Police Public Disclosure Specialist
	3531	Police Property Room Specialist
	2811	Judicial Assistant
01-014	1290	Client Services Technician
	1415	Tax Compliance Specialist
	1510	Animal Control Officer
	2480	Visual Information Specialist
	2645	ILS & Acquisitions Coordinator
	3090	Ranger II
	3600	Assistant Inventory Control /Dispatch Tech
	3700	Equipment Operator
	3710	Equipment Service Worker
	4270	Engineering Technician Trainee
	4320	Permit Technician
	4400	Record Systems Specialist
01-015	1384	IT Support Specialist I
	1432	Procurement Technician
	1920	Carpenter
	2000	Painter
	2410	Office Supervisor
	2445	Small Tool & Equip Repair Tech
	3000	Arborist
	3020	Groundskeeper
	3025	Golf & Grounds Equipment Tech
	3415	Parking Enforcement Supervisor
	3505	Police Records Unit Shift Supervisor
	3610	Cement Finisher
	3720	Heavy Equipment Operator
	3860	Transportation Maintenance Technician
	3920	Utility Service Worker

RANGE NO.	CLASS NO.	JOB TITLE
01-016	1260	Buyer
	1360	License Compliance Officer
	1540	Assistant Planner
	1685	Planning Technician II
	1900	Architectural Drafter
	2148	Fire & EMS Support Specialist
	3018	Lead Groundskeeper
	3809	Public Info/Education Specialist
	3820	Plant/Pump Maintenance Mechanic
	4010	Water Quality Technician
	4020	Water Service Technician
	4260	Engineering Technician
	4395	Environmental Technician
	4398	Senior Records Systems Specialist
	4549	Fleet Support Specialist
01-017	1386	IT Support Specialist II
	1434	Procurement Specialist
	1515	Animal Shelter Volunteer & Foster Supervisor
	1945	Custodial Supervisor
	2370	Maintenance Mechanic
	2450	Supervisor I
	2615	Circulation Supervisor
	3035	Golf Course Supervisor
	3038	Athletic Program Supervisor
	3040	Horticulturist
	3070	Park Maintenance Systems Specialist
	3095	Park Ranger Supervisor
	3210	Urban Forester
	3740	Inventory Control Technician
	3750	Lead Utility Service Worker
	3808	Senior Public Education Information Specialist
	3190	Recreation Supervisor
	3940	Water Pollution Control Operator I
	4040	Water Treatment Plant Operator I
	3989	Water Quality Control Operator I
	4425	Traffic Electrician Tech Trainee
01-018	1200	Accountant
	1550	Associate Planner
	2624	Librarian I
	3878	Utilities Maintenance Technician I
	3990	Water Quality Control Operator II
	4080	Welder
	4090	Encampment Response Supervisor
	4275	GIS/Programmer Analyst
	4435	Traffic Signal Technician

RANGE NO.	CLASS NO.	JOB TITLE
01-019	1388	IT Support Specialist Senior
	1436	Senior Procurement Specialist
	1940	Const/Energy/Projects Technician
	3640	Communication Technician
	3690	Fleet Service Technician
	3725	Source Control Inspector
	3730	Industrial Waste Inspector
	3735	Surface Water Inspector
	3875	SCADA/Telemetry Technician I
	3879	Utilities Maintenance Technician II
	3890	Utility Mapping Supervisor
	3950	Water Pollution Control Operator II
	3980	Water Quality Analyst
	4050	Water Treatment Plant Operator II
	4082	PW Supervisor - Sewer/Drainage/Utilities
	4083	PW Supervisor – Water/Utilities
	4084	PW Supervisor – TSG/Utilities
	4085	PW Supervisor - Streets
	4210	Construction Inspector
	4215	Civil Design Technician
	4220	Plan Review Technician
	4315	Permit Technician Supervisor
	4380	Real Estate/LID Technician
	4420	Traffic Electronic Technician
	4430	Traffic Signal Electrician
	4440	Traffic Technician
01-020	1590	Environmental Planner
	1670	Planner
	1960	Electrician
	2145	Fire Apparatus & Equipment Mechanic
	2460	Supervisor II
	2627	Librarian II
	2633	Digital Services Librarian
	2648	Librarian II - Cataloging
	3037	Golf & Athletic Supervisor
	3100	Structural Maintenance Supervisor
	3105	Parks & Grounds Maintenance Supervisor
	3790	Paint Supervisor II
	3876	SCADA/Telemetry Technician II
	3880	Utilities Maintenance Technician III
	4330	Plan Examiner
	4385	Environmental Permit Coordinator
	4410	Senior Signal Technician

RANGE NO.	CLASS NO.	JOB TITLE
01-021	3685	Fleet Maintenance Supervisor
	3885	Utilities Electrician
	3887	Electrical Safe Worker Program Administrator
	3877	SCADA/Telemetry Technician Lead
	3960	Water Pollution Control Operator III
	4060	Water Treatment Plant Operator III
	4441	Traffic Operations Supervisor
01-022	1392	Systems Administrator I
	1394	Systems Analyst I
	1396	Network Engineer I
	1398	Security Analyst I
01-025	1402	Systems Administrator II
	1404	Systems Analyst II
	1406	Network Engineer II
	1408	Security Analyst II
01-026		
01-027	1412	Systems Administrator Senior
	1414	Systems Analyst Senior
	1416	Network Engineer Senior
	1418	Security Analyst Senior
01-552	0502	Circulation Assistant I/Shelvers

The City agrees to meet with AFSCME to discuss potential wage adjustments and classification specification updates related to 2023 classification and compensation study during the term of this CBA.

#### 2025 Wage Rate

Effective January 1, 2025, all employees covered by the AFSCME bargaining contract will receive a cost of living adjustment of 100% of the CPI-U for Seattle/Tacoma/Bellevue for June to June, which is 3.8%.

The resulting percentage increase shall be applied to the previous year's current base monthly wage in each classification. Calculations resulting in less than fifty cents to be rounded to the next lower dollar and any calculations resulting in fifty cents or more to be rounded to the next higher dollar.

The City agrees to revise ranges 01-019 through 01-026 per Appendix 1.

#### 2026 Wage Rate

Effective January 1, 2026, all employees covered by the AFSCME bargaining contract will receive a cost of living adjustment of 100% of the CPI-U for Seattle/Tacoma/Bellevue for June to June, minimum of 1% and maximum of 5%.

The resulting percentage increase shall be applied to the previous year's current base monthly wage in each classification. Calculations resulting in less than fifty cents to be rounded to the next lower dollar and any calculations resulting in fifty cents or more to be rounded to the next higher dollar.

## 2027 Wage Rate

Effective January 1, 2027, all employees covered by the AFSCME bargaining contract will receive a cost of living adjustment of 100% of the CPI-U for Seattle/Tacoma/Bellevue for June to June, minimum of 1% and maximum of 5%. Additionally, all ranges shall receive a 1.0% across the board market adjustment.

The resulting percentage increase shall be applied to the previous year's current base monthly wage in each classification. Calculations resulting in less than fifty cents to be rounded to the next lower dollar and any calculations resulting in fifty cents or more to be rounded to the next higher dollar.

## Section 2:

All persons who are employed in the classifications set forth above shall be paid in accordance with the following:

### A. Computation.

For the purposes of computing longevity, vacation, sick leave and retirement, the employee's adjusted employment date shall be used. Time consisting of two (2) cumulative weeks or more in any calendar year that is spent on leaves of absences without pay or separation due to a reduction in force (RIF) shall cause the employee's adjusted employment date to be adjusted accordingly.

Any time an employee's hire date is adjusted, the city will notify the union and the employee.

- B. It is the intent of the parties that the definitions pertaining to employee movements in classifications as used in this section apply to compensation only and do not affect other provisions of this Agreement. Promotion shall be movement to a higher compensated classification; Lateral Transfer shall be movement within the same classification to another work assignment; Demotion shall be movement to a lower compensated classification.

All persons who are employed in the classifications set forth above shall be paid in accordance with the following:

1. For the purposes of determining step salary increases due in an employee's entry position, the employee's adjusted employment date shall be used. Salary step increases will occur yearly from the adjusted employment date.
2. Promotion.
  - a. For purposes of determining step salary increases due after a promotion, the current position date, which indicates the date the promotion to the new classification was granted, shall be used. Time consisting of two (2) cumulative weeks or more in any calendar year that is spent on leave of absence without pay or separation due to a reduction in force (RIF) shall not be credited toward completion of a step advancement in a promotional position and shall result in an adjustment to the employee's current position date and, if applicable, to the next increment date. Salary step increases will occur yearly from the current position date.
  - b. An employee receiving a promotion shall receive not less than one (1) full salary step above that which they held in the previous grade.

3. Demotion.

- a. An employee demoted either voluntarily or due to a reduction in force (RIF) shall be paid the salary step in the lower pay range which is equivalent to the salary step currently being paid. An employee who is demoted for either reason stated above shall have a current position date which reflects all time spent within the classification. If the employee is being compensated at a step higher than the highest step in the lower classification, the employee shall be placed at the highest step in the lower range.
- b. An employee demoted as a result of non-disciplinary reversion to a previous classification shall return to their previous pay status, current position date and next increment date.
- c. An employee demoted as a result of disciplinary actions shall be subject to placement at an appropriate level.

4. Lateral Transfer.

An employee who laterally transfers within the same classification to another work assignment shall remain at the same step with the same current position date and, if applicable, the same next increment date for the purpose of determining step salary increase.

5. Classification Changes Within Same Pay Range.

If an employee's job classification changes but the pay range does not, no salary change shall occur. Further, the employee shall receive a new current position date. The current position date shall show the employee's appointment into the new classification, but their next increment date for purposes of determining step salary increase shall remain unchanged.

6. Water and Wastewater Treatment Operator Classification Progression.

Employees in the positions below will have pre-determined eligibility and progression in the series:

1. Water Treatment Plant Operator I, Water Treatment Plant Operator II, Water Treatment Plant Operator III

2. Water Pollution Control Operator I, Water Pollution Control Operator II, Water Pollution Control Operator III

Eligibility to progress to the next classification in each series is based on the employee achieving a set of qualifications as defined in the job description of the classification series, i.e. certification and years of service. Employees must successfully pass probation in each classification and cannot progress to the next classification if currently under a performance improvement plan.

The employee and/or supervisor shall be responsible to provide documentation validating that the specified qualifications of the higher classification have been met. The employee's Department Director will approve or deny the promotion based on their assessment of whether the employee has met all qualifications of the higher classification. The Director shall forward the applicable documentation to the Human Resources Department. The effective date of the classification progression shall be retroactive to the date the department director approved the promotion.

Once the employee meets the qualifications of the higher-level classification as outlined above, the employee shall progress to the higher classification with the following understanding:

The employee shall serve a six-month probationary period in the higher classification; effective on the date of the employee's progression to the higher-level classification, the employee shall be placed in the higher classification salary range at a step which is at least five percent (5%) above his /her current base salary.

Operators holding a level IV State Certification shall receive a one-step premium regardless of probationary status.

### Section 3:

#### A. The longevity schedule for employees based on years of service is as follows:

After completion of 05 years, 1.5% of base salary rate  
After completion of 08 years, 2.0% of base salary rate  
After completion of 12 years, 2.5% of base salary rate  
After completion of 16 years, 3.0% of base salary rate  
After completion of 20 years, 3.5% of base salary rate  
After completion of 24 years, 4.0% of base salary rate  
After completion of 28 years, 4.5% of base salary rate

#### B. Longevity shall be determined by continuous employment. All credit toward longevity shall terminate upon the employee's termination from City service.

For purposes of computing longevity, the employee's adjusted employment date shall be used. Continuous employment shall be recognized as being without a break in service except for an employee who is laid off for budgetary reasons as is applicable to Article 15, Section 7.

### Section 4: Regular Part-Time Employees

#### A. PERS Retirement Membership:

Regular part-time employees shall be considered eligible for membership into the Public Employees Retirement System if they are working in an eligible position.

- a. An eligible position is any position which normally requires at least five months each year in which regular compensation is earned for at least 70 hours per month. A year, as used here, is any period of twelve consecutive months.
- b. An ineligible position is one that normally does not require at least five months each year in which regular compensation is earned for at least 70 hours per month.

#### B. Benefits

- a. Regular part-time employees who work 22 hours per week shall be eligible for medical, dental, vision, life insurance, and accidental death and dismemberment benefits. The regular part-time employee shall pay a pro-rated share of the applicable premium. The pro-rated premium shall be based on an 80-hour bi-weekly regular pay cycle.
- b. All regular part-time employees shall be eligible for pro-rated vacation, sick leave, and holiday.

C. Step Increases

All regular part-time employees who work less than 40 hours per week shall receive an one-half (1/2) step increase upon completion of each 1040 regular compensated hours. The increase shall be one-half (1/2) the difference between the employee's current salary and the next higher step.

D. Circulation Assistant I/Shelvers

Circulation Assistant I/Shelvers shall be employees within the bargaining unit as outlined in Article 16.



## **ARTICLE 8 - HOURS OF WORK AND WORKING CONDITIONS**

### **Section 1: Original Appointment Probationary Period/Promotional Probationary Period**

Newly hired employees shall be considered probationary employees for a period of six (6) months (or as otherwise designated by the Civil Service Commission), subject to the following:

- A. Said probationary period can be extended by the City for any time loss including protected leave such as FMLA/WPFML usage, during the probationary period, up to the amount of actual time lost.
- B. If extenuating circumstances exist (other than set forth in A above), and the City provides the Union with documented justification for extending a probationary period, said probationary period can be extended for an additional thirty (30) calendar days.
- C. During the probationary period, or extended probationary period, the City may discharge any employee covered by this section of the Agreement at will, and such discharge shall not be subject to the grievance and arbitration provisions of this Agreement.

### **Promotional Probationary Period**

Promotional probationary period will act as a trial service period and shall be required following a promotion or a transfer and shall be six (6) months in duration for promotion or lateral transfers subject to the following:

- A. An employee serving as a result of appointment through promotion who is unable to satisfactorily perform the duties of the new position or who voluntarily requests to return to their former position shall be reinstated in their former position or in one of like status and pay.
- B. Promotional trial service period can be extended by the City for any time loss during the probationary period, up to the amount of actual time lost.

### **Section 2: Work Schedules**

The normal work week shall be forty (40) hours of work for all full-time employees to consist of five (5) consecutive eight (8) hour work days. The Department Head, subject to the approval of the Mayor, shall establish appropriate work shifts, specifying starting and ending times, lunch periods, and scheduled days of rest. Alternate work schedules (i.e.: 9/80, 4/10) may be established with mutual agreement between the Union and City pursuant to Article 8 Section 5.

- A. The normal work week for full-time Library employees shall be forty (40) hours of work per week. The Library Director, subject to the approval of the Library Board, shall endeavor to schedule five (5) consecutive eight-hour work days. The Library Director, with notification to the AFSCME Union, shall determine appropriate work shifts, specifying starting and ending times, lunch periods, and scheduled days of rest.
- B. In the Parks Department, Recreation Leaders, Recreation Supervisors, Ranger Supervisors, Park Rangers, and Office staff may be assigned flexible shift work which includes work days and work weeks that are in excess of the normally assigned work shift or work week.

The normal work week for Recreation Leaders, Recreation Supervisors, Ranger Supervisors and Park Rangers shall be forty (40) hours of work per week. The Park and Recreation Director or their designee shall determine the appropriate work shifts, specifying starting times and when possible, ending times. Provided that this sub-section shall not be construed to limit the department's flexibility in operating special events.

- C. In the Parks Department, Recreation Leaders, Recreation Supervisors, Park Rangers, Ranger Supervisors, and Office Assistants may request and when requested, the City will agree to grant "compensatory" time in lieu of wages for overtime worked. Recreation Leaders, Recreation Supervisors, Park Rangers and Ranger Supervisors shall accrue overtime or "compensatory" time at the rate of one-and-one-half times the time actually worked in excess of ten (10) hours in an assigned shift or forty (40) hours in a work week. The employee shall be allowed compensatory time for time worked in excess of ten (10) hours in an assigned shift or forty (40) hours in a work week, but not both. Use of compensatory time shall be subject to the approval of the Department Head.
- D. Early Release:  
When the City has an unplanned facility closure, employees who have reported to work that day will be paid for the remainder of their normal work schedule for that day. Pursuant to Article 8 Section 4, employees may be transferred to another City worksite for the remainder of the day (example: Main Library to Evergreen Library) or employees may be required to work remote.
- E. Schedule Changes:  
Two weeks notice shall be given to employees prior to any change in the employees regularly assigned work schedule. Shorter notice may be granted upon the request of the employee(s), with approval of the applicable supervisor(s).
- F. Work Hours Flexibility  
Employees may request in advance, with management approval, to 'flex' work hours within their designated FLSA work week. Employees requesting to flex their work schedule will receive their regular hourly rate for flexed work.

### Section 3: Overtime

It is recognized by the parties that due to the necessity of the job requirements; overtime may be required by the Department Director or designee.

All overtime must be pre-approved by the Department Director or designee.

Time-and-one-half of the employee's regular hourly rate shall be paid for:

- A. All work performed in excess of the regularly assigned shift for full-time employees, except as noted in Article 8 Section 2(F).
- B. All work performed in excess of a regularly assigned work week for full-time employees.

An employee, subject to the approval of the department head or their designee, may receive compensable time off in lieu of overtime pay at the rate of one-and-one-half hours for each hour worked. Accrued compensatory time may be used with the approval of the employee's supervisor as long as it does not create an undue burden on the department.

- C. The maximum accumulation of compensatory time shall be 80 hours. Any accrual over 80 hours shall be paid as overtime.
- D. The minimum break in service between two (2) work shifts of five (5) or more hours shall be eight (8) hours. An employee may not be required to report back to work until an eight (8) hour break in service has occurred. To compensate the employee during the break in service, time that falls within the next shift that is not worked (to provide an eight (8) hour break in service) will be paid at regular time. The end of the employee's shift will remain that of their regular day. If the City requires the employee to report before an eight (8) hour gap has occurred, the period of time which would have allowed an eight (8) hour gap will be paid at overtime. For example, an employee who only received five (5) consecutive hours of break in service would be paid overtime for three (3) hours during the following shift, if an eight (8) hour break has not occurred.

Provided, that in no circumstance will an employee receive more than 1-1/2 times the regular salary. Provided that, in accordance with 29 CFR § 785.22 both parties agree to exclude eight (8) hours of each twenty-four (24) hour period for Parks personnel who are assigned to participate in overnight recreational outings.

- E. All work performed in excess of eight (8) hours (or in excess of the employee's shift if the regular shift is greater than eight (8) hours in any work day) or forty (40) hours in any given work week for part-time employees.
- F. Employees shall be moved to the bottom of the eligibility list for overtime duty in the same work day where sick leave has been utilized for more than four (4) hours.
- G. The hourly rate for each classified position shall be determined by dividing the annual salary by the actual number of working hours for any given calendar year.

#### Section 4: Travel to Alternative Work Site

Employees required to perform work away from their normal assigned work site shall travel to and from the work site on the City's time. Transportation shall be provided by the City, if available. If the employee provides their own transportation, the employee will be reimbursed for the miles traveled in accordance with the City's travel policy and procedures.

#### Section 5: Alternate Shifts

Work weeks other than that referenced in Article 8, Section 2 may be mutually agreed upon between the City and the Union, provided it is by an 80 percent majority vote of those employees affected by this change and that a two-week notice will be given to the Union prior to implementation. The 80 percent majority vote will be binding upon all affected employees of such department. In workgroups of four or fewer, a simple majority of affected employees is required to approve the change. Upon receipt of any written proposal for alternate work hours from the Union, the Department Head or designee shall give a written response within 10 working days, citing specific reasons for accepting or rejecting the Union

proposal. It shall be understood that the City has the right to refuse a request for an alternative work schedule based on work necessities or efficiencies.

The parties agree to establish boiler plate Alternate Shift Agreements in order to expedite this process, and further agree to revisit this item six months after the effective date of this CBA.

#### Section 6: Call Back

An employee shall receive a minimum of three (3) hours call back or actual time worked, whichever is greater, at the overtime rate if called back to work and the employee physically reports to work for an emergency outside of their normal shift and the time is not contiguous with their regularly assigned shift. Employees called back to work shall be exempt from the three (3) hour minimum if called within one (1) hour of the start of their regularly scheduled shift. If an employee has been released from work activities from their supervisor, either directly or by standard operating guidelines established within the department, is called back within the 3 hour window from the previous call back, the second call back will be observed as a separate event.

#### Section 7: Standby

The City reserves the right to establish an emergency standby program within defined work groups for each department. Standby periods shall be determined by the City in one (1) day increments. Based on the service needs, a department may establish a roster of qualified personnel by classification and seniority who would be available for callback during the standby period. Employees on standby shall be required to carry a cell phone and be available to respond immediately to callback situations without restrictions or impairments. An employee engaged in standby must be able to respond to the assigned duty station within forty five (45) minutes, unless other timelines are agreed upon with the Department Director or designee.

Qualified personnel shall be determined by the City by classification and assigned by seniority or a rotational system may be established following a Union conducted majority vote of the affected employees. If insufficient volunteers exist, emergency standby will be assigned using reverse seniority (extenuating circumstances will be considered).

Employees on standby shall receive thirty five dollars (\$35.00) per regularly scheduled workday assigned and fifty two dollars (\$52.00) per unscheduled workdays or holiday assigned. A day shall be defined as a 24-hour period from the commencement of standby. This amount shall increase by the negotiated Cost of Living Adjustment (COLA) on the first of every January.

#### Section 8: Telephonic/Electronic Device Responses

An employee who has been authorized by the department head or designee to respond after hours telephonically, by computer or other electronic device in order to perform work related job duties will be paid according to the following schedule:

Employees who are not on standby but who are required by the Employer to respond to work-related issues. Responses to after hour questions will be paid for time actually spent resolving the issue rounded to nearest fifteen (15) minute increment, paid at the overtime rate.

- A. Employees on standby who respond to a work-related issue. Responses to an after-hour question will be considered as incidental to standby pay, provided that it lasts 15 minutes or less. Calls lasting more than 15 minutes will be compensated with overtime for the length of the telephone call after the first 15 minutes.

- B. Employees are required to keep and submit in a timely manner, detailed records of each after hour telephone contact or electronic device response in order to claim overtime for this contact. These records must include the date, time, duration, caller and a clear and concise verifiable description of the purpose or nature of the contact.

In the event that the after-hour telephone contact or electronic device response results in the employee physically reporting to work, the provisions of Article 8, Section 6 will apply and the employee will not be eligible for any additional After Hours Telephonic/Electronic Device Response compensation.

#### Section 9: Mandatory Training/Mandatory Meetings

An employee who reports to a mandatory training or mandatory meeting that is not contiguous with their regular shift shall be paid a minimum of three (3) hours or the actual time worked, whichever is greater, at the overtime rate. For purposes of this provision, meetings shall not include normal job-related participation in public meetings (such as Councils, Boards, Commissions, and neighborhood meetings).

#### Section 10: Premium Pay

##### A. Out-of-Class Pay

An employee that is formally assigned by their supervisor to work in a higher classification shall be paid out-of-class pay in increments of fifteen (15) minutes for all time worked in the higher classification.

The premium rate shall be a minimum of one-step above the employee's current base salary or the lowest step in the higher classification, whichever is greater.

Classification seniority shall not control out-of-class assignments.

##### B. Lead Pay

Lead Pay comprising of a one-step increase above the individual's current base salary shall be paid:

- a) To an individual who is formally assigned by their supervisor to be a working crew leader of at least 2 other employees of a lower classification unless those duties are identified in the individuals current class specification.
- b) To an individual who is formally assigned by their supervisor to be a working crew leader of another employee in the same classification.  
Duties shall include directing and problem solving for assigned crew, identifying task assignments, resolving immediate on-site conflicts.

Classification seniority shall not control lead assignments.

Lead pay intended to be used on a long term or permanent basis must be agreed upon with the Union.

##### C. Blacktop Raker/Pipelayer Pay

When a Utility Laborer is assigned the task of Blacktop Raker, the employee will receive a one-step increase for the time so assigned or for the time specifically required to perform such an assignment. When a Utility Laborer is assigned the task of Water or Sewer Pipelayer on a new or renewal construction project, the employee will receive a one-step increase.

D. Commercial Driver's License Pay

Employees in the utility laborer classification that are deemed by the department Head or designee as beneficial to have a commercial driver's license shall receive compensation in accordance with the attached MOU. This will be a pilot program that will end with the contract unless agreed upon by City and Union to continue the MOU.

E. Interpretation/Translation Pay

- When an employee is certified by an agency acceptable to the City in a language other than English, the employee will receive a \$200.00 per month stipend for each language of Spanish, Russian, and Ukrainian. A \$100.00 per month stipend will be awarded for each language of Arabic, Chinese, Korean, Swahili, Yoruba, Igbo, Fula, Vietnamese, and ASL. The maximum amount of monthly translation pay shall not exceed \$200.00.

F. Instructor Pay

Employees who are trained and certified to instruct on a topic deemed necessary by the department director or designee, shall receive a one-step premium for all hours engaged in instructing. This includes formal instruction and evaluation of the student's skills using standardized materials provided by a 3rd party or by the department designee. This does not apply to on-the-job training in the normal course of duties. Qualifying instruction topics can be found in Addendum C. Instructor certification process and qualifying topics shall be agreed upon between the parties through the labor/management process.

Section 11: Employment Vacancies

- A. Appointments to job vacancies covered by Civil Service shall be made in accordance with civil service rules and regulations.
- B. Appointments to AFSCME represented job vacancies not covered by Civil Service shall be filled solely on the basis of ability, qualifications and merit. The City of Everett shall determine the appropriate selection process. The selection process shall bear a direct relationship to the knowledge, skills and abilities required for successful performance in the job classification to be filled. A qualified pool of applicants will be forwarded to the hiring authority for final selection. Upon request, the Union shall be provided with a written description of the recruitment and selection process used in filling any such vacancy.

## Section 12: Meal Break Locations

Any employee working within the City limits shall go for a meal break to the closest designated work stations normally available to that department where sanitary facilities are available.

## Section 13: Meal Break Period

The meal break shall be one-half hour. Exceptions are subject to assignments where the meal break period may be extended to a maximum of one (1) hour upon written notice provided by the appropriate department head. In the latter instance, it is expressly understood that the length of the meal period as it affects the hours of work should be consistent with the provisions of convenient service to the public.

## Section 14: Meals

- A. Meal breaks shall be taken no less than three (3) hours and no more than five (5) hours into the employee's regularly assigned work shift except by mutual agreement.
- B. Employees shall be furnished meals when required to work two (2) or more consecutive hours in excess of a regular work shift and each four (4) hour period thereafter if not given notification prior to a three (3) hour or greater break in service.
- C. Employees given three (3) hours or more prior notification of work required at a time or day not a regular working time or day, and not consecutive with regular working hours, shall be required to furnish their own meals. If employees are not given notification prior to a three (3) hour or greater break in service, meals shall be furnished for every four (4) hour period worked.
- D. If a meal, as specified in Section 12.B. is not furnished, the employee will be reimbursed up to a maximum of the current per diem rate as set by the U.S General Services Administration for the current year and location for meal expenses incurred within five (5) working days of being earned. Reimbursed meal expenses shall not include the purchase of alcohol.
  - a) Claims for reimbursement must be submitted on approved forms within five (5) working days of purchase date. Reimbursement forms will be supplied by the employee's department.
  - b) Such claim for reimbursement must be signed by the claimant and the claimant's supervisor and must include the receipt for the earned meal.

## Section 15: Rest Periods

Employees shall receive a fifteen (15) minute paid rest period for each four (4) hours, or major portion thereof, of their working time. With their supervisor's approval, employees may be authorized to take their breaks on an intermittent basis but may not exceed fifteen (15) minutes. An employee who does not receive a rest period will be compensated at the appropriate rate of pay for each missed rest period. Rest periods will generally be taken at job site.

## Section 16: Shift Differential

Employees working a regularly assigned shift beginning at 2:00 p.m. and before 2:00 a.m. shall receive an additional 5% pay per hour above the individual's current base salary.

## Section 17: Union Logos

Employees shall be allowed to wear the Local, State Council or International logo of the American Federation of State, County and Municipal Employees; or County, State or International logo of the AFL-CIO on their lapel or work attire so long as it is consistent with department policies.

Section 18: Clothing, Safety Boots, and Shoes

Clothing shall be provided or reimbursed to employees according to department policy. Policies shall be agreed upon between the parties through the labor/management process.

Safety boots or shoes will be reimbursed for employee positions on the negotiated approved list (Addendum B) up to an annual maximum amount of \$225.00. Safety boots and shoes must be worn in accordance with department policy and procedures. Any changes to the approved list shall be addressed through the labor/management process.

Section 19: Mandatory Court Appearances

Mandatory court appearances related to City business, when scheduled outside the employee's work schedule, will be compensated at an overtime rate.



## **ARTICLE 9 - UNION OFFICIALS' TIME OFF**

### **Section 1:**

The City agrees to allow time off with or without pay for Union officers or duly appointed representatives to attend State or National Conferences or State or National Seminars, not to exceed five (5) working days for a single function. Officers or representatives on non-pay status due to attendance at such events shall receive Holiday Pay if a holiday occurs during, immediately prior, or immediately following such leave.

### **Section 2:**

One Union representative shall be permitted to attend annual budget hearings, grievance hearings, and civil service meetings which are held during working hours. The time is not to be charged against the 240 hours described below. All other Union business, including but not limited to negotiations, grievance investigations and meetings with the City at the request of the Union shall be counted against the 240 hours described below.

### **Section 3:**

The allowable aggregate of such paid time off for all individuals shall not exceed 240 hours in one calendar year.

### **Section 4:**

Attendance by individual Union members at these or similar functions at the express request of the City and attendance by elected officers at Labor/Management meetings shall not be counted toward the allowable 240 hours but shall be considered and paid as a regular working day.

## ARTICLE 10 - HOLIDAYS

### Section 1: Holidays

The following days, or any day proclaimed by the Governor of the State of Washington as a designated holiday, are hereby designated to be paid holidays for those employees covered by this Agreement in pay status on the day before and the day after the holiday:

New Year's Day  
Martin Luther King, Jr. Day  
Presidents' Day  
Memorial Day  
Juneteenth  
Independence Day  
Labor Day  
Veterans' Day  
Thanksgiving Day  
Native American Heritage Day (Day After Thanksgiving Day)  
Christmas Day  
Two Floating Holidays                      At employee's choice with concurrence of the City

For the purpose of establishing the holiday shift, it shall be determined as the day on which the shift starts. If a holiday falls on a Saturday, it will be observed on the preceding Friday. If a holiday falls on a Sunday, it will be observed on the following Monday. For employees whose regular work week includes Saturday and/or Sunday, when a holiday falls on a Saturday or Sunday said employees shall have the actual holiday as their observed holiday.

If an observed holiday falls on an employee's regularly scheduled day off, they shall be granted an additional day to be scheduled within fourteen (14) calendar days following the observed holiday for employees to be off work.

Holiday proration for new hires:

Full time regular employees hired before September 30 will receive two floating holidays. Employees hired between October 1 and November 30 will receive one floating holiday. Regular part-time employees will receive pro-rated holiday hours based on regular work hours according to the preceding schedule.

Regular part-time employees will receive pro-rated holiday hours based on regular work hours according to the preceding schedule.

<b>FTE</b>	<b>Hours Earned per Holiday</b>
.76 up to 1.0 FTE	8 hours
.51 pp to .75 FTE	6 hours
.26 pp to .50 FTE	4 hours
.01 up to .25 FTE	2 hours

Employees may make up any difference in hours on their holiday between the holiday pay and the scheduled shift within the same FLSA workweek at their regular wage rate by mutual agreement between the employee and their supervisor. Employees will not receive overtime for the additional hours worked.

## Section 2: Holiday Hours

Holiday pay shall be eight (8) hours regular pay for full-time employees and pro-rated according to the table in Section 1 for part time employees.

The intent of this provision is to ensure that employees receive not more than one hundred and four (104) hours of holiday pay per year.

## Section 3: Floating Holidays

An employee must request their floating holiday at least ten (10) working days in advance. The department head must accept or reject the date within five (5) working days of the request. Once accepted, it shall become a fixed holiday for that employee for that year. If the employee must work on that date at the City's request, they will be paid the same as work on any other holiday.

## Section 4: Working on Holidays

All employees covered by this Agreement who work any day that is designated as a holiday by this Agreement, shall be paid for such overtime work or work on such holiday, at an overtime rate based upon one-and-one-half times the employee's regular hourly rate which shall be determined by dividing the annual salary by the actual number of working hours for any given calendar year and this payment shall be in addition to the employee's holiday pay.

## ARTICLE 11 - VACATIONS

An annual vacation is of benefit to both the employee and the City, and all full-time City employees shall be required to take an annual vacation subject to the requirements listed below.

### Section 1:

All City employees covered by this Agreement who work full-time shall accrue vacation credit for each month of continuous service as shown on the table below for the duration of this Agreement. Regular part-time employees shall accrue vacation time on a pro-rated basis based on regular hours worked each pay period. Upon hire, employees may utilize accrued vacation leave subject to the requirements of this article.

#### VACATION CREDIT ACCRUED

Continuous Service From Employee's Adjusted Employment Date	Number of Vacation Hours Per Year
1st Year	96 hours
2nd Year	104 hours
3rd and 4th Years	112 hours
5th Year	120 hours
6th and 7th Years	128 hours
8th and 9th Years	144 hours
10th through 14th Years	160 hours
15th through 19th Years	184 hours
20th through 24th Years	200 hours
25th Year and Beyond	208 hours

"Continuous Service" shall be determined from the employee's adjusted employment date.

### Section 2:

No vacation accrual will be allowed in excess of two (2) years accrual. For purposes of this section, vacation accrual will be made available to the employee.

No employee shall have vacation credit accrual in excess of 240 hours at the time of their retirement/separation, except PERS I employees hired prior to July 13, 1983 – 48 days (384 hours).

Any employee terminating employment or retiring must use any vacation accrual in excess of the aforementioned limits prior to termination/retirement or it will be lost to the employee.

The City agrees, upon request by the Union, to meet and negotiate concerning the preceding paragraph if during the term of this Agreement the "excess compensation" issue relating to the 240 hour cap is changed by operation of law.

### Section 3:

Vacations shall be approved by the department head or designee at times when vacations will constitute minimum conflict with work schedules.

Any vacation request conflict between employees within the work group scheduled two (2) or more months in advance will be resolved by overall employee seniority. Conflicts over vacations scheduled less than two (2) months in advance shall be governed on a first come basis.

A vacation request response shall be returned to the employee in a reasonable time frame, no later than 14 calendar days from the date of submission.

#### Section 4:

Employees will be cashed out for accrued vacation when they separate from City employment in accordance with Article 11 Section 2. Whenever possible, the employee shall give two weeks written notice to the City of their intention to terminate.

#### Section 5:

If a holiday specified in this contract falls within the employee's actual vacation, the employee may add one extra day to their vacation time, such day to be scheduled by mutual agreement between the City and the employee.

## **ARTICLE 12 - INSURANCE BENEFITS**

### **Section 1: Eligibility.**

- a. New hire employees shall receive any City paid insurance benefits the first day of the month following employment (employee starts work in April, insurance starts May 1st).
- b. Regular part-time employees who work 22 hours or more per week shall be eligible for benefits under Article 12 on a pro-rata basis.
- c. Day laborers (IV) will be eligible to participate in medical insurance. Returning Day Laborer IV's shall receive medical insurance on the first day of the following month of rehire
- d. Circulation Assistant I/Shelvers are exempt from Article 12 unless required by law.

### **Section 2: Medical Insurance.**

The City agrees to offer medical coverage for eligible employees and their legal dependents. Employees and their dependents shall have the option of enrolling in the Kaiser Legacy Core HMO, Kaiser New Core HMO, or one of the City's self-insured medical plans. Employees that choose the Kaiser HMO Plans or the City's traditional PPO Plan, shall pay ten percent of the monthly premium for employees and dependents. Employees that choose the City's Consumer Driven Healthcare Plan (CDHP), shall pay 5% of the monthly premium for employees and dependents.

Employees that enroll in the CDHP will receive a City paid contribution to an HRA/VEBA in the amount of \$1,200 for individual for \$2,400 for family coverage in the second pay period of the new year. Changes due to a qualifying event will be pro-rated for the remainder of the year.

#### **Annual Whole Health Evaluation:**

Employees enrolled in the CDHP will receive an HRA/VEBA contribution in the amount of \$200 for individual and \$200 for spouse or domestic partner upon completion of an Annual Whole Health Evaluation.

Employees enrolled in the traditional PPO Plan will receive an HRA/VEBA contribution in the amount of \$100 upon completion of an Annual Whole Health Evaluation.

The benefits under the City's self-insured medical insurance program shall not be reduced without agreement of the parties.

### **Section 3: Life Insurance.**

The City will provide for the employee \$1,000 life insurance per \$1,000 of annual salary, rounded to the next highest \$1,000 at the City's expense for the duration of this agreement.

### **Section 4: AD&D.**

The City will provide for the employee Accidental Death and Dismemberment coverage in an amount equal to that specified in Section 3 hereinabove, at the City's expense for the duration of this agreement.

### **Section 5: Dental.**

The City will pay the premium for the dental plan 12, offered through the trustees of the Washington State Council of County and City Employees for the employee and their eligible dependents.

Section 6: Vision.

The City will pay the premium for the vision plan offered through the trustees of the Washington State Council of County and City Employees for the employee and their eligible dependents.

Section 7: Enrollment.

In order to participate, an employee must sign authorization cards to be kept on file by the City. If the employee does not wish to participate in the program, then they must sign a waiver card for their file.

Section 8: Disability Insurance. Employees covered under this agreement shall participate in a disability insurance program through the insurance company of the Union's choice. Premiums for this coverage will be the responsibility of the employee.

Section 9: Review.

The City will provide reports on the City's self-insured plan upon request which will include usage trends and fund balance.

Section 10: (Washington Paid Family Medical Leave (WPFML))

The City will provide Washington Paid Family Medical Leave for eligible employees, in accordance with RCW 50A.04, at no cost to the employee.. If the City elects to rejoin the state-administered WPFML plan, the City agrees to notify the Union of this action and potential deductions 90 days prior to the effective date, and to negotiate any impacts of such decision.

## **ARTICLE 13 - SICK LEAVE**

Sick leave accrual is a form of disability insurance that is intended to assist in the prevention of financial loss during illness or incapacity. Upon hire, employees may utilize accrued sick leave subject to the requirements of this article.

### **Section 1:**

Sick leave is defined as leave with pay taken for the illness, injury, or pre-approved medical appointments of the employee. In the case of an eligible dependent, sick leave with pay may be used in accordance with Federal and State laws and applicable City requirements.

### **Section 2: Sick Leave Provided**

Sick leave shall accrue to each employee, excluding part-time and day laborers, actively employed in the City service at the rate of eight (8) hours of leave for each calendar month of the employee's active service. The total carryover from year-to-year shall not exceed 960 hours. Sick leave will accrue beyond this limit in accordance with Washington state law, subject to the yearly carryover maximum. Regular part-time employees shall accrue sick leave benefits on a pro-rated basis based on regular hours worked each pay period. Day Laborer's shall accrue sick leave in accordance with the Washington Paid Sick Leave Law.

### **Section 3: Leave of Absence or Lay-off**

Employees who, for any purpose, are granted leave of absence with pay shall continue to accrue sick leave during such leave of absence. Any employee on a non-pay status shall not accrue any sick leave. Employees laid off and rehired within twenty-four (24) months, and employees granted leave of absence without pay shall not accrue sick leave during said lay off or leave of absence, but, upon resumption of active employment, shall have available the sick leave accrued at the time of such lay off or unpaid leave, less any final cashouts that may have occurred.

### **Section 4: Physician's Certification**

Sick leave with pay for a period of four (4) days or more requires the presentation of a written statement by the employee's personal physician and/or physician representing the City, certifying that the employee was subject to restriction. An employee that believes obtaining verification for use of paid sick leave under the Washington Paid Sick Leave Law (WPSL) would result in an unreasonable burden or expense, should contact Human Resources. An employee on sick leave shall inform their department head, or cause the department head to be informed, forthwith that they are unable to report for duty and the reasons therefore, and failure to do so without excuse shall be cause for denial of sick leave pay. Subsequent incidents may be grounds for disciplinary action.

### **Section 5: Vacation Leave In Lieu Of Sick Leave**

In using sick leave, only those days on which the employee would be required to report for work shall be considered. Upon the request of an employee who shall be absent for personal illness or injury and with the concurrence of the department head or their designee, days off will be charged against the vacation to which they may be entitled, and such employee shall be paid therefore and the vacation allowance reduced accordingly.



#### Section 6: Sick Leave While on Vacation

It is understood and agreed that sick leave is to be used only in circumstances where an employee is scheduled to work and is unable to do so because of personal illness or injury. Therefore, if an employee becomes ill or injured once their vacation has commenced, vacation time will be deducted unless the employee provides certification of overnight hospitalization for which sick leave will be substituted for a regularly scheduled vacation day (one day for each night of hospitalization). However, if the employee notifies the Department Head or their designee prior to the commencement of the employee's vacation that said employee is ill or injured, sick leave may be used for any days which the employee would have been scheduled for vacation. In such cases, the vacation will be canceled and rescheduled, if possible, at a time mutually agreeable to the City and the employee.

#### Section 7: Sick Leave and Vacation Accrual While Receiving Industrial Insurance Benefits

It is understood and agreed that for the period in which an employee is receiving benefits pursuant to the Industrial Insurance Act, they shall not be entitled to accrual of sick leave and/or vacation time as set forth in Articles 11 and 13 of this Agreement. This section shall not prevent an employee from using sick leave or vacation benefits which have previously been earned to supplement the payment of industrial insurance benefits. For those hours of sick leave and/or vacation used to supplement industrial insurance benefits, the employee shall be entitled to accrue additional sick leave and/or vacation hours.

#### Section 8:

An employee's ability to work regularly and as scheduled is a requirement for continued employment. The City has the right to take corrective action to deal with unauthorized use of sick leave.

#### Section 9:

Subject to the Civil Service rules, the head of any department may discipline (including suspension or dismissal) any employee who uses sick leave under false pretenses. The City may request a doctor's statement for any sick leave provided there is evidence of unauthorized sick leave use. The request for the doctor's statement will be made following a determination of the possible sick leave abuse by a department head.

#### Section 10:

Employees who have successfully passed probation shall be allowed, upon separation, to receive in cash an amount equal to twenty (20%) of the value of their then existing sick leave accrual balances, up to the 960 hour yearly carryover cap.

## **ARTICLE 14 - BEREAVEMENT LEAVE**

When death occurs among members of an employee's immediate family, the employee, upon request to their department head or designee, will be granted up to four (4) days of bereavement leave, if necessary, and to attend the funeral service, and will be compensated at their normal salary for the hours lost from their regular schedule, before or after the funeral, with the maximum of four (4) days allowance, if on pay status. If required to travel beyond the distance of 300 miles to attend services, two (2) additional days will be allowed. In the event that the employee is the personal representative of the deceased, they shall be allowed up to an additional three (3) days of bereavement leave. This time off shall not be deducted from accumulated sick leave or vacation. Bereavement Leave as described in this article, shall not exceed seven (7) days in total per occurrence.

The term "immediate family" is defined as:

- Spouse, state registered domestic partner (per RCW 26.60, et seq.), children of employee, children of spouse, or children of state registered domestic partner;
- Mother, father, brother, sister, mother-in-law, father-in-law, stepmother, stepfather, stepbrother, or stepsister of employee or spouse or state registered domestic partner;
- Grandparents and grandchildren of employee or spouse or state registered domestic partner.

"Domestic Partner" is defined for purposes of this article as the criteria outlined by the City's Domestic Partner resolution or the State Registry. Proof of criteria may be requested. The City will honor specific requests for leave to attend the funeral of other family members upon consultation of the Human Resources department or designee., with the understanding that the employee will take the leave and request determination whether or not it is to be bereavement leave or vacation leave within ten (10) working days after their return from their absence.

## **ARTICLE 15 - SENIORITY**

### **Section 1:**

Employees shall complete the applicable probationary period before they become regular employees entitling them to seniority rights.

### **Section 2:**

Seniority shall be computed using the adjusted employment date, subject to the applicable probationary period.

### **Section 3:**

Classification seniority shall be recognized as follows:

- A. The supervisor shall recognize seniority in assignments of duties within a job class on a job site wherein the assignments change on a periodic basis; provided that, this provision does not apply to regular vacancies.
- B. Those employees having greater classification seniority shall be given preference in the selection of callouts and assignment of overtime. For the purpose of this section, classification seniority shall include the designated classification series listed in Addendum A. The list may be modified through the labor/management process.

Lists for call-outs and assignment of overtime shall be established at least annually in each department. Lists shall be established for each shift by classification and type of work comprised of all employees qualified to undertake the assignment. Placement on the list shall be by employee choice in seniority order, or if by management agreement, following a Union conducted majority vote of the affected individuals, a rotational system may be established.

- C. Projects or assignments with defined responsibilities which involve overtime shall be exempt from this provision when continuity provides specialized knowledge or training that is needed for the efficient performance of the work.

### **Section 4: Separation**

Seniority shall terminate by the employee being discharged from service or by the employee voluntarily leaving the service of the City. Any employees laid off who are subsequently recalled shall be credited back with the seniority they had at the time they were laid off.

### **Section 5: Bumping Rights**

It shall be understood and agreed that when there is a layoff or a reduction of force in a given position classification in a department, the person with the lowest seniority in that position classification will move to the next position classification to which their seniority and line of progression entitles him/her, displacing the person with the least seniority in that position classification. Similarly, this displaced person moves under the same procedure and so on until the excess person with the least seniority in a

position classification is laid off. The layoff procedure shall follow the employee's line of progression starting from their entry position classification. An employee bumping to a lower or equivalent position classification shall add their seniority in that position classification to any seniority in an equivalent or higher position classification(s) for seniority consideration in the lower or equivalent position classification. Although seniority can accumulate from a higher to a lower position classification or between two (2) equivalent position classifications following the line of progression, seniority cannot accumulate from a lower to a higher position classification. It is understood that employees in non-AFSCME positions shall be entitled to bumping rights but shall only be allowed to accumulate seniority, for this purpose, for time spent in bargaining unit classifications. Employees shall be given a minimum of ten (10) working days' notice of layoff and/or reduction in force.

## Section 6: Seniority Rights

If an employee is reclassified, changes departments, or if the employee is transferred laterally, seniority will follow. This section is subject to Civil Service rules and regulations. Sick leave accrual, vacation accrual, and longevity will not be affected, but based on adjusted date of hire.

## Section 7: Return to Work

For a period of two (2) years, an employee who has been laid off for lack of funds or work, will have the first right of refusal to fill a vacancy in order of their seniority in that classification, provided, that the person meets the same requirements that a newly hired employee would be required to meet and is subject to a background check covering the period of separation to the time of rehire.

Employees bumping to a different classification will be permitted to request an extension to remain on the rehire list in increments of one (1) additional year periods by notifying the Human Resources Department in writing prior to the expiration of their current eligibility.

Subsection A: The City will endeavor to return rehired employees to their original departments if they have been rehired into a department different than that from which they were laid off. The rehired employee will still retain seniority rights to return to their original department if a vacancy should occur.

Subsection B: Rehired employees may be subject to a pre-employment medical evaluation. Rehired employees in the Police Department and Prosecutor's Office will be subject to a polygraph examination.

## Section 8: Five-day Posting

All bargaining unit position vacancies shall be posted in all City departments for five (5) working days prior to requesting a list of applicants from the Human Resources Department. Additionally, all laid off employees subject to recall shall receive notices of all open and competitive bargaining unit vacancies (both Civil Service and non-Civil Service) for a period of two years.

In considering candidates to fill vacant bargaining unit positions, hiring authorities will consider candidates in the following sequence:

- First consideration: Those laid off employees subject to recall who have previously established rights to the classification by virtue of successfully completing the applicable probationary period.

- Second consideration: Those interested employees who presently or have previously established rights to the classification by virtue of successfully completing the applicable probationary period.
- Third consideration: Those interested employees who presently are in the classification but do not yet hold rights to the classification.
- Fourth consideration: Those individuals who have been certified to the hiring authority from the current eligible register or through approved screening process.

## **ARTICLE 16 - CIRCULATION ASSISTANT I/SHELVERS**

### **Section 1:**

Circulation Assistant I/Shelvers perform a variety of tasks throughout the Library. Circulation Assistant I/Shelvers work is not seasonal in nature and for this reason the only limitation on employment duration is funding capacity and performance.

- A. Circulation Assistant I/Shelvers shall be compensated at the hourly rate schedule identified in Article 7 and Appendix 1. Step increases shall occur consistent with other regular part-time employees.
- B. Circulation Assistant I/Shelvers shall accrue holiday based on FTE status in Article 10, however sick leave, vacation time, longevity, and all other benefits on a pro-rated basis based on regular hours worked, with the exception of medical insurance (unless required by law), life insurance and accidental death and dismemberment coverage as outlined in Article 12. Circulation Assistant I/Shelvers shall be covered by all provisions of this Collective Bargaining Agreement, unless otherwise specified.
- C. The Library Director shall determine appropriate work shifts for Circulation Assistant I/Shelvers.

## **ARTICLE 17 - DAY LABORERS and INTERNS**

### **Section 1:**

Subject to the terms and conditions set forth below, the City and Union agree that the City shall have the right to employ day laborers and interns so long as said employment does not supplant full-time or regular part-time bargaining unit positions.

It is recognized and agreed that persons employed as day laborers and interns are not members of the bargaining unit and as such, except where specifically provided in this Agreement, shall not be subject to the terms and conditions of this Agreement. However, as a condition of the City employing day laborers and interns, the Union will require a reasonable work permit fee not to exceed twelve dollars (\$12.00) per pay period.

### **Section 2:**

The term "Day Laborer" shall be defined as an employee performing bargaining unit work and occupying a position on less than a year around basis to cover seasonal peak workloads, emergency workloads of limited duration, necessary vacation relief, and other situations involving fluctuating staff. Seasonal peak workloads for all Departments shall be considered to be March 1st through November 30th. Seasonal peak workloads for Animal Services shall be considered to be April 1st – December 31st.

The term "intern" shall be defined as a High-school or post-secondary student currently enrolled in an accredited institution or bonified vocational or employment agency (Ex: Work Source) participating in a paid or unpaid internship. Interns may be paid to perform bargaining unit work for a specific assignment not to exceed four months or 1040 hours. The use of interns to perform bargaining unit work shall be limited to one term and non-consecutive. The intern must show proof of current enrollment at the time of the internship. If the internship occurs during the summer, the intern shall provide proof of summer or fall enrollment. The city shall provide all proof of all accreditation or applicable documentation to the Union upon hire.

### **Section 3: Term of Employment**

- A. Except as provided otherwise herein, the City shall not employ day laborers in excess of six consecutive months. The City will not rehire a day laborer for a second six (6) month period unless at least four (4) months have elapsed since the end of the previous six (6) month period of employment as well as all other time and date requirements set forth.
- B. The parties agree that any person employed as a day laborer who is actively enrolled in an accredited high school or college and maintains a minimum of nine hours per week and provides enrollment documentation to the hiring department for each quarter or semester, shall not be subject to the four (4) month limitation above, so long as said person works no more than twenty (20) hours per week. If the student exceeds the twenty (20) hours, s/he shall be terminated and not rehired until four (4) months have elapsed. Additionally, the work permit fee for Student Day Laborers shall be eight dollars (\$8.00) per pay period.

Student Day Laborers may work during one off semester or quarter per year between academic enrollments provided that notification by the student is provided in writing and the Student Day Laborer was employed during the previous quarter or semester. The hours worked during the off semester or quarter shall not be limited to twenty (20) hours per week provided that the total hours worked in the calendar year shall not exceed 1040 hours.

- C. Recognizing the necessity to maintain on-going, continuous programs in the Parks Department, the parties agree that day laborers employed in Seasonal Parks positions may be employed up to nine (9) consecutive months in duration at pay range 01-008. Seasonal Parks positions may accrue holiday pay and vacation time on a pro-rated basis worked. Step increases, longevity, and vacation accrual will be based on 2080 hours of regular work. The number of Seasonal Day Laborers positions shall not exceed seventeen (17) in a calendar year. The City has the right to assign duties and shift schedules. Shift schedules will remain flexible. Seasonal Day Laborers are not entitled to out-of-class pay unless they are performing work associated with classifications compensated above range 01-015 that is beyond the scope of work contained within their applicable job description. Seasonal Day Laborers assigned to operate a vehicle requiring a Commercial Driver's License for two (2) or more hours shall be compensated at the 01-014 range. Seasonal Day Laborers assigned to apply any materials requiring a Washington State Public Pesticides Operator's License shall receive a five percent (5%) premium for all hours worked while applying such materials. A Seasonal Day Laborer may only be utilized during the aforementioned nine (9) month seasonal peak workload unless by mutual agreement of the parties.

#### Section 4: Hiring and Compensation of Day Laborers

- A. The Mayor or their designee shall have the sole discretion to hire and terminate all day laborers, with or without cause, and to establish the rate of pay for all day laborers, except those employed in the City Library or those employed in 9 month Seasonal Day Laborer Parks positions. The rate of pay for a day laborer shall not exceed the contractual rate for like work.
- B. In the case of day laborers employed in the Library, the Everett Library Board, together with the Library Director, shall establish the rate of pay for said employees.
- C. In establishing the rate of pay for all day laborers, emphasis shall be given to the qualifications, experience and background of the prospective employee, and the nature of the position which will be filled by the employee.
- D. All day laborers who are directed by their Department Head or duly appointed supervisor to work more than 40 hours in a calendar week, shall be paid at one-and-one-half times the employee's regular hourly rate. This section shall not be construed to entitle day laborers to any benefits or compensation set forth in Article 10 (with the exception of Seasonal Parks positions as outlined in 3.C. above).
- E. Except as specifically provided in this Article, day laborers shall not be entitled to any other compensation or benefits (including, but not limited to, holiday pay, vacation, sick leave or insurance), except as may be required by applicable law.

#### Section 5:

- A. The City will establish a monitoring system that will notify AFSCME and Department Heads monthly of each day laborer's remaining work time.
- B. The parties agree that generally no extensions for day laborers shall be allowed. On rare occasions and with special circumstances, the parties may enter a written agreement that would allow specific extensions on the aforementioned timelines.



- C. Day laborers will not supervise regular employees nor fill regular vacancies unless mutually agreed upon between the City and Union.

#### Section 6: Swim Center

In recognition of the year-round, non-seasonal nature of the activities of the Swim Center, the parties agree that the Swim Center shall be exempted from the supplanting language and the time limit provisions identified in Section 2. Although the time limit provisions shall not apply to positions, the time limit provisions and the applicable work permit fee shall apply to individuals. The parties also agree that the City will maintain a minimum of three (3) bargaining unit FTEs assigned to the Swim Center and that the ratio of day laborer hours to regular employee hours is not increased. That ratio is 6.92 day laborer hours for every hour worked by a regular full-time employee. The City will produce a report at the end of each calendar year showing the ratio of day laborer hours to regular employee hours and provide it to the Union.

In addition to the provisions in Section 3, Student Day Laborers employed by the Swim Center may not work more than twenty-five (25) hours per week.

## **ARTICLE 18 - GRIEVANCE PROCEDURE**

### **Section 1:**

Grievance is defined as a cause (arising out of an alleged misinterpretation or misapplication of the terms of this Agreement) felt to afford reason for complaint. All grievances and responses from the grievance procedure shall be put in writing. The written grievance shall include but is not limited to the following: the name of the grievant, the Article(s) and Section(s) misinterpreted or misapplied, the facts stating how the aforementioned were misinterpreted or misapplied, and the remedy sought.

In the event an employee elects to file a challenge concerning their employment status in civil service or the city library, the employee shall have the option of pursuing the challenge through either civil service/library board or filing a grievance through the provisions of this Article but limited to one or the other. The employee may at their own discretion pursue the alleged grievance without the Union's participation through Step 1 (or Step 3 if it is a grievance submitted directly at Step 3) of the established grievance procedure identified below.

An employee who believes they have been aggrieved as defined above shall discuss the matter with a Union official before filing a grievance.

Any grievance filed as a class action grievance shall be reviewed, approved, and signed by the Union President, Union Vice-President, or Union Staff Representative.

### **Section 2:**

Time periods between grievance steps may be extended by written mutual agreement of both parties. Working days, for the express purpose of this Article, are defined to be Monday through Friday, excluding holidays, Saturdays and Sundays.

**Step 1:** To be valid, a grievance must be submitted to the employee's immediate non-represented supervisor within ten (10) working days of the alleged event or occurrence which is the basis for the alleged grievance. Failure to file a grievance within this period shall be deemed as an absolute waiver of the right to file a grievance. The supervisor will submit a written grievance response within five (5) working days. In the event of termination, the grievance shall be filed directly with the Mayor or designee at Step 3.

**Step 2:** If the grievance was not settled at Step 1, it may be advanced by the Union to the Department Head or designee within five (5) working days of receipt of the Step 1 response. A grievance meeting may be held within ten (10) working days of receipt of the grievance, and a written grievance response will be given within five (5) working days of the meeting to the Union President, Union Vice-President and Union Staff Representative.

**Step 3:** If the Grievance was not settled at Step 2, it may be advanced by the Union to the Mayor or designee. It is agreed between the parties that the timeline for this step shall be within ten (10) working days, or until the 2nd Friday following the 2nd Thursday of the month (to allow the Union's Grievance Committee to review the grievance prior to advancement), whichever is later. A grievance meeting shall be held within ten (10) working days of receipt of the grievance, and a written grievance response will be given within ten (10) working days of the meeting to the Union President, Union Vice-President and Union Staff Representative.

Step 4: If the grievance is not settled in accordance with the foregoing procedure at Step 3, the Union Grievance Committee and/or Executive Board or Employer, as the “moving party,” may refer the grievance to arbitration by providing a written notice for arbitration to the opposing party within thirty (30) working days after receipt of the City's response to Step 3. If the notice for arbitration is not sent within thirty (30) working days, the moving party waives its right to pursue the grievance through the arbitration procedure.

Step 5: The moving party shall submit a request for arbitration to the American Arbitration Association requesting a list of seven (7) arbitrators residing and practicing in Washington and Oregon and proficient in public sector arbitration. This request must be made within six (6) months of the notice of appeal as specified in Step 4 or the right to arbitrate will be deemed as waived. The City and the Union, upon receipt of the list of arbitrators, shall meet and take turns striking names from the list until a sole name remains. That person shall be the arbitrator. A coin toss shall determine whether the City or the Union shall strike first. The arbitrator shall issue a decision within thirty (30) days after the close of the hearing. The cost of the arbitrator shall be borne equally by both parties and each party shall pay its respective representatives' or attorneys' fees. The decision of the arbitrator shall be final and binding.

The arbitrator shall render its decision solely based on the interpretation and application and provisions of this Agreement and shall address only those issues raised in the written grievance. Neither the arbitrator nor any other person or persons involved in the grievance process shall have the power to negotiate new agreements or to change any of the present provisions of this Agreement.

Section 3:

In the case of Library employees, the above Section 2, Steps 1, 2 and 5 shall apply. In Section 2, Steps 3 and 4, the Library Board shall respond instead of the Mayor.

#### **ARTICLE 19 - SAVING CLAUSE - ORDINANCE**

No ordinance granting any employee a benefit shall be changed during the term of this Agreement which would reduce the benefits to the employees particularly as it applies to provisions as written in the collective bargaining agreement.

## ARTICLE 20 - DURATION

This Agreement shall be effective as of the 1st day of January 2025 and shall remain in full force and effect through the last day of December 2027. Any one Article may be opened during the period of the contract year if mutually agreed to by both parties; and, if agreement is not reached on the opened Article within thirty (30) days, the said Article will remain in force as written.

In witness whereof, the parties have set their hands on the                      day of                      , 2025.

CITY OF EVERETT

EVERETT MUNICIPAL EMPLOYEES  
LOCAL NO. 113, AFSCME

\_\_\_\_\_  
CASSIE FRANKLIN, Mayor

\_\_\_\_\_  
JEFF JESMER, President

ATTEST

WASHINGTON STATE COUNCIL OF  
COUNTY AND CITY EMPLOYEES, AFL-CIO

\_\_\_\_\_  
MARISTA JORVE, City Clerk

\_\_\_\_\_  
ROGER MOLLER, Staff Representative

APPROVED AS TO FORM

ATTEST

\_\_\_\_\_  
DAVID HALL, City Attorney

\_\_\_\_\_  
CHRISTINE MAIR, Secretary

## **ADDENDUM A – CLASSIFICATION SENIORITY LIST**

### **List of Classifications included in Classification Seniority:**

- Circulation Assistant IV -> Circulation Assistant I
- Heavy Equipment Operator -> Equipment Operator
- Librarian II -> Librarian I
- SCADA/Telemetry Technician Lead -> SCADA/Telemetry Technician I
- Senior Signal Technician -> Traffic Signal Technician
- Utility Maintenance Technician III -> Utility Maintenance Technician I
- Water Pollution Control Operator III -> I
- Water Quality Control Operator II -> Water Quality Control Operator I
- Water Treatment Plant Operator III -> I

*Revised as of 11.12.2024*

**ADDENDUM B – SAFETY BOOTS AND SHOES LIST**  
AFSCME Local 113

Legend: X = recommended for job class					
<b>Occ</b>	<b>Title</b>	<b>Non Safety Toe ASTM 2892</b>	<b>(I/C) Impact and Compression Resistant ASTM F2413</b>	<b>(EH) Electrical Hazard Resistant</b>	<b>(SR) Slip Resistant</b>
1535	Animal Care and Customer Service Assistant	X			X
1510	Animal Control Officer	X			X
1530	Animal Shelter Attendant	X			X
3000	Arborist		X	X	
1222	Assistant Buyer		X		X
3600	Assistant Inventory Control/Dispatch Technician		X	X	X
1260	Buyer		X		X
3610	Cement Finisher		X		
3640	Communications Technician		X	X	X
4210	Construction Inspector		X	X	
1945	Custodial Supervisor	X		X	X
1950	Custodian	X		X	X
3887	Electrical Safe Worker Program Administrator		X	X	
1960	Electrician		X	X	
4090	Encampment Response Supervisor		X		
4260	Engineering Technician		X		
4270	Engineering Technician Trainee		X		
4395	Environmental Technician		X		
3700	Equipment Operator		X		
3710	Equipment Service Worker		X	X	X
2145	Fire Apparatus/Equipment Mechanic		X	X	X
3685	Fleet Maintenance Supervisor		X	X	X
3690	Fleet Service Technician		X	X	X
4549	Fleet Support Specialist		X	X	X
3037	Golf and Athletic Supervisor		X		
3025	Golf and Grounds Equipment Technician		X		
3035	Golf Course Supervisor		X		
3020	Groundskeeper		X		

3720	Heavy Equipment Operator		X		
3040	Horticulturist		X	X	
3730	Industrial Waste Inspector		X	X	
3740	Inventory Control Technician		X	X	X
3050	Landscaper		X		
3018	Lead Groundskeeper		X		
3750	Lead Utility Serviceworker		X	X	
2370	Maintenance Mechanic		X	X	
3026	Maintenance Technician		X	X	
3080	Park Ranger I	X			
3095	Park Ranger Supervisor	X			
3105	Parks & Grounds Maintenance Supervisor		X	X	
3820	Plant/Pump Maintenance Mechanic		X	X	
1434	Procurement Specialist		X		
1432	Procurement Technician		X		
4082	Public Works Supervisor - Sewer/Drainage/Utilities		X		
4085	Public Works Supervisor - Streets		X		
4084	Public Works Supervisor - TSG/Utilities		X	X	
4083	Public Works Supervisor - Water/Utilities		X		
3090	Ranger II	X			
3875	SCADA/Telemetry Technician I		X	X	
3876	SCADA/Telemetry Technician II		X	X	
3877	SCADA/Telemetry Technician Lead		X	X	
2016	Security Officer	X			X
1436	Senior Procurement Specialist		X		
4410	Senior Signal Technician		X	X	
2445	Small Tool & Equipment Repair Technician		X	X	X
3725	Source Control Inspector		X		
3100	Structural Maintenance Supervisor		X		
2450	Supervisor I		X		
2460	Supervisor II		X		
3735	Surface Water Inspector		X		
4420	Traffic Electronic Technician		X	X	
4425	Traffic Electronic Technician Trainee		X	X	
4441	Traffic Operations Supervisor		X	X	
4430	Traffic Signal Electrician		X	X	
4435	Traffic Signal Technician		X	X	
4440	Traffic Technician		X	X	
3860	Transportation Maintenance Technician		X	X	



4070	Treatment Plant Operator-in-Training		X		
3210	Urban Forester		X		
3885	Utilities Electrician		X	X	
3878	Utilities Maintenance Technician I		X	X	
3879	Utilities Maintenance Technician II		X	X	
3880	Utilities Maintenance Technician III		X	X	
3900	Utility Laborer		X		
3920	Utility Service Worker		X		
3695	Vehicle Electronics Technician		X	X	X
4547	Vehicle Parts Storekeeper		X	X	X
1430	Warehouseworker		X		X
3940	Water Pollution Control Operator I		X		
3950	Water Pollution Control Operator II		X		
3960	Water Pollution Control Operator III		X		
3980	Water Quality Analyst	X			
3989	Water Quality Control Operator I		X	X	
3990	Water Quality Control Operator II		X	X	
4010	Water Quality Technician	X			
4020	Water Service Technician		X		
4040	Water Treatment Plant Operator I		X		
4050	Water Treatment Plant Operator II		X		
4060	Water Treatment Plant Operator III		X		
4080	Welder		X	X	X

*Revised as of 12.17.2024*

## **ADDENDUM C – INSTRUCTOR PAY TOPICS**

Eligible Instruction Topics as of 11/12/2024

- Commercial Driver License
- CPR/First Aid/AED
- Temporary Traffic Control
- Riding Mowers and Tractors
- Elevating Work Platform
- Powered Industrial Trucks (Forklifts)
- Rigging & Signaling
- Washington State Flagger Certification

# **APPENDIX 1 – SCHEDULE OF WAGES**

January 1, 2025

## **SCHEDULE OF WAGES**

\*Hourly Rate

**AFSCME 2025 SALARY TABLE**

Range #	Step A	Step B	Step C	Step D	Step E
01-001	3114	3275	3440	3614	3793
01-002	3275	3440	3614	3793	3982
01-003	3440	3614	3793	3982	4174
01-004	3614	3793	3982	4174	4390
01-005	3793	3982	4174	4390	4607
01-006	3982	4174	4390	4607	4841
01-007	4174	4390	4607	4841	5083
01-008	4390	4607	4841	5083	5331
01-009	4607	4841	5083	5331	5598
01-010	4841	5083	5331	5598	5874
01-011	5083	5331	5598	5874	6175
01-012	5331	5598	5874	6175	6490
01-013	5598	5874	6175	6490	6812
01-014	5874	6175	6490	6812	7150
01-015	6175	6490	6812	7150	7505
01-016	6490	6812	7150	7505	7877
01-017	6812	7150	7505	7877	8275
01-018	7150	7505	7877	8275	8694
01-019	7505	7877	8275	8694	9125
01-020	7877	8275	8694	9125	9581
01-021	8275	8694	9125	9581	10060
01-022	8694	9125	9581	10060	10563
01-023	9125	9581	10060	10563	11091
01-024	9581	10060	10563	11091	11646
01-025	10060	10563	11091	11646	12228
01-026	10563	11091	11646	12228	12839
01-027	11091	11646	12228	12839	13481
01-552*	16.90	17.56	18.42	19.35	

\*Hourly Rate - Step A set at minimum wage

**Project title:** Adopt a Resolution Declaring a 2006 Ford 450 Surplus and Authorizing Sale at Public Auction

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 3/5/2025  
Action  
Ordinance  
Public hearing  
Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Resolution

**Department(s) involved:**

Procurement & Motor  
Vehicles

**Contact person:**

Theresa Bauccio-Teschlog

**Phone number:**

(425) 257-8901

**Email:**

tbauccio@everettwa.gov

**Initialed by:**

HB

Department head

Administration

Council President

**Project:** Resolution declaring a 2006 Ford F450 (J0082) Surplus and Authorizing Sale at Public Auction

**Partner/Supplier:** N/A

**Location:** N/A

**Preceding action:** N/A

**Fund:** 401 Utilities

**Fiscal summary statement**

Funds received from this surplus sale will be returned to Fund 401 Utilities.

**Project summary statement:**

The Public Works Department, Utilities Division, owns a 2006 Ford F450 Service Truck (J0082). Based on its age, maintenance cost, and maintenance cost scoring.

J0082 has approximately 129,520 miles and has an estimated surplus value of \$15,000. It was replaced by a 2024 Ford F350 with an enclosed service body (J0205) and is no longer needed.

**Recommendation (exact action requested of Council):**

Adopt a Resolution declaring a 2006 Ford F450, J0082, surplus and authorizing its sale at public auction.



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION declaring a 2006 Ford F450 (J0082) surplus and authorizing it for sale at public auction.**

**WHEREAS,**

1. The City has a 2006 Ford F450 (J0082), and
2. The above-referenced equipment is no longer of value or use to the City; and
3. Ordinance 2963-06 establishes a procedure and methods for surplus or disposition of City-owned personal property; and
4. Based on the guidelines set forth in EMC 3.88.020, a public auction is the disposition method that best meets the City's interests and
5. The City's Procurement Manager has reported the basis for the estimated value of the surplus property and has recommended the surplus of the above-referenced vehicle and equipment by public auction.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

1. The City has a 2006 Ford F450 (J0082);
2. The disposition of this equipment at a public auction is hereby authorized.

\_\_\_\_\_  
Councilmember introducing Resolution

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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

**Project title:** Adopt a Resolution Declaring a 2008 Ford F250 XL Surplus and Authorizing Sale at Public Auction

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 3/5/2025  
Action  
Ordinance  
Public hearing  
Yes X No

**Budget amendment:**  
Yes X No

**PowerPoint presentation:**  
Yes X No

**Attachments:**  
Resolution

**Department(s) involved:**  
Procurement & Motor Vehicles

**Contact person:**  
Theresa Bauccio-Teschlog

**Phone number:**  
(425) 257-8901

**Email:**  
tbauccio@everettwa.gov

**Initialed by:**

Department head

Administration

Council President

**Project:** Resolution declaring a 2008 Ford F250 XL (V0175) Surplus and Authorizing Sale at Public Auction

**Partner/Supplier:** N/A

**Location:** N/A

**Preceding action:** N/A

**Fund:** 126 Motor Vehicle Replacement

**Fiscal summary statement**

Funds received from this surplus sale will be returned to Fund 126 Motor Vehicle Replacement.

**Project summary statement**

The Engineering and Public Services division of the Public Works Department owns a 2008 Ford F250 XL (V0175). V0175 has 125,433 miles and is being replaced based on its age, maintenance cost, and maintenance cost scoring.

V0223 has an estimated surplus value of \$9,000 and has been replaced by a 2023 Ford F250 Pick-Up Truck (V0375).

**Recommendation (exact action requested of Council):**

Adopt a Resolution declaring a 2008 Ford 250 XL, V0175 surplus and authorizing sale at public auction.



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION declaring a 2008 Ford F250 XL (V0175) surplus and authorizing it for sale at public auction.**

**WHEREAS,**

1. The City has a 2008 Ford F250 XL (V0175) and
2. The above-referenced equipment is no longer of value or use to the City; and
3. Ordinance 2963-06 establishes a procedure and methods for surplus or disposition of City-owned personal property; and
4. Based on the guidelines set forth in EMC 3.88.020, a public auction is the disposition method that best meets the City's interests and
5. The City's Procurement Manager has reported the basis for the estimated value of the surplus property and has recommended the surplus of the above-referenced vehicle and equipment by public auction.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

1. The City has a 2008 Ford F250 XL (V0175);
2. The disposition of this equipment at a public auction is hereby authorized.

\_\_\_\_\_  
Councilmember introducing Resolution

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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

**Project title:** Adopt a Resolution Declaring a 2009 Navistar Dump Truck with Snowplow and Swenson Sander Surplus and Authorizing Sale at Public Auction

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 3/5/2025  
Action  
Ordinance  
Public hearing  
Yes ☒ No

**Budget amendment:**  
Yes ☒ No

**PowerPoint presentation:**  
Yes ☒ No

**Attachments:**  
Resolution

**Department(s) involved:**  
Procurement & Motor Vehicles

**Contact person:**  
Theresa Bauccio-Teschlog

**Phone number:**  
(425) 257-8901

**Email:**  
tbauccio@everettwa.gov

**Initialed by:**

Department head

Administration

Council President

**Project:** Resolution declaring a 2009 Navistar dump truck with snowplow and Swenson sander (J0093, N0011, and N0017) Surplus and Authorizing Sale at Public Auction

**Partner/Supplier:** N/A

**Location:** N/A

**Preceding action:** N/A

**Fund:** 126 Motor Vehicle Replacement

**Fiscal summary statement**

Funds received from this surplus sale will be returned to Fund 126 Motor Vehicle Replacement.

**Project summary statement:**

The Public Works Department, Streets Division owns a 2009 Navistar dump truck with snowplow and Swenson sander (J0093, N0011, and N0017). J0093 has 92,899 miles and is being replaced based on its age, maintenance cost, and maintenance cost scoring. Additionally, the sander is broken and will not dispense.

J0093, N0011, and N0017 combined have an estimated surplus value of \$50,000 and have been replaced by a Peterbilt 567 10-yard dump truck(J0190), 2025 Monroe 10 ft. straight snowplow (N0068), and 2025 Monroe Sander (N0069).

**Recommendation (exact action requested of Council):**

Adopt a Resolution declaring a 2009 Navistar Dump Truck with Snowplow and Swenson Sander, J0093, N0011, and N0017, surplus and authorizing sale at public auction.





**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION declaring a 2009 Navistar Dump Truck with Snowplow and Swenson Sander (J0093, N0011, and N0017) surplus and authorizing it for sale at public auction.**

**WHEREAS,**

1. The City has a 2009 Navistar dump truck with snowplow and Swenson sander (J0093, N0011, and N0017) and
2. The above-referenced equipment is no longer of value or use to the City; and
3. Ordinance 2963-06 establishes a procedure and methods for surplus or disposition of City-owned personal property; and
4. Based on the guidelines set forth in EMC 3.88.020, a public auction is the disposition method that best meets the City's interests and
5. The City's Procurement Manager has reported the basis for the estimated value of the surplus property and has recommended the surplus of the above-referenced vehicle and equipment by public auction.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

1. The City has a 2009 Navistar dump truck with snowplow and Swenson sander (J0093, N0011, and N0017);
2. The disposition of this equipment at a public auction is hereby authorized.

\_\_\_\_\_  
Councilmember introducing Resolution

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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

**Project title:** Adopt a Resolution Declaring a 2009 Toyota Prius Surplus and Authorizing Sale at Public Auction

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 3/5/2025  
Action  
Ordinance  
Public hearing  
Yes ☒ No

**Budget amendment:**  
Yes ☒ No

**PowerPoint presentation:**  
Yes ☒ No

**Attachments:**  
Resolution

**Department(s) involved:**  
Procurement & Motor Vehicles

**Contact person:**  
Theresa Bauccio-Teschlog

**Phone number:**  
(425) 257-8901

**Email:**  
tbauccio@everettwa.gov

**Initialed by:**

Department head

Administration

Council President

**Project:** Resolution declaring a 2009 Toyota Prius (A0062, formerly P0318) Surplus and Authorizing Sale at Public Auction

**Partner/Supplier:** N/A

**Location:** N/A

**Preceding action:** N/A

**Fund:** 126 Motor Vehicle Replacement

**Fiscal summary statement**

Funds received from this surplus sale will be returned to Fund 126 Motor Vehicle Replacement.

**Project summary statement:**

The Engineering and Public Services division of the Public Works Department owns a 2009 Toyota Prius (A0062, formerly P0318). A0062 has 71,255 miles and is being surplus because it is no longer needed.

A0062 has an estimated surplus value of \$9,000 and is not being replaced as the city no longer employs the employee who drove it.

**Recommendation (exact action requested of Council):**

Adopt a Resolution declaring a 2009 Toyota Prius, A0062 surplus and authorizing sale at public auction.



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION declaring a 2009 Toyota Prius (A0062, formerly P0318) surplus and authorizing it for sale at public auction.**

**WHEREAS,**

1. The City has a 2009 Toyota Prius (A0062, formerly P0318) and
2. The above-referenced equipment is no longer of value or use to the City; and
3. Ordinance 2963-06 establishes a procedure and methods for surplus or disposition of City-owned personal property; and
4. Based on the guidelines set forth in EMC 3.88.020, a public auction is the disposition method that best meets the City's interests and
5. The City's Procurement Manager has reported the basis for the estimated value of the surplus property and has recommended the surplus of the above-referenced vehicle and equipment by public auction.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

1. The City has a 2009 Toyota Prius (A0062, formerly P0318);
2. The disposition of this equipment at a public auction is hereby authorized.

\_\_\_\_\_  
Councilmember introducing Resolution

Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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



## City Council Agenda Item Cover Sheet

**Project title:** Authorize a Call for Bids for the 2025 Federal Overlay and 2025 Pavement Maintenance Overlay projects

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Briefing  
Proposed action  
Consent 03/05/25  
Action  
Ordinance  
Public hearing  
Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Vicinity Maps

**Department(s) involved:**

Public Works, Admin

**Contact person:**

Tom Hood

**Phone number:**

(425) 257-8809

**Email:**

THood@everettwa.gov

**Initialed by:**

RS

Department head

Administration

Council President

**Project:** 2025 Federal Overlay; 2025 Pavement Maintenance Overlay

**Partner/Supplier:** Washington State Department of Transportation (WSDOT)

**Location:** Broadway Avenue - California St. to 18th St.  
W. Mukilteo Boulevard - Glenwood Ave. to Dogwood Dr  
Various City Streets

**Preceding action:** [Ordinance No. 4062-24, approved on 12/11/24](#)

**Fund:** 303 – Public Works Improvement Projects

**Fiscal summary statement:**

The funding source for these projects will be \$696,480 and \$1,079,000, for a total of \$1,775,480, in awarded federal STBG and NHPP funding from WSDOT, and \$2,050,000 in local funds from Fund 119 - Street Improvements Fund. The total programmed available funding for these projects is \$3,825,480.

Ordinance 4062-24 was originally intended to cover the 2025 Federal Overlay project. However, the engineer's estimate upon design completion of both the 2025 Federal Overlay and Pavement Maintenance Overlay projects is approximately \$3.2M. As such, the department is considering proceeding with both projects under the programmed available funding.

**Project summary statement:**

The plans and specification are complete, and the 2025 Federal Overlay and 2025 Pavement Maintenance Overlay is ready to be advertised for construction bids.

The 2025 Federal Overlay project will overlay the principal arterial of Broadway Avenue from California Street to 18th Street, and W. Mukilteo Boulevard from Glenwood Avenue to Dogwood Avenue. The 2025 Pavement Maintenance Overlay project will overlay various locations, including 34<sup>th</sup> Avenue, Ross Avenue, E. Casino Road, and portions of Evergreen Way. The roadways are nearing the end of its expected life and needs resurfacing to prevent further deterioration and ensure the safety and functionality of roadways.

However, the feasibility of continuing with both projects is uncertain as it is contingent upon the bids received from contractors and the final cost comparison to the available funding.

Additionally, the final authorization of federal funds is still pending. If these funds are not approved, we may be unable to move forward with part or all of the 2025 Federal Overlay project. Should the bids exceed available funding, or federal funding is not authorized, the projects will not proceed, and an alternative plan will be considered (such as reducing the scope of the considered projects).

This agenda item seeks Council approval to initiate a call for bids and evaluate feasibility of proceeding with both projects.

**Recommendation (exact action requested of Council):**

Authorize a Call for Bids for the 2025 Federal Overlay and 2025 Pavement Maintenance Overlay projects.



## 2025 FEDERAL OVERLAY BROADWAY - CALIFORNIA ST TO 18TH ST Vicinity Map

2/6/2025





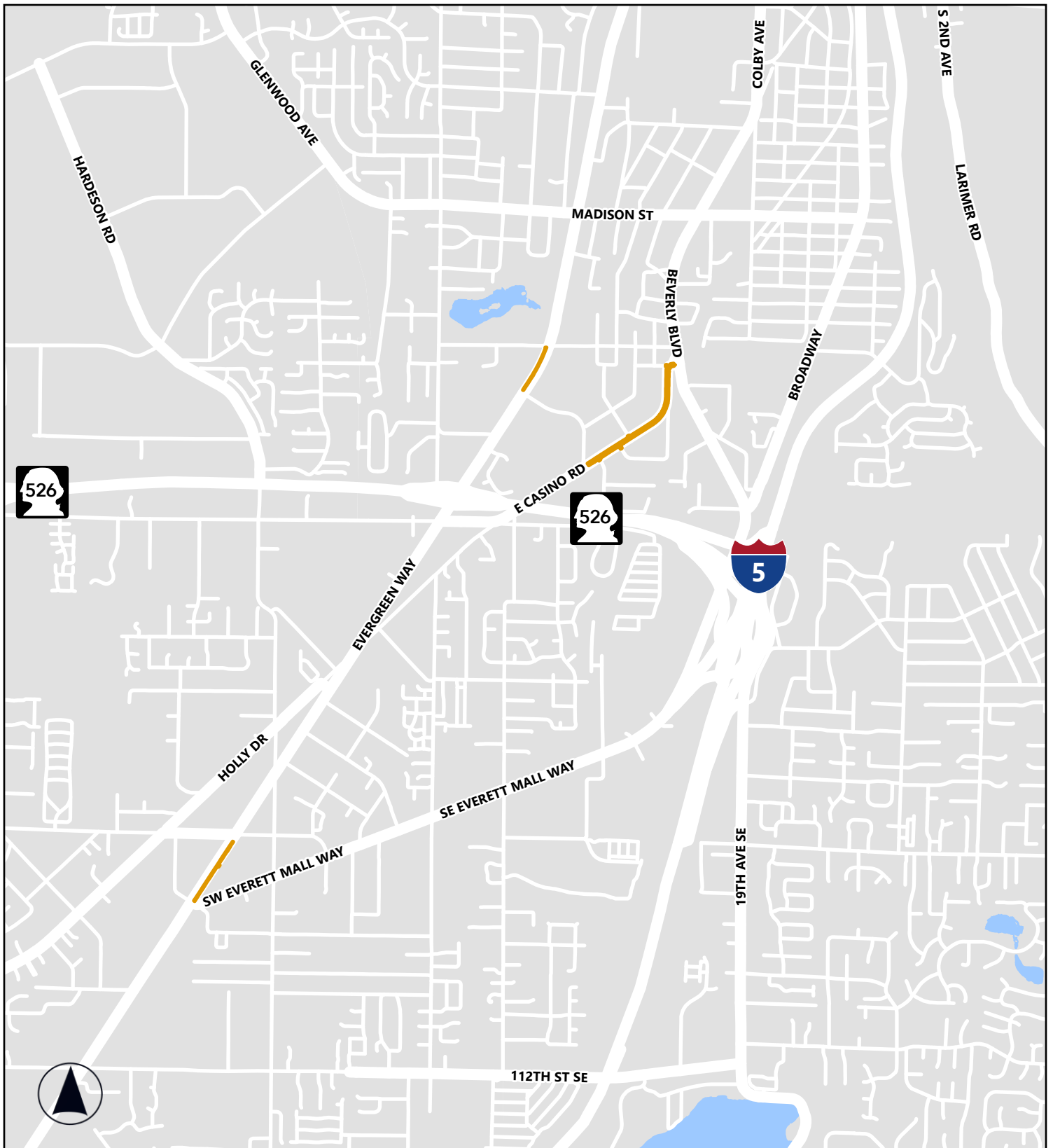
# 2025 FEDERAL OVERLAY W MUKILTEO BLVD - GLENWOOD AVE TO DOGWOOD DR Vicinity Map

1/22/2025



COE PW# 3842

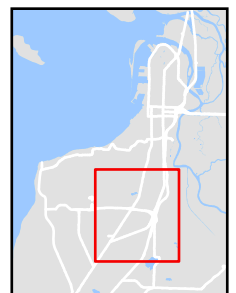


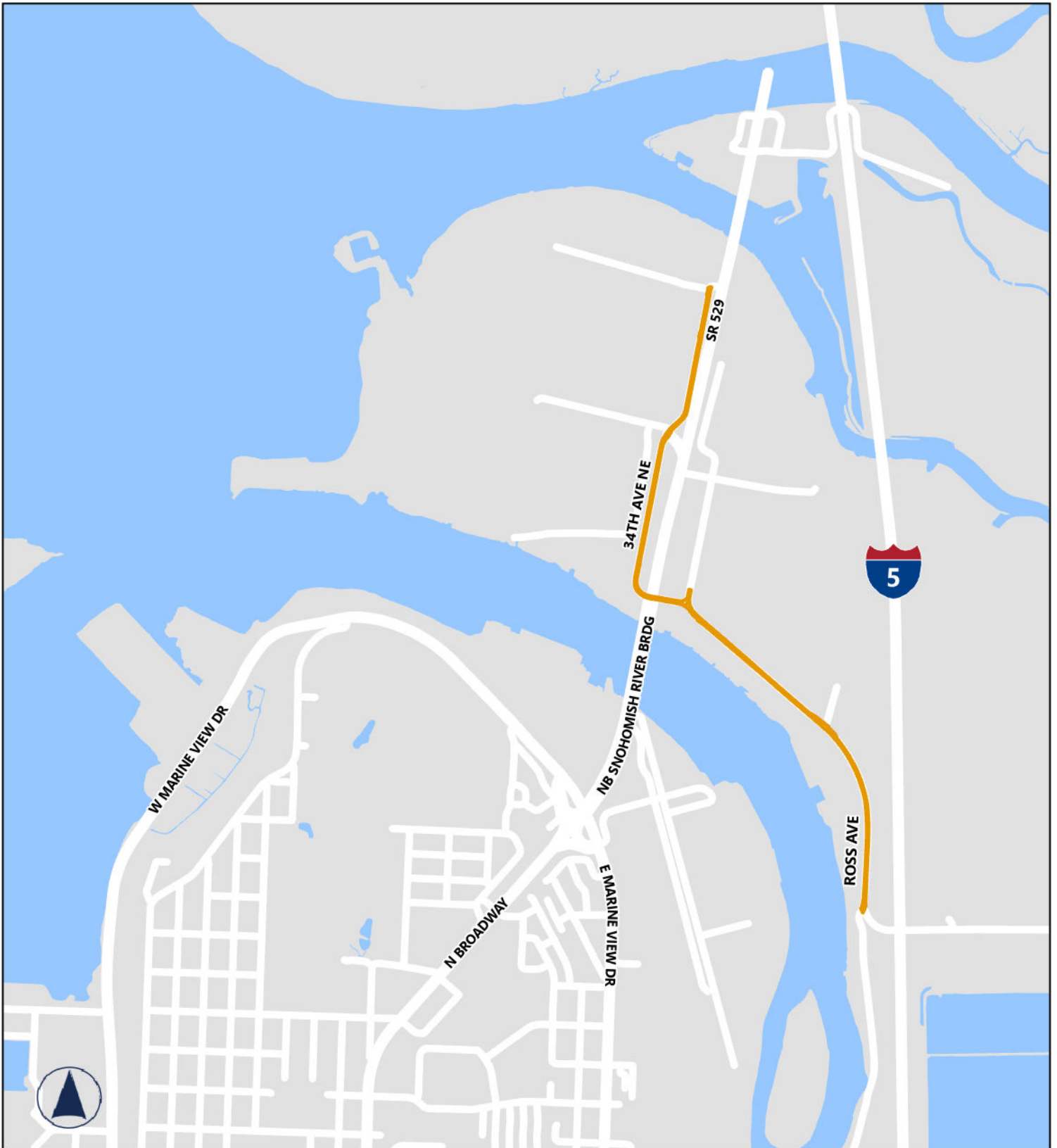


## 2025 PAVEMENT MAINTENANCE OVERLAY

### Vicinity Map 2 of 2

9/11/2024





## 2025 PAVEMENT MAINTENANCE OVERLAY

### Vicinity Map 1 of 2

2/11/2025





**Project title:**

An Ordinance Creating a Special Improvement Project Entitled “Forest Park Entry Driveway Repave Project”, Fund 354, Program 107, to Accumulate All Construction Costs for the Project in the Amount of \$50,000

**Council Bill #**

CB 2502-14

**Agenda dates requested:**

Briefing

Proposed Action 2/26/2025

Proposed Action 3/05/2025

Consent

Action 3/12/2025

Ordinance ☒

Public hearing

Yes ☒ No ☐

**Budget amendment:**

Yes ☒ No ☐

**PowerPoint presentation:**

Yes ☒ No ☐

**Attachments:**

Funding Ordinance

**Department(s) involved:**

Parks & Facilities

**Contact person:**

Bob Leonard

**Phone number:**

425-257-8335

**Email:**

bleonard@everettwa.gov

**Initialed by:**

RML

Department head

Administration

Council President

**Project:** Forest Park Entry Driveway Repave Project

**Partner/Supplier:** TBD

**Location:** 802 E. Mukilteo Blvd, Everett

**Preceding action:** None

**Fund:** Fund 354, Program 107 (CIP-3)

**Fiscal summary statement:**

The proposed Ordinance will provide funding for the construction costs for the Forest Park Driveway Repave Project. The source of funds for this project is Fund 354, Program 107 (CIP 3). All related construction and permit costs are estimated at \$50,000.

**Project summary statement:**

The park entry driveway at Forest Park has several large potholes that are temporarily filled for the winter in anticipation of the grind and repave in early spring 2025. In addition, the road has several areas that are “alligatoring” and with the heavy parks’ vehicles and frequent travel over the road, it is crumbling and beginning to start new potholes.

The project includes approximately 556 SY of Grind and 65 tons of hot asphalt for a 2” grind and repave of the entry driveway.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance creating a Special Improvement Project entitled “Forest Park Entry Driveway Repave Project”, Fund 354, Program 107, to accumulate all design and permitting costs for the project in the amount of \$50,000.



**ORDINANCE NO. \_\_\_\_\_**

**An Ordinance creating a special construction project entitled “Forest Park Entry Driveway Repave Project”, Fund 354, Program 107, to accumulate costs for the project in the amount of \$50,000**

**WHEREAS,**

- A.** The City Council recognizes the need to maintain City facilities.
- B.** The need to maintain roads and parking lots.
- C.** The City Council recognizes the need to repave the entry driveway in Forest Park located at 802 East Mukilteo Blvd, Everett WA 98203.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** A special construction fund is hereby established as Fund 354, Program 107, Forest Park Entry Driveway Repave Project and shall be entitled “Forest Park Entry Driveway Repave Project” to accumulate all costs for the project.

**Section 2.** Authorization is hereby granted to the Parks & Facilities Director under the administration of the Mayor, to assume full responsibility for conducting all tasks and performing all necessary steps to accomplish the actions authorized by this Ordinance.

**Section 3.** The cost of construction of this project is \$50,000.

**Section 4:** The sum of \$50,000 is hereby appropriated to Fund 354 Program 107, Forest Park Entry Driveway Repave Project.

A.	Use of Funds	
	Construction	<u>\$50,000</u>
	Total	\$50,000
B.	Source of Funds	
	CIP-3	<u>\$50,000</u>
	Total	\$50,000

- C.** The appropriation shall not lapse but shall be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned without the necessity of re-appropriation.

**Section 5.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors,

references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 6.** The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 7.** The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 8.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

---

Cassie Franklin, Mayor

ATTEST:

---

City Clerk

PASSED: \_\_\_\_\_

VALID: \_\_\_\_\_

PUBLISHED: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_



**Project title:** An Ordinance Creating a Special Improvement Project Entitled “Lowell Park Playground Replacement”, Fund 354, Program 104, to Accumulate Project Costs in the Amount of \$575,000

**Council Bill #**

CB 2502-15

**Agenda dates requested:**

Briefing

Proposed Action 2/26/2025

Proposed Action 3/05/2025

Consent

Action 3/12/2025

Ordinance

Public hearing

☐ Yes ☐ No**Budget amendment:**☐ Yes ☐ No**PowerPoint presentation:**☐ Yes ☐ No**Attachments:**

Funding Ordinance

**Department(s) involved:**

Parks &amp; Facilities

**Contact person:**

Bob Leonard

**Phone number:**

425-257-8335

**Email:**

bleonard@everettwa.gov

**Initialed by:***RML*

Department head

Administration

Council President

**Project:** Lowell Park Playground Replacement**Partner/Supplier:** LSI Play Creation (KCDA)**Location:** 4605 S. 3<sup>rd</sup> Avenue, Everett, WA**Preceding action:** None**Fund:** Fund 354, Program 104 (CIP-3)**Fiscal summary statement:**

The proposed Ordinance will provide funding for the Lowell Park Playground Replacement Project. The source of funds for the project is Capital Improvement Program 3 (CIP-3). The project cost is estimated at \$575,000. These costs include all construction activities, contingency, tax, and all other costs associated with the project. Equipment procurement and installation will be through King County Directors Association (KCDA) Cooperative.

**Project summary statement:**

In 2023, Lowell Park Playground, celebrated its 20-year anniversary. The current playground was added as a vital park amenity in 2003.

Scheduled replacement of Parks playgrounds is necessary to keep them functional and enjoyable for the community, compliant with new standards, and to minimize maintenance costs.

Playground replacement work includes demolition of the existing playground, removal of the engineered wood fiber surfacing system, construction of a new forever lawn surfacing system, installation of the new playground equipment and certification of the design and installation.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance creating a Special Improvement Project entitled “Lowell Park Playground Replacement”, Fund 354, Program 104, to accumulate project costs in the amount of \$575,000.



**ORDINANCE NO.** \_\_\_\_\_

**An ORDINANCE creating a special improvement project “Lowell Park Playground Replacement”, Fund 354, Program 104, to Accumulate Project Costs in the Amount of \$575,000.**

**WHEREAS,**

- A.** The City Council recognizes the need to maintain and improve City Park amenities.
- B.** The playground at Lowell Park is 20 years old and exceeds the City of Everett Park’s life-cycle standard of 15 years.
- C.** The City Council has recognized the need to replace the playground and playground surfacing at Lowell Park.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** A special improvement project fund is hereby entitled “Lowell Park Playground Replacement”, Fund 354, Program 104, to accumulate project costs in the amount of \$575,000.

**Section 2.** Authorization is hereby granted to the Parks and Facilities Department Director under the administration of the Mayor, to assume full responsibility for conducting all tasks and performing all necessary steps to accomplish the actions authorized by this Ordinance.

**Section 3.** The estimated cost of the playground replacement is \$575,000.

**Section 4.** The sum of \$575,000 is hereby appropriated to Fund 354, Program 104 “Lowell Park Playground Replacement” project.

<b>A. Use of Funds</b>		
Construction and Related Costs		<u>\$575,000</u>
Total		\$575,000
<b>B. Source of Funds</b>		
CIP 3		<u>\$575,000</u>
Total		\$575,000

- C. The appropriation shall not lapse but shall be carried forward from year to year until fully expended or the purpose has been accomplished or abandoned without the necessity of reappropriation.

**Section 5.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 6.** The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 7.** The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 8.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

\_\_\_\_\_  
Cassie Franklin, Mayor

ATTEST:

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

PASSED: \_\_\_\_\_

VALID: \_\_\_\_\_

PUBLISHED: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_





## City Council Agenda Item Cover Sheet

**Project title:**

An Ordinance Creating a Special Improvement Project Entitled "Park and Downtown Restrooms Access Control Project", Fund 354, Program 105, and Fund 342, Program 048 to Accumulate All Costs for the Project

**Council Bill #**

CB 2502-16

**Agenda dates requested:**

Briefing

Proposed Action 2/26/2025

Proposed Action 3/05/2025

Consent

Action 3/12/2025

Ordinance ☒

Public hearing

Yes ☒ No

**Budget amendment:**

Yes ☒ No

**PowerPoint presentation:**

Yes ☒ No

**Attachments:**

Funding Ordinance

**Department(s) involved:**

Parks & Facilities

**Contact person:**

Bob Leonard

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**Initialed by:**

RML

Department head

Administration

Council President

**Project:** Park and Downtown Restrooms Access Control Project

**Partner/Supplier:** Job Order Contracting

**Location:** Multiple Public Restroom Locations

**Preceding action:** None

**Fund:** Fund 354, Program 105 (CIP-3) & Fund 342, Program 048 (CIP-1)

**Fiscal summary statement:**

The proposed Ordinance will provide funding for the design and implementation of access control systems at multiple public restroom facilities. The sources of the funds for the project are Fund 354 Program 105 (CIP-3) and Fund 342, Program 048 (CIP-1). Total cost for the project is estimated at \$350,000 with approximately \$300,000 coming from CIP-3 and the remaining \$50,000 coming from CIP-1. This project will be procured using the Job Order Contracting procurement method.

**Project summary statement:**

The City of Everett intends to implement control access management systems for the numerous downtown and park restroom facilities located throughout the City's parks system and downtown areas. These changes will provide automatic access controls for the doors to each restroom allowing staff to remotely program access hours for the facilities. It will also include visual and audio deterrents to prevent vandalism and after-hour access to the facilities.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance creating a Special Improvement Project entitled "Park and Downtown Restrooms Access Control Project", Fund 354, Program 105, and Fund 342, Program 048 to accumulate all costs for the project.



**ORDINANCE NO. \_\_\_\_\_**

**An Ordinance creating a special improvement project entitled “Park and Downtown Restrooms Access Control Project”, Fund 354, Program 105, and Fund 342, Program 048 to accumulate all costs for the project.**

**WHEREAS,**

- A.** The City Council recognizes the need to implement access control systems throughout the City Park and Downtown public restrooms.
- B.** The City Council recognizes the need for anti-vandalism and after-hour access control measures for public restrooms.
- C.** The City Council recognizes the need update and maintain public access to restroom facilities.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** A special improvement project is hereby established as Fund 354, Program 105, and Fund 342, Program 048 and shall be entitled “Park and Downtown Restrooms Access Control Project” to accumulate all costs for the project.

**Section 2.** Authorization is hereby given to accumulate costs and distribute payments from Fund 354, Program 105, and Fund 342, Program 048 for the special improvement project.

**Section 3.** Authorization is hereby granted to the Parks and Facilities Director, under the direction of the Mayor, to assume full and complete responsibility for conducting all tasks and all necessary steps to accomplish the actions authorized in this ordinance.

**Section 4.** The sum of \$350,000.00 is hereby appropriated to Fund 354, Program 105, and Fund 342, Program 048, “Park and Downtown Restrooms Access Control Project” as follows:

<b>A. Use of Funds</b>	
<u>Improvements</u>	<u>\$350,000</u>
Total	\$350,000
<b>B. Source of Funds</b>	
Fund 354, Program 105 (CIP-3)	\$300,000
<u>Fund 342, Program 048 (CIP-1)</u>	<u>\$ 50,000</u>
Total	\$350,000



**Section 5.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 6.** The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 7.** The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 8.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees or agents.

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Cassie Franklin, Mayor

ATTEST:

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City Clerk

PASSED: \_\_\_\_\_

VALID: \_\_\_\_\_

PUBLISHED: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_



**Project title:** Adopt an Ordinance Providing for the Issuance, Sale, and Delivery of One of More Series of Limited Tax General Obligation Bonds in an Aggregate Principal Amount Not to Exceed \$28,000,000.

**Council Bill #** *interoffice use*

CB 2502-17

**Agenda dates requested:**

Briefing, 1<sup>st</sup> Reading 03/05/25

2<sup>nd</sup> Reading 03/12/25

3<sup>rd</sup> Reading 03/19/25

Ordinance X

Public hearing

Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Ordinance

**Department(s) involved:**

Finance

**Contact person:**

Heide Brillantes, Finance Director

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**Initialed by:**

HB

Department head

Administration

Council President

**Project:** 2025 Limited Tax General Obligation Bonds

**Partner/Supplier:** NA

**Location:** NA

**Preceding action:** NA

**Fund:** Capital Improvement Reserve Fund 162 and Bond Redemption Fund 210

**Fiscal summary statement:**

The total principal amount is not to exceed \$28,000,000. The debt service for the bond issue is funded through the Capital Improvement Reserve Fund 162, with primary revenue sources coming from the first quarter percent of the Real Estate Excise Tax (REET 1) and Local Infrastructure Financing Tool (LIFT) proceeds. The payments for the debt service are recorded in the Bond Redemption Fund 210

**Project summary statement:**

The issuance, sale, and delivery of one or more series of limited tax general obligation bonds provide funds to (1) pay or reimburse the costs of various projects including the Everett Municipal Building Project, Riverfront Trail Improvement Project, Eclipse Mill Park Improvement Project, and the Edgewater Bridge Improvement Project, and (2) to pay the costs of issuance of the bonds.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance Providing for the Issuance, Sale, and Delivery of One of More Series of Limited Tax General Obligation Bonds in an Aggregate Principal Amount Not to Exceed \$28,000,000.

CITY OF EVERETT, WASHINGTON

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

AN ORDINANCE of the City of Everett, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of one or more series of limited tax general obligation bonds in an aggregate principal amount not to exceed \$28,000,000 to provide funds (1) to pay or reimburse the costs of various Projects, including the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, the LIFT Parks & Trails Improvements, and other capital improvements, and (2) to pay the costs of issuance of the Bonds; fixing or setting parameters with respect to certain terms and covenants of the Bonds; appointing the City's designated representative to approve the Sale Terms of the sale of each Series of the Bonds; and providing for other related matters.

Passed March \_\_, 2025

*This document prepared by:*

*Stradling Yocca Carlson & Rauth LLP  
Seattle, Washington*

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CITY OF EVERETT, WASHINGTON

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

AN ORDINANCE of the City of Everett, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of one or more series of limited tax general obligation bonds in an aggregate principal amount not to exceed \$28,000,000 to provide funds (1) to pay or reimburse the costs of various Projects, including the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, the LIFT Parks & Trails Improvements, and other capital improvements, and (2) to pay the costs of issuance of the Bonds; fixing or setting parameters with respect to certain terms and covenants of the Bonds; appointing the City's designated representative to approve the Sale Terms of the sale of each Series of the Bonds; and providing for other related matters.

BE IT ORDAINED BY THE CITY OF EVERETT as follows:

Section 1. Findings and Determinations. The City takes makes the findings and determinations set forth below. Capitalized terms have the meanings given in Section 2.

(a) *Authority and Description of Projects.* The City is in need of completing the Projects (as defined in Section 2), the total expected cost of which is estimated to be approximately \$77.1 million, which is expected to be paid from proceeds of the Bonds and other available money of the City. Because the City does not have sufficient funds currently available and budgeted for these Projects, the City Council finds that it is in the best interests of the City to issue the Bonds to carry out the Projects. Pursuant to applicable law, including without limitation chapters 35.37, 35.40, 39.36, 39.44, 39.46, and 39.52 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Projects.

(b) *Findings with Respect to LIFT Bonds.* The City previously passed Ordinance No. 2997-07, creating the Everett Riverfront Revenue Development Area and received approval on September 13, 2007 from the Community Economic Revitalization Board to use the Local Infrastructure Financing Tool under chapter 39.102 RCW to finance certain public improvements within the Revenue Development Area (the "LIFT Public Improvements"), which included the LIFT Parks & Trails Improvements (as defined in Section 2). In Ordinance No. 3539-17, passed on April 12, 2017, the City Council found that the City had satisfied all statutory preconditions to imposing the LIFT Tax (including without limitation, the conditions set forth in RCW 39.102.040 and 82.14.475) and began imposing the local option sales and use tax under RCW 82.14.475, which constitutes the State Contribution under the LIFT Program. On March 5, 2025, the City Council approved Resolution No. \_\_, declaring its intent to issue general obligation bonds pursuant to RCW 39.102.150 after an opportunity for public comment. Pursuant to RCW 39.102.150, the City is authorized to issue general obligation bonds for the purpose of financing the LIFT Public Improvements. The City hereby dedicates the LIFT Revenues and revenues from other local public sources to retiring such indebtedness.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$28,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes (i.e., for collection in the calendar year 2025) is \$27,847,087,386.

(2) As of the date of this ordinance, the City has limited tax general obligation indebtedness, consisting of bonds, notes, public works trust fund loans and City guarantees outstanding in the principal amount of \$18,503,523, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(3) As of the date of this ordinance, the City has no unlimited tax general obligation indebtedness incurred with the approval of the requisite proportion of the City's qualified voters at an election meeting the minimum turnout requirements, within the limit of up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness), 2½% for utility purposes and 2½% for open space, parks and economic development purposes.

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Projects and to pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell one or more Series of the Bonds to the Purchaser of each Series, pursuant to the terms set forth in one or more Bond Purchase Agreements, as approved by the City's Designated Representative consistent with this ordinance.

## Section 2. Definitions.

(a) Defined Terms. As used in this ordinance, the following definitions shall apply unless a different meaning clearly appears from the context:

(1) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series.

(2) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(3) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(4) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth LLP, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(5) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds pursuant to certain Sale Terms, setting forth certain terms and conditions of the issuance, sale and delivery of such Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser's bid and the award by the City, and a certificate of the Designated Representative confirming the Sale Terms shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(6) “*Bond Redemption Fund*” means Fund 210-Bond Redemption Fund of the City previously created and maintained for the payment of the principal of and interest on the Bonds and other outstanding limited tax general obligation bonds of the City.

(7) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(8) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(9) “*Bonds*” means the general obligation bonds authorized to be issued pursuant to this ordinance in one or more Series, consisting of the LIFT Bonds and the Various Purpose Bonds.

(10) “*Book-Entry Form*” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(11) “*Bridge Improvements*” means the repair or replacement of the Edgewater Bridge, which spans Edgewater Creek on West Mukilteo Boulevard between Everett and Mukilteo, including seismic improvements, sidewalks, multimodal lanes for pedestrian and bicycle traffic, and design elements including railings, lighting, accessibility, safety, and related improvements.

(12) “*City*” means the City of Everett, Washington, a municipal corporation duly organized and legally existing as charter city of the first class under the laws of the State.

(13) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(14) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated from time to time thereunder.

(15) “*Continuing Disclosure Certificate*” means the undertaking to provide continuing disclosure executed by the Finance Director pursuant to Section 16 of this ordinance in order to permit the underwriter or successful bidder for the Bonds to comply with Rule 15c2-12.

(16) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(17) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(18) “*Everett Municipal Building Project*” means the project to upgrade to the Everett Municipal Building and to undertake certain tenant improvements and critical system replacements. The Everett Municipal Building Project includes the repair, renovation, remodeling, installation, replacement, or other improvements to the building infrastructure, roof, elevators, HVAC systems, electrical distribution and lighting controls, fire protection systems, emergency generators, domestic hot water systems, plumbing and plumbing fixtures, renovations to enhance the functionality and efficiency of useable floor space, and related improvements.

(19) “*Finance Director*” means the person who holds the office of Finance Director of the City, or such successor officer as may be charged with carrying out all or substantially all of the duties of the office of Finance Director-Treasurer under the City Charter.

(20) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(21) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(22) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(23) “*Letter of Representations*” means a Blanket Issuer Letter of Representations between the City and DTC, on file with DTC and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(24) “*LIFT*” or “*LIFT Program*” means the local infrastructure financing tool authorized under chapter 39.102 RCW.

(25) “*LIFT Bonds*” means a Series of the Bonds issued to provide funds to pay all or a portion of the costs of the LIFT Public Improvements.

(26) “*LIFT Public Improvements*” means those improvements approved as part of the LIFT Program application, as set forth in Ordinance No. 2997-07 of the City, which includes the LIFT Parks & Trails Improvements.

(27) “*LIFT Parks & Trails Improvements*” means the public amenities, urban parks, wetland enhancements, and trails improvements known as the Eclipse Mill Park project, including riverbank stabilization, waterside amenities (which may include improvements such as a river overlook deck, gangway, personal watercraft floating boarding dock, and debris deflector), development of an access trail in the lowland park area, and other improvements public access and enjoyment of the park, and other infrastructure improvements located within the RDA, consistent with the City’s application for the LIFT Program, as it may be amended from time to time.

(28) “*LIFT Revenues*” means the revenues derived by the City from implementation of the LIFT Program, including but not limited to the State Contribution received as a result of imposing the sales and use tax under RCW 82.14.475.

(29) “*MSRB*” means the Municipal Securities Rulemaking Board.

(30) “*Official Statement*” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(31) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(32) “*Project Fund*” means collectively or individually, depending on context (1) with respect to the LIFT Parks & Trails Improvements, the City’s Fund 308–Riverfront District Development, which has been designated for the purpose of carrying out the LIFT Public Improvements; and (2) with respect to the other Projects, the City’s Fund 342–City Facilities Construction Fund, Fund 303–Public Works Improvement Project Fund, and Fund 354–Parks CIP 3 Construction Fund, which have been designated for the purpose of carrying out the Everett Municipal Building Project, the Bridge Improvements, and the Riverfront Trail Improvements, respectively.



(33) “*Projects*” means, collectively, the LIFT Parks & Trails Improvements, the Everett Municipal Building Project, the Bridge Improvements, the Riverfront Trail Improvements, and other capital purposes identified by ordinance, all as deemed necessary and advisable by the City. The City Council reserves the right to amend this ordinance to make such changes in or additions to the Projects (including changes to the construction or design of other City facilities) as may be found necessary or desirable. Incidental costs incurred in connection with carrying out and accomplishing the Projects may be included as costs of the Projects. The Projects include acquisition, construction, and installation of all necessary furniture, equipment, apparatus, accessories, fixtures, and appurtenances. The Projects may also include the costs of design, engineering, permitting, acquisition of land, construction, installation, site clearing or preparation, demolition, and other costs necessary to construction of the proposed improvements. The term “land,” when used in connection with the Projects, includes all real property and all appurtenant improvements, structures, and interests therein.

(34) “*Purchaser*” means a corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(35) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(36) “*RDA*” or “*Revenue Development Area*” means the geographic area adopted by the City pursuant to chapter 39.102 RCW, regarding local infrastructure financing under the LIFT Program.

(37) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(38) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(39) “*Riverfront Trail Improvements*” means, to the extent not included as part of the LIFT Public Improvements, the Riverfront Trail Improvement project, which includes relocating a section of the existing trail that is being eroded by the Snohomish River, along with the other necessary major trail repairs to ensure safety, accessibility, and sustainability of the trail system.

(40) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(41) “*Sale Terms*” means the terms and conditions for the sale of a Series of the Bonds including but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms, conditions or covenants. The parameters for certain Sale Terms are set forth in Exhibit A.

(42) “*SEC*” means the United States Securities and Exchange Commission.

(43) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(44) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

(45) “*State*” means the State of Washington.

(46) “*State Contribution*” has the meaning given in RCW 39.102.020(29).

(47) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in chapter 3.18 of the Everett Municipal Code and in this ordinance.

(48) “*Taxable Bond*” means any Bond the interest on which is not intended, as of the Issue Date, to be excludable from gross income for federal income tax purposes.

(49) “*Tax-Exempt Bond*” means any Bond the interest on which is intended on the Issue Date to be excludable from gross income for federal income tax purposes.

(50) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

(51) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 15 of this ordinance.

(52) “*Various Purpose Bonds*” means the Series of Bonds issued to provide the funds to pay the costs of the Projects other than the LIFT Public Improvements.

(b) *Rules of Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision, or clause hereof. The term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance.

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(4) Any headings preceding the text of the several articles and Sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect.

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 3. Authorization of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation improvement bonds evidencing indebtedness in one or more Series in an aggregate principal amount not to exceed \$\_\_\_\_\_ to provide funds necessary to carry out the Projects, and to pay the costs of issuance and sale of the Bonds. The proceeds of the Bonds allocated to paying the cost of the Projects shall be deposited as

set forth in Section 8 of this ordinance and shall be used to carry out the Projects, or such portion of the Projects, in such order of time as the City determines is advisable and practicable.

Section 4. Description of the Bonds; Appointment of Designated Representative. The Finance Director is appointed to act as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in one or more Series, in the manner and upon the terms deemed most advantageous to the City, and to approve the Sale Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Only Form.* If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as

provided in this ordinance. Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing such officer's manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall it be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is one of the fully registered City of Everett, Washington, Limited Tax General Obligation Bonds, 2025 [Series \_\_\_\_]." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Bond Redemption Fund.

(a) *Creation of Bond Redemption Fund.* Fund 210-Bond Redemption Fund has been previously created as a special fund of the City for the sole purpose of paying principal of and interest on the limited tax general obligation bonds of the City. The Finance Director may create such subfunds or accounts as may be necessary for the separate tracking of each Series of the Bonds. Bond proceeds (if any) in excess of the amounts needed to pay the costs of the Projects, and to pay the

costs of issuance shall be deposited into the Bond Redemption Fund and used on the first interest payment date.

(b) *Deposit of Funds for Debt Service.* All amounts from whatever source allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Redemption Fund as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Redemption Fund. Until needed for that purpose, the City may invest money in the Bond Redemption Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Redemption Fund and used for the purposes of that Fund.

(c) *Deposit of LIFT Revenues.* All LIFT Revenues and other amounts allocated to the payment of the principal of and interest on the LIFT Bonds shall be deposited in the Bond Redemption Fund (or such subfund or account therein as the Finance Director may designate for the benefit of the LIFT Bonds) as necessary for the timely payment of amounts due with respect to the LIFT Bonds.

Section 9. Use of Bond Proceeds; Project Funds. Fund 30-Riverfront District Development Fund, Fund 354-Parks CIP 3 Construction, Fund 342-City Facilities Construction, and Fund 303-Public Works Improvement Project Funds of the City have been designated by the City as the Project Funds to be used for the purpose of paying the costs of the Projects. Proceeds received from the sale and delivery of the Bonds and allocated to carrying out the Projects shall be deposited into the applicable Project Fund and used to pay the respective costs of the Projects and to pay the costs of issuance of the Bonds, if necessary. Implementation or completion of any specified project or improvement shall not be required if the City determines that, due to substantially changed circumstances, it has become advisable or impractical. If the Projects are completed (or their completion duly provided for) by another source of funds, or if their completion found to be impractical, the City may apply the Bond proceeds or any portion thereof or to other capital improvements of the City as the City Council in its discretion may direct. Notwithstanding the foregoing, proceeds of the LIFT Bonds shall be applied only to capital improvements that are LIFT Public Improvements. If the Bond proceeds, plus other legally available funds, are insufficient to accomplish all of the Projects, the City may use the available funds for paying the cost of such portion of the Projects deemed by the Council most necessary and in the best interest of the City. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that Fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 10. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* Each Series of the Bonds shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Contract. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments

for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds within a Series are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Redemption Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

#### Section 11. Pledge of Taxes.

(a) *General Obligation Pledge.* The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters,

include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

(b) *Additional Pledge of LIFT Revenues.* In addition to the general obligation pledge, above, the proceeds received by the City of sales and use tax authorized under RCW 82.14.475, imposed, collected and dedicated by Ordinance No. 3539-17 of the City, which amounts comprise the State Contribution portion of the LIFT Revenues, are pledged, as necessary, to the payment of those Bonds (or series of Bonds) designated as LIFT Bonds. For purposes of RCW 82.14.475 and chapter 39.102 RCW, the pledge herein of taxes from local sources other than the State Contribution portion of the LIFT Revenues to the repayment of the LIFT Bonds shall be deemed to be a dedication of such funds to the payment of public improvement costs (as defined in RCW 39.102.020) and shall be counted toward the local match requirement of RCW 39.102.020(30)(b).

Section 12. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Redemption Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 14. Federal Tax Matters.

(a) *Tax-Exempt Bonds.* The Sale Terms and other documents executed in conjunction with the sale of the Bonds (or a Series of the Bonds) may include such additional terms and covenants relating to federal tax matters as the Finance Director deems necessary or appropriate, including the following:

(1) *Preservation of Tax Exemption for Interest on Tax-Exempt Bonds.* The City covenants that if it determines to sell the Bonds (or any series of the Bonds) as Tax-Exempt Bonds, it will take all actions necessary to prevent interest on those Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of those Tax-Exempt Bonds or other funds of the City treated as proceeds of those Tax-Exempt Bonds that will cause interest on those Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds (or a series thereof), take all actions necessary to comply (or to be treated as having complied) with those requirements.

(2) *Post-Issuance Compliance with Federal Tax-Exempt Bond Requirements.* The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

(b) *Taxable Bonds.* Notwithstanding the foregoing, nothing herein prevents the Finance Director from determining that the Bonds, or a series of the Bonds, is to be issued as Taxable Bonds.

Section 15. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale, private placement, or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Sale Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement.* If the designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for such Series shall set forth the Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Sale Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of the Series shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase the Series, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems



it to be in the City's best interest to do so. If all bids are rejected, the Series may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* Each Series of the Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Series.

Section 16. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to him or her, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser acting as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for a Series of the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of a Series of the Bonds in substantially the form attached as Exhibit B.

Section 17. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the City.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

(c) To impose upon the Bond Registrar (or a bond trustee, if any), with its consent, any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(d) To confirm, as further assurance, any pledge under this ordinance (and the subjection to any claim, lien or pledge created or to be created by this ordinance) of any other money, securities or funds;

(e) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(f) To amend or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Bonds; and

(g) To maintain the exclusion from gross income of the interest on the Tax-Exempt Bonds from federal income taxation in light of a change or proposed change in federal law, regulations, rulings, or administrative orders.

Section 18. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 19. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 20. Effective Date of Ordinance. This ordinance shall be effective fifteen days after it becomes valid pursuant to Section 3.4 of the City Charter.

PASSED by the City Council of the City of Everett, Washington, at a regular open public meeting thereof, this \_\_\_\_ day of March, 2025, and signed in authentication of its passage this \_\_\_\_ day of March, 2025.

CITY OF EVERETT, WASHINGTON

By \_\_\_\_\_  
Mayor

Attest:

APPROVED AS TO FORM

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

By \_\_\_\_\_  
Stradling Yocca Carlson & Rauth LLP  
Bond Counsel to the City

DATE OF PUBLICATION:

EFFECTIVE DATE:

**EXHIBIT A**  
**PARAMETERS FOR SALE TERMS**

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- |     |                           |  |
|-----|---------------------------|--|
| (a) | Principal Amount.         | The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$28,000,000.   |
| (b) | Date or Dates.            | Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance.   |
| (c) | Denominations, Name, etc. | The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and bearing such name (including any series or additional designation) as deemed necessary or appropriate by the Designated Representative.   |
| (d) | Interest Rate(s).         | Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. The true interest cost to the City for each Series of the Bonds may not exceed 5.25%.  |
| (e) | Payment Dates.            | Interest shall be payable semiannually on dates acceptable to the Designated Representative. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity (or in mandatory redemption installments) on dates acceptable to the Designated Representative.  |
| (f) | Final Maturity.           | The Bonds shall mature no later than December 1, 2045.   |
| (g) | Redemption Rights.        | <p>The Designated Representative may approve in the Bond Purchase Agreement for each Series provisions for the optional and mandatory redemption of the Bonds of such Series, subject to the following:</p> <p>(1) <u>Optional Redemption.</u> Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Tax-Exempt Bond is subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.</p> |

- (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.
- (h) Price. The purchase price for each Series of the Bonds may not be less than 98.0% or more than 135.0% of the stated principal amount of that Series.
- (i) Other Terms and Conditions.
- (1) *Debt Capacity Not Exceeded.* A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.
- (2) *Reasonably Expected Life.* As of the Issue Date of each Series, the Designated Representative must find to the Designated Representative's satisfaction that the average expected life of the capital facilities or assets to be financed with the proceeds (or allocable share of proceeds) of that Series exceeds the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (3) *Federal Tax Status of the Bonds.* The Designated Representative may designate any Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds, consistent with Section 14 of this ordinance.
- (4) *Additional Terms, Conditions, and Agreements.* The Sale Terms for any Series may provide for bond insurance or for any other credit enhancement as the Designated Representative may find necessary or desirable. The Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance of any of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider; and requirements to give notice to or obtain the consent of a credit enhancement provider. The Designated Representative is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.

## **EXHIBIT B**

**[Form of]**

### **UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE**

#### **City of Everett, Washington Limited Tax General Obligation Bonds, 2025[ ]**

The City of Everett, Washington (the “City”), makes the following written Undertaking for the benefit of holders of the above-referenced bonds (the “Bonds”), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance No. \_\_\_\_ of the City (the “Bond Ordinance”).

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b), provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City.

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the Bonds, if material; and (16) any default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a financial obligation of the City, any of which reflect financial difficulties.

For purposes of this Undertaking, the term “financial obligation” shall mean a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(i) Shall consist of (1) annual financial statements, which statements may or may not be audited, showing ending fund balances, prepared in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the Official Statement and described as follows: [*blank to be filled in based on the Official Statement*]; (2) the assessed valuation of taxable property in the City; (3) *ad valorem* taxes due and percentage of taxes collected; (4) property tax levy rate per \$1,000 of assessed valuation; and (5) outstanding general obligation debt of the City. Items (2) through (5) shall be required only to the extent that such information is not included in the annual financial statements of the City.

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2024; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City’s obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City’s obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any material failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director (or such officer's designee) is the person designated, in accordance with the Bond Ordinance, to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(v) Effecting any necessary amendment of this Undertaking.



## CERTIFICATION

I, the undersigned, City Clerk of the City of Everett, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. \_\_\_\_\_ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on March 5, 2025, as that ordinance appears on the minute book of the City.

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: March 5, 2025.

CITY OF EVERETT, WASHINGTON

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MARISTA JORVE  
City Clerk

**Project title:** Adopt an Ordinance Providing for the Issuance of One or More Series of Water and Sewer Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$181,000,000.

**Council Bill #** *interoffice use*

CB 2502-18

**Agenda dates requested:**

Briefing, 1<sup>st</sup> Reading 03/05/25

2<sup>nd</sup> Reading 03/12/25

3<sup>rd</sup> Reading 03/19/25

Ordinance X

Public hearing

Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Ordinance

**Department(s) involved:**

Finance

**Contact person:**

Heide Brillantes, Finance  
Director

**Phone number:**

(425) 257-8612

**Email:**

HBrillantes@everettwa.gov

**Initialed by:**

HB

Department head

Administration

Council President

**Project:** 2025 Water and Sewer Revenue Bonds

**Partner/Supplier:** NA

**Location:** NA

**Preceding action:** NA

**Fund:** Water & Sewer Utility Fund 401

**Fiscal summary statement:**

The total principal amount is not to exceed \$181,000,000. The debt service for the bond issue is funded through the Water & Sewer Utility Fund 401. The payments for the debt service are recorded in the Water & Sewer Utility Fund 401.

**Project summary statement:**

The issuance of one or more services of water and sewer revenue bonds provide funds to (1) pay or reimburse all or a portion of the costs of carrying out certain projects including the Port Gardner Storage Facility (PGSF) Project, PGSF West Marine View Drive Combined Conveyance Improvement Project, 36<sup>th</sup> Street Combined Sewer Outflow Control Project, and Water Pollution Control Facility (WPCF) Headworks Replacement Project, (2) to provide for meeting the debt service Reserve Requirement, if necessary, and (3) to pay the costs of issuance of the bonds.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance Providing for the Issuance of One or More Series of Water and Sewer Revenue Bonds in an Aggregate Principal Amount Not to Exceed \$181,000,000.

CITY OF EVERETT, WASHINGTON

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

AN ORDINANCE of the City of Everett, Washington, relating to the combined water, sanitary sewer, and storm and surface water drainage systems of the City (the “Water & Sewer System”); specifying, adopting and ordering the carrying out of a system or plan of additions to and betterments and extensions of the Water & Sewer System; providing for the issuance of one or more series of Water & Sewer Revenue bonds in an aggregate principal amount not to exceed \$181,000,000 for the purpose of providing funds necessary: (a) to pay or reimburse all or a portion of the costs of carrying out certain projects comprising a portion of the Plan of Additions, (b) to provide for meeting the debt service Reserve Requirement, if necessary, and (c) to pay the costs of issuance of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City’s designated representative to approve the Sale Terms for the bonds; and providing for other related matters.

Passed March \_\_, 2025

*This document prepared by:*

*Stradling Yocca Carlson & Rauth LLP  
Seattle, Washington*

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## **EXHIBITS**

EXHIBIT A.....	OUTSTANDING PARITY BONDS AND SUBORDINATE DEBT
EXHIBIT B.....	PARITY CONDITIONS
EXHIBIT C.....	PARAMETERS FOR BOND SALE TERMS
EXHIBIT D.....	DESCRIPTION OF PROJECTS
EXHIBIT E .....	FORM OF CONTINUING DISCLOSURE UNDERTAKING

CITY OF EVERETT, WASHINGTON

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

AN ORDINANCE of the City of Everett, Washington, relating to the combined water, sanitary sewer, and storm and surface water drainage systems of the City (the “Water & Sewer System”); specifying, adopting and ordering the carrying out of a system or plan of additions to and betterments and extensions of the Water & Sewer System; providing for the issuance of one or more series of Water & Sewer Revenue bonds in an aggregate principal amount not to exceed \$181,000,000 for the purpose of providing funds necessary: (a) to pay or reimburse all or a portion of the costs of carrying out certain projects comprising a portion of the Plan of Additions, (b) to provide for meeting the debt service Reserve Requirement, if necessary, and (c) to pay the costs of issuance of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City’s designated representative to approve the Sale Terms for the bonds; and providing for other related matters.

BE IT ORDAINED BY THE CITY OF EVERETT as follows:

Section 1.     Findings and Determinations. The City Council makes the findings and determinations set forth below. Capitalized terms have the meanings given in Section 2 of this ordinance.

(a)     *Combined Water & Sewer System.* Pursuant to chapter 35.67 RCW, the City now owns, operates and maintains the Water & Sewer System, currently consisting of its existing water system, sanitary sewer system, and storm and surface water drainage system, as they now exist, and including any and all additions, extensions and betterments to any of the foregoing.

(b)     *Outstanding Parity Bonds.* The City’s currently outstanding Parity Bonds payable from the Net Revenue are described in Exhibit A. The terms of the currently outstanding Parity Bonds permit the City to issue debt constituting a lien and charge upon the Net Revenue and ULID Assessments on parity with the lien and charge of the outstanding Parity Bonds if certain conditions (the “Parity Conditions”) are met.

(c)     *Plan of Additions.* The City specifies, adopts and orders the carrying out of the Plan of Additions, including the Projects intended to be financed with the proceeds of the Bonds. The aggregate estimated total cost of the Projects is more than \$332 million. The City does not have available sufficient funds from current resources, grants, and Government Loans to pay the costs and is in need of funds with which to finance the remaining costs of the Projects. The Projects shall be carried out in accordance with the plans and specifications therefor prepared by the City’s engineers and consulting engineers. The City Council may modify the details of the Projects where, in its judgment, it appears advisable if such modifications do not substantially alter the purposes of the Projects, or if such modifications provide funding to other elements described in the Plan of Additions, as then in effect. The cost of the Projects, including the cost of issuance and sale of the Bonds, shall be paid from the proceeds of the Bonds and from other money available to the Water & Sewer System, including current resources, grants and loans. The average expected useful life of the Projects exceeds the maximum maturity of the Bonds authorized herein.

(d) *Due Regard for Sufficiency of Gross Revenue.* The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the Water & Sewer System at the rates to be charged for services from the Water & Sewer System will be more than sufficient to meet all Costs of Maintenance and Operation and to permit the setting aside into the Revenue Bond Fund out of the Gross Revenue amounts sufficient to pay the principal of and interest on the Bonds and the outstanding Parity Bonds, when due. The City Council declares that in fixing the amounts to be paid into the Revenue Bond Fund under this ordinance it has exercised due regard for Costs of Maintenance and Operation and has not obligated the City to set aside and pay into the Revenue Bond Fund a greater amount of Gross Revenue of the Water & Sewer System than in its judgment will be available over and above such Costs of Maintenance and Operation.

(e) *Issuance and Sale of the Bonds.* For the purposes described in Section 3 of this ordinance, the City Council finds that it is in the best interests of the City and its ratepayers to issue and sell the Bonds pursuant to Sale Terms approved by the City's Designated Representative consistent with this ordinance.

## Section 2. Definitions.

(a) *Defined Terms.* As used in this ordinance, the following definitions shall apply unless a different meaning clearly appears from the context:

(1) *"Accreted Value"* means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the ordinance authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to bonds designated as "original issue discount bonds" in conjunction with their original issuance, as of the date of calculation, the amount representing the initial public offering price of such original issue discount bonds plus the amount of discounted principal that has accreted since the date of issue. In each case, the Accreted Value shall be determined in accordance with the provisions of the ordinance authorizing the issuance of such Capital Appreciation Bonds.

(2) *"Annual Debt Service"* means the total amount of Debt Service for any Parity Bond or series of Parity Bonds or other Subordinate Debt, depending on context, that is payable from Gross Revenue in any fiscal year or other Base Period. Annual Debt Service shall be calculated net of any federal subsidy legally available to pay the principal of or interest on those Parity Bonds (or other indebtedness) in the year of calculation. For purposes of calculating the Reserve Requirement, demonstrating satisfaction of the Rate Covenant, or delivering a certificate required by the Parity Conditions, calculations of Annual Debt Service shall include all Parity Bonds outstanding at the time of such calculation, excluding Subordinate Debt and those maturities of Parity Bond debt that have been or are to be redeemed or defeased as of the date of the calculation. If the calculation is performed in connection with the issuance of Future Parity Bonds, the calculation date may be deemed to be the issue date of such Future Parity Bonds.

(3) *"Assessment Bonds"* means the principal portion of any issue of Parity Bonds allocated to the financing of improvements within a ULID. The allocation shall be determined as of the issue date of each series of Parity Bonds (and as of any date on which any Parity Bonds are redeemed, defeased or purchased), and the total amount so allocated shall be equal to the principal amount of ULID Assessments on the final assessment roll for that ULID remaining unpaid as of that date. Assessment Bonds shall be allocated *pro rata* to each maturity within a series of Parity Bonds. Upon redemption, defeasance or purchase of all or a portion of a series of Parity Bonds that includes

an allocation of Assessment Bonds, the amount of Assessment Bonds remaining outstanding shall be reduced on a *pro rata* basis with bonds that are not deemed Assessment Bonds.

(4) “*Authorized Denomination*” means \$5,000 or any integral multiple thereof within a maturity of a Series unless otherwise specified by the Designated Representative in approving the Bond Sale Terms.

(5) “*Average Annual Debt Service*” means, as of its date of calculation, the sum of the Annual Debt Service for the applicable Base Period, depending on context, and the remaining years to the last scheduled maturity, divided by the number of those years. For purposes of computing the Reserve Requirement, the estimated amount of bonds to be redeemed prior to maturity may be taken into account if required under federal arbitrage regulations. Unless otherwise specified, Average Annual Debt Service for all outstanding Parity Bonds shall be calculated based on the aggregate Annual Debt Service of all Parity Bonds then outstanding, without regard to series.

(6) “*Balloon Maturity Bonds*” means any evidences of indebtedness of the City payable from Gross Revenue that are so designated pursuant to the ordinance authorizing such indebtedness to be incurred.

(7) “*Base Period*” means a fiscal year, calendar year, or Bond Year, depending on context. For purposes of a certificate delivered to demonstrate compliance with the Parity Requirement, “Base Period” means any consecutive 12-month period out of the 36-month period next preceding the date of issuance of the proposed Future Parity Bonds.

(8) “*Beneficial Owner*” means, with respect to a Bond or the Parity Bonds (depending on context), the owner of any beneficial interest in that Bond or Parity Bond.

(9) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(10) “*Bond Counsel*” means the firm of Stradling Yocca Carlson & Rauth LLP, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(11) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds pursuant to certain Sale Terms, setting forth certain terms and conditions of the issuance, sale and delivery of such Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City, and a certificate of the Designated Representative confirming the Sale Terms shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(12) “*Bond Redemption Subaccount*” means the “Fund 401–Water & Sewer Utility Fund” created in the office of the Finance Director for the sole purpose of paying and securing the payment of the principal of, premium, if any, and interest on the Parity Bonds, including principal of Term Bonds due on scheduled mandatory redemption dates.

(13) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(14) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(15) “*Book-Entry Form*” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as

Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(16) “*Capital Appreciation Bonds*” means any series of Future Parity Bonds, all or a portion of the interest on which is compounded, accumulated, and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. A series of Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. Beginning on the date on which such Future Parity Bonds (or portion thereof) are no longer deemed to be Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

(17) “*City*” means the City of Everett, Washington, a municipal corporation duly organized and legally existing as charter city of the first class under the laws of the State.

(18) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

(19) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated from time to time thereunder.

(20) “*Common Reserve Subaccount*” means the subaccount previously created in the office of the Finance Director known as “Fund 401–Water & Sewer Utility Fund” and maintained for the purpose of securing the payment of the principal of and interest on the Covered Bonds.

(21) “*Construction Fund*” means the City’s Fund 336—Water/Sewer System Improvement Projects Fund or such other fund, subfund, or account within the Water & Sewer System Fund as may be designated by the Finance Director for paying or reimbursing the costs of carrying out the Projects and paying the costs of issuance of the Bonds.

(22) “*Contract Resource Obligation*” means an obligation of the City, designated as a Contract Resource Obligation in accordance with Section 19 of this ordinance, to make payments for water, sanitary sewer, and storm and surface water drainage system facilities, commodities, or services to another person or entity (including without limitation any Separate Utility System).

(23) “*Costs of Maintenance and Operation*” means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expense with respect to the System, but excludes depreciation, payments for debt service or into Reserve Accounts, costs of capital additions to or replacements of the System, municipal taxes, or payments to the City in lieu of taxes.

(24) “*Coverage Stabilization Account*” means the account of that name maintained pursuant to Section 15 of this ordinance.

(25) “*Covered Bonds*” means the Outstanding Parity Bonds and such Future Parity Bonds as may be designated by the Designated Representative, pursuant to the ordinance authorizing their issuance, as Covered Bonds secured by the Common Reserve Subaccount. In approving the Sale Terms for the Bonds (or any Series of the Bonds), the City’s Designated Representative is authorized to designate the Bonds as Covered Bonds if it appears to such official that such designation is in the best interests of the City and its ratepayers.

(26) “*Credit Facility*” means policy of municipal bond insurance (including Qualified Insurance), a letter of credit, surety bond, line of credit, guarantee, or other financial instrument (which may be a Qualified Reserve Security) or any combination of the foregoing, which



obligates a third party to make payment or provide funds for the payment of financial obligations of the City. There may be one or more Credit Facilities outstanding at any time.

(27) “*Debt Service*” on Parity Bonds means, for any period of time:

(i) With respect to any outstanding Capital Appreciation Bonds that are not designated as Balloon Maturity Bonds, the principal amount shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(ii) With respect to any outstanding Fixed Rate Bonds, an amount equal to (A) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, plus (B) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (C) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the ordinance authorizing such Fixed Rate Bonds; and

(iii) With respect to all other series of Parity Bonds other than Fixed Rate Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed to provide for essentially level annual debt service of principal and interest over such period, using the following assumptions:

(A) The principal amount of such bonds, as of the date of such computation, shall be amortized in accordance with the mandatory redemption provisions, if any, approved by the City in conjunction with the issuance of such Parity Bonds or, if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance; and

(B) The interest rate for the Base Period utilized in such calculation shall be determined as follows: (I) if such bonds have been outstanding for at least 12 months as of the date of calculation, assume that the such bonds bear interest at the higher of (i) the actual rate borne by those bonds on the date of calculation, or (ii) the average rate borne by the Parity Bonds over the 12 months immediately preceding the date of calculation; and (II) if such bonds have been outstanding for less than 12 months (or are not yet outstanding) as of the date of calculation, assume that the such bonds bear interest at the higher of (i) the actual rate borne by such bonds on the date of calculation, or (ii)(a) for Tax-Exempt Bonds, the average rate set forth on the Securities Industry and Financial Markets Association Municipal Swap Index over the 12-month period immediately preceding the date of calculation, or (b) for Taxable Bonds, the average rate on direct obligations of (or obligations unconditionally guaranteed by) the United States of America over the 12 months immediately preceding the date of calculation, with maturities comparable to the rate reset period for such Taxable Bonds.

(iv) In addition, Debt Service on Parity Bonds shall be calculated net of any principal and/or interest funded out of proceeds of Parity Bonds; shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance, and shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that

the City has provided in conjunction with their issuance that the bond anticipation notes will be funded with the proceeds of Future Parity Bonds.

(28) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

(29) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(30) “*Finance Director*” means the person who holds the office of Finance Director of the City, or such successor officer as may be charged with carrying out all or substantially all of the duties of the office of Finance Director-Treasurer under the City Charter.

(31) “*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(32) “*Fixed Rate Bonds*” means those Parity Bonds with respect to which the rate of interest is fixed and determinable through their final maturity or for a specified period of time. If so provided, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

(33) “*Future Parity Bond Authorizing Ordinance*” means an ordinance of the City authorizing the issuance of Future Parity Bonds.

(34) “*Future Parity Bonds*” means any and all revenue bonds or other obligations of the Water & Sewer System issued or incurred after the Issue Date of the Bonds, the payment of the principal of and interest on which constitutes a charge or lien on the Net Revenue and ULID Assessments equal in rank with the charge and lien upon such revenue and assessments required to be paid into the Revenue Bond Fund to pay and secure the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

(35) “*Government Loans*” means any State or federal loans entered into at any time that are payable by the City solely from the Net Revenue of the Water & Sewer System on a basis subordinate to the lien and charge of the Parity Bonds and constituting Subordinate Debt. The currently outstanding Government Loans are identified in Exhibit A.

(36) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended, and which are otherwise legal investments of the City at the time of such investment.

(37) “*Gross Revenue*” or “*Revenue of the System*” means all of the earnings and revenues received by the City from the maintenance and operation of the Water & Sewer System; connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the Water & Sewer System; except as excluded below, investment earnings and income from investments of money in the Revenue Fund and the Revenue Bond Fund or from any other investment of Gross Revenue; and any federal or state reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation. Gross Revenue shall exclude: (i) federal or state grants, and gifts from any source allocated to capital projects; (ii) proceeds from the sale of Water & Sewer System property; (iii) City taxes collected by or through the System; (iv) principal proceeds of bonds (and earnings on such proceeds) invested in a trust, defeasance, or escrow fund created to defease or refund System obligations (until commingled with other earnings and revenues of the System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (v) local improvement district assessments including ULID Assessments; (vi) income and revenue which may not legally be pledged for revenue

bond debt service; (vii) payments under bond insurance or any other credit enhancement policy or device; (viii) insurance or condemnation proceeds used for the replacement of capital projects or equipment; and (ix) unless declined by a written election by the City's Designated Representative, any federal subsidy legally available to pay the principal of or interest on Parity Bonds. For purposes of determining compliance with the Rate Covenant, amounts withdrawn from the Coverage Stabilization Account shall increase the Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Revenue for the period during which they are deposited. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. If the City creates a Separate Utility System in accordance with Section 18 of this ordinance, revenue from such Separate Utility System shall be excluded from Gross Revenue.

(38) “*Independent Consultant*” means a professional, independent consultant experienced with municipal utilities of comparable size and character to the Water & Sewer System and in such areas as are relevant to the purpose for which he or she is being retained. Such a consultant shall be deemed independent if he or she is not an employee or officer of the City.

(39) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(40) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC on file with DTC, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(41) “*Maximum Annual Debt Service*” means, as of the date of calculation, the highest amount of Annual Debt Service that will come due in any fiscal year or Base Period for all outstanding Parity Bonds and, if required by context, for all Subordinate Debt.

(42) “*MSRB*” means the Municipal Securities Rulemaking Board.

(43) “*Municipal Advisor*” means PFM Financial Advisors LLC, or any other Municipal Advisor then appointed and acting as financial advisor to the City.

(44) “*Net Revenue*” means Gross Revenue, less Costs of Maintenance and Operation.

(45) “*Official Statement*” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(46) “*Outstanding Parity Bonds*” means those Parity Bonds that are outstanding at a given time. As of the date of this ordinance, the Outstanding Parity Bonds are identified in Exhibit A.

(47) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner of a Bond or of a Parity Bond, depending on context.

(48) “*Parity Bond Authorizing Ordinance*” means any ordinance authorizing the issuance of one or more series of Parity Bonds, including the ordinances identified in Exhibit A, this ordinance, and any Future Parity Bond Authorizing Ordinance.

(49) “*Parity Bonds*” means the Outstanding Bonds, the Bonds, and any Future Parity Bonds that may be issued in accordance with the Parity Conditions.

(50) “*Parity Conditions*” means the conditions for the issuance of Future Parity Bonds set forth in Exhibit B of this ordinance, which is incorporated by this reference.

(51) “*Parity Covenant Date*” means the date on which the Outstanding Parity Bonds described on Exhibit A to this ordinance (namely, the outstanding portions of the City’s Water & Sewer Revenue Bonds, 2013; Water & Sewer Revenue Bonds, 2015; Water & Sewer Revenue Refunding Bonds, 2016; and Water & Sewer Revenue and Refunding Bonds, 2023) are fully defeased or redeemed.

(52) “*Parity Requirement*” has the meaning given in the Parity Conditions set forth in Exhibit B of this ordinance and incorporated by this reference.

(53) “*Permitted Investments*” means any investment that, at the time of such investment, is permitted as legal investment for City funds under State law.

(54) “*Plan of Additions*” means the system or plan of additions and improvements to and betterments and extensions of the Water & Sewer System, described under the heading Comprehensive Plans, as set forth in the Comprehensive Sewer and Surface Water Plans of the City adopted and in effect from time to time (most recently, approved in the City’s Comprehensive Sewer Plan, dated December 17, 2014; and 2022 Surface Water Comprehensive Plan, dated March 30, 2022. The Plan of Additions also includes, but is not limited to, the Projects.

(55) “*Projects*” means those projects described in Exhibit D, or any other projects comprising a portion of the Plan of Additions. The City Council reserves the right to amend this ordinance to make such changes in or additions to the Projects (including changes to the construction or design of other facilities of the System) as may be found necessary or desirable. The Projects shall include acquisition by purchase, lease, or condemnation of all real or personal property, including any interest, right-of-way, or easement that may be found necessary to acquire, construct, install, or otherwise undertake the Projects. Incidental costs incurred in connection with carrying out and accomplishing the Projects, consistent with RCW 39.46.070, may be included as costs of the Projects.

(56) “*Purchaser*” means a corporation, firm, association, partnership, trust, bank, financial institution, or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, to serve as underwriter in a negotiated sale, or otherwise awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(57) “*Qualified Insurance*” means any non-cancelable municipal bond insurance policy or surety bond issued by an insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which issuer, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by any Rating Agency (e.g., Aaa or Aa), without regard to gradation within a category.

(58) “*Qualified Reserve Security*” means any Qualified Insurance or other Credit Facility (which may be in the form of reserve insurance, reserve surety, collateral, security, letter of credit, guaranty, surety bond, or similar credit enhancement device) providing for or securing the payment of all or part of the principal of and interest on Parity Bonds, issued by an institution which has been assigned a credit rating by a Rating Agency, at the time that such Reserve Security is obtained by the City, in one of the two highest rating categories (e.g., Aaa or Aa), without regard to gradations within those categories.

(59) “*Rate Covenant*” means, for any fiscal year (or other Base Period, as applicable by context), an amount of Net Revenue at least equal to 1.25 times the Annual Debt Service in that year on all Parity Bonds outstanding as of the calculation date, subtracting from Annual Debt Service the amount of ULID Assessments collected in such year in respect of Assessment Bonds. In determining compliance with the Rate Covenant, (i) Gross Revenue and Costs of Maintenance and Operation used to calculate Net Revenue may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit unrealized gains or losses in investments) to more fairly reflect the Water & Sewer System’s annual operating performance; (ii) absent a written election by a Designated Representative to the contrary, Debt Service shall be calculated net of any Tax Credit Subsidy or other federal subsidy legally available to pay the principal of or interest on Parity Bonds in the year of calculation; and (iii) Debt Service shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that the City provided in conjunction with their issuance that such bond anticipation notes would be funded with the proceeds of Future Parity Bonds.

(60) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(61) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9 of this ordinance.

(62) “*Registered Owner*” means, with respect to a Bond or the Parity Bonds (depending on context), the person in whose name that Bond is registered on the Bond Register. With respect to any Parity Bonds held in Book-Entry Form, Registered Owner shall mean the Securities Depository.

(63) “*Reserve Account*” means, as determined by context, the Common Reserve Subaccount created to secure payment of the Covered Bonds, and/or any other reserve subaccount created to secure payment of one or more Series of Parity Bonds.

(64) “*Reserve Requirement*” means a dollar amount to be calculated as follows:

(i) With respect to the Covered Bonds secured by the Common Reserve Subaccount, the Reserve Requirement shall be equal to the least of: (A) Maximum Annual Debt Service for all Covered Bonds, (B) 10% of the outstanding principal amount of each series of Covered Bonds then outstanding, and (C) 125% of Average Annual Debt Service for all Covered Bonds. In conjunction with the issuance of a series of Future Parity Bonds that are Covered Bonds, the dollar amount required to be contributed, if any, shall not be greater than the Tax Maximum and shall approved by the Finance Director in approving the Sale Terms for such Parity Bonds at an amount equal to the incremental amount needed to bring the balance in the Common Reserve Subaccount (or the subaccount therein securing the Covered Bonds) to the amount calculated in the preceding sentence, and may, in the Finance Director’s discretion, take into account the maximum amount payable under any Qualified Reserve Security. Once calculated, the Reserve Requirement shall remain in effect until the earlier of (i) at the City’s option, a payment of principal of Covered Bonds, or (ii) upon the issuance of a subsequent series of Future Parity Bonds that are Covered Parity Bonds.

(ii) With respect to any series of Parity Bonds that are not Covered Bonds, the Reserve Requirement (if any) shall be equal to the amount specified by the Finance Director in approving the Sale Terms for such Parity Bonds, which amount (if any) shall be deposited

and maintained in a subaccount within the Revenue Bond Fund that is held separate from the Common Reserve Subaccount securing the Covered Bonds.

(65) “*Revenue Bond Fund*” means, together, (i) the Bond Redemption Subaccount and (ii) the Common Reserve Subaccount.

(66) “*Revenue of the System*” means Gross Revenue.

(67) “*Revenue Fund*” means the Water & Sewer System Revenue Fund.

(68) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(69) “*Sale Terms*” means the terms and conditions for the sale of a Series of the Bonds including but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms, conditions or covenants. The parameters for certain Sale Terms are set forth in Exhibit C.

(70) “*SEC*” means the United States Securities and Exchange Commission.

(71) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(72) “*Separate Utility System*” means any water, sanitary sewer, and storm and surface water drainage systems, or other utility service or facilities that may be created, acquired or constructed by the City as provided in Section 18 of this ordinance.

(73) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this ordinance.

(74) “*State*” means the State of Washington.

(75) “*Subordinate Debt*” means any obligation of the Water & Sewer System that is payable from Net Revenue on a basis that is junior and inferior to the lien and charge on the Net Revenue in respect of the Parity Bonds.

(76) “*System*” means the Water & Sewer System.

(77) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in in chapter 3.18 of the Everett Municipal Code and in this ordinance.

(78) “*Tax Credit Subsidy Bond*” means any bond that is designated by the City as a type of tax credit bond authorized under the Code and which is further designated as a “qualified bond” under provisions of the Code providing for “direct-pay” tax credit bonds.

(79) “*Tax Credit Subsidy Payment*” means the federal subsidy amounts that may be requested as a tax credit payable by the United States Treasury in respect of any bonds issued as Tax Credit Subsidy Bonds.

(80) “*Tax Maximum*” means the maximum dollar amount permitted by the Code, to be allocated to a debt service Reserve Account from bond proceeds without requiring the balance to be invested at a restricted yield.

(81) “*Term Bond*” means a Parity Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the relevant Bond Purchase Agreement.

(82) “*ULID*” means any utility local improvement district now existing or hereafter created for the acquisition or construction of additions, extensions, or betterments of any portion of the Water & Sewer System, which additions, extensions, or betterments are financed through the issuance of Parity Bonds and the assessments in which are payable into the Revenue Bond Fund. As used in this ordinance, the term *ULID* does not include any utility local improvement district created for the financing of additions, extensions, or betterments by methods other than the issuance of Parity Bonds.

(83) “*ULID Assessments*” means the assessments levied in any *ULID*, including installment payments of any assessment as well as the interest and penalties (if any) thereon, less any prepaid assessments permitted by law to be paid into a construction fund or account.

(84) “*Undertaking*” means the written undertaking to provide continuing disclosure executed by the Finance Director pursuant to Section 24 of this ordinance in order to permit the underwriter or successful bidder for the Bonds to comply with Rule 15c2-12.

(85) “*Water & Sewer System*” consists of the water, sanitary sewer, and storm and surface water drainage systems of the City, as set forth in Section 14.16.010 of the Everett Municipal Code, including (1) the sanitary sewage collection and treatment system of the City, including facilities for the collection and disposal of storm water runoff, (2) the existing water supply and distribution system of the City, including the interest of the City in the water supply facilities constructed by Public Utility District No. 1 of Snohomish County pursuant to the Sultan River Project Agreement, as the foregoing Water & Sewer Systems now exist and together with all additions thereto and betterments and extensions thereof at any time made, and (3) including any other Water & Sewer Systems hereafter combined with the Water & Sewer System by ordinance of the City Council.

(86) “*Water & Sewer System Revenue Fund*” or “*Revenue Fund*” means that special fund of the City created by Section 6 of Ordinance No. 536-78, now known as “Fund 401–Public Works–Utilities” and shall include all cash and accounts therein.

(b) *Rules of Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision, or clause hereof. The term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance.

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(4) Any headings preceding the text of the sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect.

(5) All references herein to sections and other subsections or clauses are to the corresponding sections, subsection, or clauses hereof.

Section 3. Purpose and Authorization of the Bonds . For the purpose of (a) paying or reimbursing the costs of all or a portion of the costs of carrying out the Projects, (b) providing for meeting the debt service Reserve Requirement, if necessary, and (c) paying the costs of issuance of the Bonds, the City is authorized to issue Water & Sewer Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$181,000,000. The proceeds of the Bonds shall be deposited as set forth in Section 8 of this ordinance and shall be allocated to paying the respective costs of the Projects in such order of time as the City determines is advisable and practicable.

Section 4. Description of Bonds; Appointment of Designated Representative; Parity Certificate. The Finance Director is appointed to act as the Designated Representative of the City and is authorized and directed to conduct the sale of the Bonds in one or more Series, in the manner and upon the terms deemed most advantageous to the City, and to approve the Bond Sale Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit C, which is attached to this ordinance and incorporated by this reference. As a condition to delivery of the Bonds as Parity Bonds, the Designated Representative shall find, to such official's satisfaction, that the Parity Conditions as set forth in Ordinance Nos. 3313-13, 3518-16, and 3946-23 have been met or complied with.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds*. Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties*. The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange*. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Only Form*. If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to



any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance. Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bond; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing such officer's manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall it be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is one of the fully registered City of Everett, Washington, Water & Sewer Revenue Bonds, 2025 [Series \_\_\_\_]." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of the Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8.      Deposit and Use of Bond Proceeds.

(a) *Construction Fund Deposit; Investment and Use of Proceeds.* The proceeds of the Bonds, less the amount necessary to satisfy the Reserve Requirement applicable to the Bonds (if any) as set forth in subsection (b), shall be deposited in the Construction Fund and be used to pay the costs of issuance and sale of the Bonds and the costs of carrying out the Projects. Until needed to pay such costs, the City may invest those proceeds temporarily in any Permitted Investment, and the investment earnings shall be retained in the Construction Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Implementation or completion of any specified Project shall not be required if the City determines that, due to substantially changed circumstances, it has become advisable or impractical. If the Projects are completed (or their completion duly provided for) by another source of funds, or if their completion found to be impractical, the City may apply the Bond proceeds or any portion thereof or to other improvements to the Water & Sewer System, as the City Council in its discretion may direct. If the Bond proceeds, plus other legally available funds, are insufficient to accomplish all of the Projects, the City may use the available funds for paying the cost of such portion of the Projects deemed by the Council most necessary and in the best interest of the City.

(b) *Reserve Requirement.* On the Issue Date, if the Finance Director designates the Bonds as Covered Bonds, proceeds of the Bonds in an amount (if any) necessary to satisfy the Reserve Requirement in the manner and time as determined by the Finance Director and approved in the Sale Terms, may be deposited into the Common Reserve Subaccount or, in the discretion of the Finance Director, into a separate reserve subaccount created to secure the Bonds. In the Finance Director's discretion, the Finance Director may create such additional reserve subaccounts within the Revenue Bond Fund as may be required in respect of a series of Parity Bonds that are not Covered Bonds (if any).

Section 9.      Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* Each Series of the Bonds shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit C.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Contract. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds within a Series are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar

shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Revenue Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 10. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “Defeased Bonds”); (b) redeeming the Defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the Defeased Bonds in accordance with their terms, then all right and interest of the Owners of the Defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the Defeased Bonds shall cease and become void. Thereafter, the Owners of Defeased Bonds shall have the right to receive payment of the principal of and interest on the Defeased Bonds solely from the trust account and the Defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the Defeased Bonds to any lawful purpose. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or

defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 11. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Revenue Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 12. Pledge of Net Revenue and Lien Position. The Net Revenue and ULID Assessments are pledged irrevocably to the payment of the amounts required to be paid into the Revenue Bond Fund for the payment of the Bonds. The amounts so pledged to be paid into the Revenue Bond Fund from the Water & Sewer System Revenue Fund are hereby declared to be a lien and charge upon the Gross Revenue junior in lien to the Costs of Maintenance and Operation and equal to the lien of the charges upon such Net Revenue and ULID Assessments that have heretofore been made to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and which may hereafter be made upon the Net Revenue and ULID Assessments to pay and secure the payment of the principal of and interest on any Future Parity Bonds, and prior and superior to all other charges of any kind or nature whatsoever.

Section 13. Revenue Bond Fund; Payments into the Revenue Bond Fund.

(a) *Payments into Revenue Bond Fund.* The Revenue Bond Fund has previously been created in the office of the Finance Director and is composed of two subaccounts: the Bond Redemption Subaccount and the Common Reserve Subaccount. The Finance Director may create such additional accounts and subaccounts as may be convenient for the payment of the Parity Bonds and incorporate them as part of the Revenue Bond Fund, so long as the maintenance of such accounts does not conflict with the rights of the Owners of Parity Bonds.

(1) So long as any Parity Bonds are outstanding, the City covenants that all ULID Assessments (if any) shall be paid into the Revenue Bond Fund and that the City shall set aside and pay into the Revenue Bond Fund out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(i) Into the Bond Redemption Subaccount, on or before each interest (or principal and interest) payment date, an amount that will be sufficient, together with ULID Assessments and other money then on deposit therein, to pay the interest on and principal of (if any) the Parity Bonds then coming due and payable, including mandatory redemption amounts with respect to Term Bonds; and

(ii) Into the Common Reserve Subaccount (and into any separate reserve subaccount, if any, created in respect of any Parity Bonds that are not Covered Bonds), an amount necessary to satisfy the Reserve Requirements applicable to Bonds secured by such subaccounts in the time and manner required pursuant to subsection (c) of this section.

(2) When the total amount in the subaccounts in Revenue Bond Fund that are pledged to payment of the Parity Bonds equals the total amount of principal and interest with respect to all outstanding Parity Bonds to the last maturity thereof, no further payment need be made into those subaccounts in the Revenue Bond Fund.

(b) *Bond Redemption Subaccount.* For so long as any Parity Bonds are outstanding, the City covenants to maintain the Bond Redemption Subaccount for the payment of the Parity Bonds and to make deposits therein as set forth in subsection (a), above. If there is a deficiency in the Bond Redemption Subaccount to make the next upcoming payment of either principal or interest, that deficiency shall be made up from the Common Reserve Subaccount by the withdrawal of amounts necessary for that purpose.

(c) *Reserve Requirement.*

(1) *Designation as Covered Bonds and Establishment of Reserve Requirement.* In connection with the issuance of the Bonds and approval of the Sale Terms, the Finance Director shall determine whether to designate the Bonds (i) as Covered Bonds secured by the Common Reserve Subaccount, (ii) as Parity Bonds secured by a separate reserve subaccount, or (iii) as Parity Bonds not secured by a reserve subaccount. If the Bonds are not designated as Covered Bonds, any separate Reserve Requirement (if any) shall be established in the Bond Sale Terms set forth in the Bond Purchase Agreement.

(2) *Covered Bonds; Maintenance of Common Reserve Subaccount.* If the Finance Director determines to designate the Bonds as Covered Bonds, then for so long as the Bonds are outstanding, the City shall be required to maintain a balance in the Common Reserve Subaccount (including the value of all Reserve Securities held therein) at least equal to the Reserve Requirement, except for withdrawals as authorized in this subsection. The Reserve Requirement may be maintained by holding cash (which may be invested as set forth below), one or more Qualified Reserve Securities, Qualified Insurance, or a combination of the foregoing. In computing the amount on hand in the Common Reserve Subaccount, Qualified Reserve Securities or Qualified Insurance shall be valued at the face amount thereof. All other obligations purchased as an investment of money held in such subaccount shall be valued at cost. As used herein, the term “cash” shall include U.S. currency, cash equivalents, and evidences thereof, including demand deposits and certified or cashier’s checks. The deposit to the Common Reserve Subaccount may be satisfied initially by the transfer of qualified investments to such subaccount. In the event of any cancellation or termination of a Qualified Reserve Security or Qualified Insurance, the Common Reserve Subaccount shall be funded as if the Covered Bonds that remain outstanding on the date of such notice of cancellation or termination had been issued on that date. If the Bonds are designated as Covered Bonds, the Reserve Requirement must be satisfied in connection with the issuance of the Bonds and any Future Parity Bonds that are Covered Bonds, by any combination of: (i) a deposit of Bond proceeds on the issue date; (ii) the purchase of one or more Qualified Reserve Securities or Qualified Insurance on the issue date; and (iii) the deposit of Net Revenue, ULID Assessments, or other legally available money of the City in approximately equal annual installments (made no later than December 20 of each year) so that the Reserve Requirement is funded no later than five years after the issue date of the Bonds or of such Future Parity Bonds, as applicable.

(3) *Withdrawals from and Replenishment of Debt Service Reserve Subaccount(s).* On any principal or interest payment date in which there is a deficiency in the Bond Redemption Subaccount in respect of any Parity Bonds secured by the Common Reserve Subaccount or by a separate reserve subaccount, amounts sufficient to make up that deficiency shall be withdrawn from the Common Reserve Subaccount (or from the separate reserve subaccount, if applicable) (including by a draw on a Qualified Reserve Security or Qualified Insurance, if any) and shall be transferred to the Bond Redemption Subaccount. If, by reason of such withdrawal, the balance remaining in such reserve subaccount is insufficient to meet the Reserve Requirement for the Covered Bonds (or the reserve requirement established to secure Parity Bonds that are not Covered Bonds), such deficiency shall then be made up from the next available payments of Net Revenue and ULID Assessments after

making necessary provision for the required payments into the Bond Redemption Subaccount. Except for withdrawals described above, the money in the Common Reserve Subaccount (and in any other reserve subaccount that may be established) otherwise shall be held intact and may be applied against the last outstanding Parity Bonds. However, if at any time the Common Reserve Subaccount (or any subaccount) is fully funded, money in excess of the applicable Reserve Requirement shall be withdrawn and deposited, first, in any other subaccount having a deficiency in its Reserve Requirement, and second, at the option of the Finance Director, either in the Bond Redemption Subaccount and spent for the purpose of retiring Parity Bonds, or in into the Water & Sewer System Revenue Fund and spent for other lawful system purposes.

(d) *Investment of Money Deposited in Revenue Bond Fund.* All money in the Revenue Bond Fund may be kept in cash or shall be invested in Permitted Investments maturing not later than the date when needed (for investments in the Bond Redemption Subaccount) or the last maturity of any outstanding Parity Bonds (for investments in the Common Reserve Subaccount or other reserve subaccount). Income from investments in the Bond Redemption Subaccount shall be retained in and used for the purposes of that subaccount. Income from investments in the Common Reserve Subaccount (or other reserve subaccount) shall be retained in and used for the purposes of that subaccount until the amount therein is equal to the applicable Reserve Requirement, and thereafter shall be deposited in the Bond Redemption Subaccount or used for other Water & Sewer System purposes.

(e) *Action to Compel Payments.* The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds, or defeasance funds, to meet the required payments to be made into the Revenue Bond Fund. If the City fails to set aside and pay into the Revenue Bond Fund the amounts set forth above, the owner of any of the outstanding Parity Bonds may bring action against the City and compel the setting aside and payment, consistent with the rights and remedies set forth in Section 22 of this ordinance.

#### Section 14. Water & Sewer System Revenue Fund; Flow of Funds.

(a) *Revenue Fund.* The Water & Sewer System Revenue Fund has previously been established as a special fund of the City into which shall be deposited the Gross Revenue as collected, except the interest earned and income derived from investments of money in the Revenue Bond Fund and the accounts therein. The Water & Sewer System Revenue Fund shall be held separate and apart from all other funds and accounts of the City. Money in the Revenue Fund may be invested by the City in any investment that is a legal investment for the City.

(b) *Flow of Funds.* So long as any Parity Bonds are outstanding, the City covenants that all ULID Assessments (if any) shall be paid into the Revenue Bond Fund, and the Gross Revenue shall be deposited into the Water & Sewer System Revenue Fund to be used for the following purposes only in the following order of priority:

- (1) To pay the Costs of Maintenance and Operation;
- (2) To make when due the required payments into the Bond Redemption Subaccount in respect of interest on the Parity Bonds, including reimbursements to the issuer of a Credit Facility if the Credit Facility secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;
- (3) To make when due the required payments into the Bond Redemption Subaccount in respect of principal of (and premium on, if any) the Parity Bonds at maturity and on

mandatory redemption dates with respect to Term Bonds, and to pay all reimbursements due to the issuer of a Credit Facility if the Credit Facility secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for approval of Bond Sale Terms authorizing such reimbursement;

(4) To make all payments required to be made into any sinking fund account hereafter created (exclusive of payments made into the Bond Redemption Subaccount in respect of mandatory redemption payments then due) to provide for the payment of the principal of Term Bonds or Balloon Maturity Bonds;

(5) To make all payments required to be made into the Common Reserve Subaccount for Covered Bonds (and to any reserve subaccount that may be created in the future to secure payment of debt service on Parity Bonds that are not Covered Bonds), including reimbursements to the issuer of a Qualified Reserve Security utilized to satisfy the Reserve Requirement for the Covered Bonds (or for a series of Parity Bonds secured by a separate reserve subaccount) and the ordinance authorizing such Parity Bonds provides for approval of Bond Sale Terms authorizing such reimbursement;

(6) To make all payments required to be made into any revenue debt redemption fund, debt service account, Reserve Account, or sinking fund account created to pay and secure the payment of the principal of and interest on Subordinate Debt, including Government Loans and any revenue bonds, revenue warrants, or other revenue obligations of the City having a lien upon the Net Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds

(7) For any of the following purposes without priority: (i) to retire by redemption or to purchase in the open market any outstanding obligations of the Water & Sewer System; (ii) to make necessary betterments and replacements of or repairs, additions or extensions to the Water & Sewer System; (iii) to make deposits into the Coverage Stabilization Account; or (iv) for any other lawful City purpose.

Section 15. Coverage Stabilization Account. The Finance Director is hereby authorized to create a Coverage Stabilization Account within the Revenue Fund at the option of the Finance Director. The City hereby determines that the maintenance of a Coverage Stabilization Account will moderate fluctuations in Net Revenue and help to alleviate the need for short-term rate adjustments. Money in the Coverage Stabilization Account may be transferred as determined from time to time by the Finance Director. The City may make deposits into the Coverage Stabilization Account from the Water & Sewer System Revenue Fund at any time in accordance with the flow of funds set forth in subsection (a) of this section. Money in the Coverage Stabilization Account may be withdrawn at any time and used for the purposes for which the Gross Revenue may be used. For purposes of measuring compliance with the Rate Covenant, amounts withdrawn from the Coverage Stabilization Account shall increase Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Gross Revenue for the period during which they are deposited. Transfers to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Coverage Stabilization Account shall be credited to the Water & Sewer System Revenue Fund.

Section 16. Bond Covenants. For so long as any of the Bonds are outstanding, the City covenants and agrees as follows:

(a) *Maintenance and Operation.* The City shall at all times maintain, preserve and keep the properties of the Water & Sewer System in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and the City will at all times operate or cause to be operated said properties of the Water & Sewer System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Rate Covenant.* The City will establish, maintain, and collect such rates and charges for service of the Water & Sewer System for so long as any Parity Bonds are outstanding as will maintain the Rate Covenant.

(c) *Payment of Costs of Maintenance and Operation.* In accordance with the flow of funds from the Water & Sewer System Revenue Fund as required by Section 14 hereof, there shall be maintained in the Revenue Fund sufficient money to enable the City to meet the Costs of Maintenance and Operation on a current basis.

(d) *Sale or Disposition of the Water & Sewer System.* The City will not sell or otherwise dispose of the Water & Sewer System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Revenue Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on the then-Outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the Water & Sewer System unless such facilities are replaced or provision is made for payment into the Revenue Bond Fund of the greatest of the following:

(1) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds, less the amount of cash and investments in the Revenue Bond Fund and accounts therein) that the Gross Revenue from the portion of the Water & Sewer System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(2) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the Water & Sewer System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(3) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire Water & Sewer System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the Water & Sewer System (to the extent required above) shall be paid into the Revenue Bond Fund. Notwithstanding any other provision of this subsection (d), the City may sell or otherwise dispose of any of the works, plant, properties, and facilities of the Water & Sewer System (or any real or personal property comprising a part of the same) which shall have become unserviceable, inadequate, obsolete, unfit to be used in the operation of the Water & Sewer System, or no longer necessary, material to, or useful in such operation, without making any deposit into the Revenue Bond Fund.

(e) *Liens or Encumbrances.* The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Water & Sewer System or the Gross Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for



labor, materials, or supplies which, if unpaid, might become a lien or charge upon the Gross Revenue, or any part thereof, or upon any funds in the hands of the City, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(f) *Insurance.* The City will keep the works, plants and facilities comprising the Water & Sewer System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by private corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect the City and the holders of Parity Bonds against loss. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the Water & Sewer System, the proceeds of such insurance shall be paid into the Common Reserve Subaccount (or any other debt service reserve subaccount established to secure any Parity Bonds) to the extent that such transfer is necessary to make up any deficiency in said subaccount and the balance, if any, shall be used, at the option of the City: (i) for repairs, renewals, replacements, or capital additions to the Water & Sewer System, (ii) for the redemption of Parity Bonds, or (iii) for deposit into the Revenue Bond Fund.

(g) *Books and Accounts.* The City shall keep proper books of account in accordance with any applicable rules and regulations prescribed by the State. The City shall annually prepare balance sheets and profit and loss statements showing in reasonable detail: the financial condition of the Water & Sewer System as of the close of each year; the income and expenses of such year, including the amounts paid into the Water & Sewer System Revenue Fund, the Revenue Bond Fund, and into any and all special funds or accounts created pursuant to the provisions of this ordinance; and the amounts expended for maintenance, renewals, replacements, and capital additions to the Water & Sewer System. Such annual financial and operating statements shall be provided to any owner of Parity Bonds upon request.

(h) *No Free Service.* Except to aid the poor or infirm, the City will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Water & Sewer System free of charge to any person, firm, or corporation, public or private, other than the City, so long as any Bonds are outstanding and unpaid.

(i) *Additions and Improvements.* The City will not expend any of the Gross Revenue derived by it from the operation of the Water & Sewer System, or the proceeds of any indebtedness payable from the Gross Revenue for any extensions, betterments, or improvements to the Water & Sewer System that are not legally required or economically sound, in the judgment of the City, and that will not, in the judgment of the City, properly and advantageously contribute to the conduct of the business of the Water & Sewer System in an efficient manner.

(j) *Collection of Delinquent Accounts.* The City will, on or before April 1 of each calendar year, determine all accounts that are delinquent and will take all necessary action to enforce payment of such accounts including real property foreclosure actions pursuant to RCW ch. 35.67, as amended, or its successor statute, if any, against those property owners whose accounts are delinquent.

(k) *Collection and Application of ULID Assessments.* All ULID Assessments (if any) shall be paid into the Revenue Bond Fund and shall be used to pay and secure the payment of the principal of and interest on the Parity Bonds. Nothing in this ordinance or this section shall be construed to prohibit the City from issuing water, sewer or other utility system revenue bonds or other debt obligations subordinate in lien to the Bonds and pledging as security for their payment

assessments levied in any ULID which may have been specifically created to pay part of the cost of improvements to the Water & Sewer System for which such Subordinate Debt was specifically issued.

(l) *Collection of Delinquent ULID Assessments.* The City will, on or before April 1 of each calendar year (or such other annual date that is consistent with the collection of ULID Assessments), determine all ULID Assessments or installments thereof that are delinquent and will take all necessary action to enforce payment of such ULID Assessments, including real property foreclosure actions pursuant to RCW Chapter 35.50, as amended, or its successor statute, if any, against the property owners whose ULID Assessments are delinquent.

#### Section 17. Provisions for Future Parity Bonds

(a) *Parity Conditions.* The City reserves the right to issue Future Parity Bonds if the Parity Conditions set forth in Exhibit B are met and complied with at the time of the issuance of those Future Parity Bonds.

(b) *Junior Liens.* Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Gross Revenue junior or inferior to the payments required by this ordinance to be made out of such Gross Revenue into the Revenue Bond Fund and accounts therein to pay and secure the payment of any Outstanding Parity Bonds, or from pledging the payment of utility local improvement district assessments into a bond redemption fund created for the payment of the principal of and interest on Subordinate Debt, as long as such utility local improvement district assessments are levied for improvements constructed from the proceeds of that Subordinate Debt.

(c) *Refunding to Avoid Default.* Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Section 18. Separate Utility Systems. ***The following provision shall automatically become effective upon the Parity Covenant Date:*** *The City may at any time create, acquire, construct, finance, own and operate one or more systems for water, sanitary sewer, and storm and surface water drainage systems (or other utility commodity or service), which systems are separate from and in addition to the Water & Sewer System. The revenue of any such Separate Utility System (and any utility local improvement district assessments payable solely with respect to improvements to a Separate Utility System), may be excluded from the Gross Revenue and may be pledged to the payment of revenue obligations that are issued to purchase, construct, condemn or otherwise acquire or expand the Separate Utility System and are payable solely from the net revenues of that Separate Utility System (and any utility local improvement district assessments payable solely with respect to improvements to a Separate Utility System). Neither the Gross Revenue of the Water & Sewer System nor the ULID Assessments (if any) may be pledged to the payment of any obligations of such a Separate Utility System, except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.*

Section 19. Contract Resource Obligations. ***The following provision shall automatically become effective upon Parity Covenant Date:*** *The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed or improved by the use of payments under such Contract Resource Obligations, of water, sanitary sewer, and storm and surface water drainage facilities, commodities, or services, or any other facility, commodity, or service relating to the Water & Sewer System, consistent with the following:*

(a) Obligations Relating to New Facilities. *The City may agree under a contract containing a Contract Resource Obligation that all payments in respect of that Contract Resource Obligation (including payments prior to the time that water, sanitary sewer, and storm and surface water drainage service is placed in service or connected, and during any suspension or after termination of supply or service) shall be deemed a Costs of Maintenance and Operations, so long as the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such a Contract Resource Obligation is entered into:*

(1) *No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the Water & Sewer System; and*

(2) *The City has obtained a certificate of an Independent Consultant stating that in such consultant's professional opinion: (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the facilities, commodities, or services provided; (ii) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from a supply or planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide service no later than a date set forth in the certification; and (iii) the Net Revenue of the Water & Sewer System will be sufficient to satisfy the Rate Covenant for each of the five calendar years following the calendar year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue (A) takes into account the adjustments permitted in connection with a certificate delivered to satisfy the Parity Conditions, and (B) adjusts the Costs of Maintenance and Operation by such Independent Consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation.*

(b) Obligations Relating to Existing Facilities. *Nothing in this section shall prevent the City from entering into agreements relating to obtaining or acquiring facilities, commodities, or services relating to the Water & Sewer System from existing facilities or sources of supply and from treating those payments as a Costs of Maintenance and Operations.*

(c) Subordinate Obligations. *Nothing in this section shall prevent the City from entering into agreements for facilities, commodities, or services relating to the Water & Sewer Systems that are to be constructed or obtained in the future and from agreeing to make payments with respect thereto that constitute Subordinate Obligations.*

## Section 20. Tax Covenants.

(a) Tax-Exempt Bonds. *The Sale Terms and other documents executed in conjunction with the sale of the Bonds (or a Series of the Bonds) may include such additional terms and covenants relating to federal tax matters as the Finance Director deems necessary or appropriate, including the following:*

(1) Preservation of Tax Exemption for Interest on Tax-Exempt Bonds. *The City covenants that if it determines to sell the Bonds (or any series of the Bonds) as Tax-Exempt Bonds, it will take all actions necessary to prevent interest on those Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of those Tax-Exempt Bonds or other funds of the City treated as proceeds of those Tax-Exempt Bonds that will cause interest on those Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds (or*

a Series thereof), take all actions necessary to comply (or to be treated as having complied) with those requirements.

(2) *Post-Issuance Compliance with Federal Tax-Exempt Bond Requirements.*

The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

(b) *Taxable Bonds.* Notwithstanding the foregoing, nothing herein prevents the Finance Director from determining that the Bonds, or a Series of the Bonds, is to be issued as Taxable Bonds.

Section 21. Amendatory and Supplemental Ordinances. This ordinance shall not be modified or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this section. For purposes of this provision, the passage of an ordinance authorizing the issuance of Future Parity Bonds shall not be considered an amendatory or supplemental ordinance subject to these restrictions.

(a) *Certain Amendatory or Supplemental Ordinances Permitted Without Bond Owner Consent.* From time to time, and at any time, without the consent of or notice to the Registered Owners of the Parity Bonds, the City, may pass amendatory or supplemental ordinances as set forth in this subsection (a). The permitted purposes under this subsection (a) are:

(1) To add to the covenants and agreements of the City set forth in this ordinance, additional covenants or agreements to be observed by the City thereafter, which do not adversely affect the interest of the holders of any then-outstanding Parity Bonds, or to surrender any right or power herein reserved to the City.

(2) To make such provisions as the City Council may deem necessary or desirable for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provision contained in this ordinance or any Future Parity Bond Authorizing Ordinance in regard to matters or questions arising under such ordinances, provided that such action is not inconsistent with such ordinances and does not adversely affect, in any material respect, the interests of the holders of the Parity Bonds.

(b) *Amendatory or Supplemental Ordinances Requiring Consent of Registered Owners of 65% of Parity Bonds Outstanding.* In addition to any ordinance permitted pursuant to paragraph (a) and subject to the terms and conditions contained in subsection (c) and not otherwise, upon consent of the Registered Owners of not less than 65% in aggregate principal amount of the Parity Bonds then outstanding the City Council may pass any supplemental or amendatory ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any other Parity Bond Ordinance. It shall not be necessary for the consent of bondholders under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof, and nothing contained herein shall prevent the City Council from passing such an ordinance with an effective date that is contingent upon obtaining the consents described herein.

For the purpose of consenting to amendments under this subsection (b) except for amendments that alter the interest rate, maturity date, interest payment dates, purchase upon tender or redemption of any Parity Bonds, the issuer or provider of a Credit Facility shall be deemed to be the sole Registered Owner of the Parity Bonds that are payable from such Credit Facility and that are then outstanding.

(c) *Amendatory or Supplemental Ordinances Requiring Consent of All Registered Owners.* Notwithstanding the foregoing, no supplemental or amendatory ordinance shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Parity Bond so affected; or

(2) Reduce the aforesaid percentage of bondholders required to approve any supplemental or amendatory ordinance, without the consent of the Registered Owners of all of the Parity Bonds then outstanding.

(d) *Effect of Passage of Amendatory or Supplemental Ordinance.* Upon the effective date of any amendatory or supplemental ordinance passed and approved, if required, pursuant to the provisions of this section, this ordinance shall be, and shall be deemed to be, amended and supplemented accordingly. The respective rights, duties and obligations under this ordinance of the City, the Bond Registrar, and all Registered Owners shall thereafter be determined, exercised, and enforced under this ordinance subject in all respects to such supplements and amendments, and all terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Any Bonds executed and delivered pursuant to this ordinance after the effective date of any amendatory or supplemental ordinance passed in accordance with this section may include a notation as to any matter provided for in such amendatory or supplemental ordinance. If such amendatory or supplemental ordinance shall so provide, new Bonds bearing the same principal amounts and terms that are modified so as to conform, in the opinion of the City Council, to the supplement or amendment of this ordinance, may be prepared and delivered without cost to the holders of any affected Bonds, upon surrender for cancellation of such original Bonds (together with all unmatured coupons and all matured coupons not fully paid, if any).

## Section 22. Defaults and Remedies.

(a) *Events of Default.* The following shall constitute “Events of Default” with respect to the Bonds:

(1) If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable; or

(2) If the City files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law; or

(3) If the City defaults in the observance and performance of any other of its covenants, conditions and agreements set forth in this ordinance and such default or defaults have continued for a period of six months after they have received from the registered owners of not less than 25% in outstanding principal amount of the Parity Bonds, a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six-month period, it shall not be an Event of Default with respect to the Bonds as long as the City has taken active steps within 90 days to remedy the default and is diligently pursuing such remedy.

(b) *No Acceleration.* Nothing contained in this ordinance shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal of the Parity Bonds. The remedy of acceleration is expressly denied to the Owners of the Parity Bonds under any

circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

(c) ***Subsections (c) through (g), as set forth below, shall become effective only upon the Parity Covenant Date: Bondowners' Trustee.*** A notice to the City of an Event of Default under subsection (a)(3) may alternatively be given by a Bondowners' Trustee appointed as described in this subsection. Upon occurrence of an Event of Default (notwithstanding the notice requirement under subsection (a)(3), a Bondowners' Trustee may be appointed by the Registered Owners of 25% in principal amount of the Parity Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in-fact, duly authorized and delivered to such Bondowners' Trustee, and after notice of such appointment has been delivered to the City. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee must be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. If any Event of Default is, in the sole judgment of the Bondowners' Trustee, cured and the Bondowners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bondowners' Trustee and the registered owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred. The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(d) ***Suits at Law or in Equity.*** Upon the happening of an Event of Default and during the continuation thereof, the Bondowners' Trustee may (and, upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding, must) take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds. Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to

consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

(e) Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this section shall be applied in the following order of priority:

(1) First, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys.

(2) Second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(3) Third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(f) Duties and Obligations of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance. The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Bond until title thereto, if disputed, has been established to its reasonable satisfaction. The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(g) Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless: (1) an Event of Default has

*happened and is continuing; (2) a Bondowners' Trustee has been appointed; (3) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; (4) the registered owners of 25% in principal amount of the then outstanding Parity Bonds have made, after the occurrence of such Event of Default, written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; (5) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (6) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time. No Owner of any Parity Bond shall have any right in any manner whatever by such Owner's action to affect or impair the obligation of the City to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective Owners thereof when due.*

Section 23.     Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale, private placement, or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Bond Sale Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement.* If the designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for such Series shall set forth the Bond Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Bond Sale Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of the Series shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase the Series, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, the Series may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* Each Series of the Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond



Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Series.

Section 24. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to him or her, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser acting as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for a Series of the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of a Series of the Bonds in substantially the form attached as Exhibit E.

Section 25. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 26. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 27. Effective Date of Ordinance. This ordinance shall be effective fifteen days after it becomes valid pursuant to Section 3.4 of the City Charter.

PASSED by the City Council of the City of Everett, Washington, at a regular open public meeting thereof, this \_\_\_\_ day of March, 2025, and signed in authentication of its passage this \_\_\_\_ day of March, 2025.

CITY OF EVERETT, WASHINGTON

By \_\_\_\_\_  
Mayor

Attest:

APPROVED AS TO FORM

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

By \_\_\_\_\_  
Stradling Yocca Carlson & Rauth LLP  
Bond Counsel to the City

DATE OF PUBLICATION:

EFFECTIVE DATE:

**EXHIBIT A****OUTSTANDING WATER & SEWER SYSTEM INDEBTEDNESS****Outstanding Parity Bonds**

<b>Issue Name</b>	<b>Authorizing Ordinance</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Original Par Amount</b>	<b>Amount Outstanding as of 1/1/2025</b>
Water & Sewer Revenue Refunding Bonds, 2013	Ord. 3313-13	3/1/2023	12/1/2030	\$62,145,000	\$ 7,740,000
Water & Sewer Revenue Bonds, 2015	Ord. 3450-15	11/3/2015	12/1/2040	\$50,525,000	\$35,615,000
Water & Sewer Revenue Refunding Bonds, 2016	Ord. 3518-16	11/29/2016	12/1/2035	\$68,050,000	\$50,180,000
Water & Sewer Revenue and Refunding Bonds, 2023	Ord. 3946-23	5/31/2023	12/1/2048	\$49,235,000	\$45,020,000

**Outstanding Government Loans**

<b>Program Lender/Bondholder</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Maximum Authorized Amount</b>	<b>Amount Outstanding as of 1/1/2025</b>
Public Works Trust Fund ("PWTF") Loan Treatment Plant Upgrade	4/25/2005	7/1/2025	\$9,500,000	\$ 527,778
PWTF Loan Water Pollution Facility Expansion	6/25/2006	7/1/2026	\$7,000,000	\$ 736,842
PWTF Loan Water Pollution Facility Expansion	1/31/2013	6/1/2032	\$10,000,00	\$ 4,387,351
Drinking Water State Revolving Fund ("DWSRF") Loan Clearwell No. 2	3/3/2006	10/1/2025	\$4,040,000	\$ 222,574
DWSRF Loan Clearwell No. 2	12/21/2007	10/1/2026	\$4,040,000	\$ 425,263
DWSRF Loan Clearwell No. 2	3/3/2008	10/1/2027	\$3,030,000	\$ 478,421
DWSRF Loan Clearwell No. 2	8/22/2008	10/1/2028	\$4,040,000	\$ 853,278
SWSRF Recovered Water Outfall	08/05/2009	10/1/2029	\$1,376,473	\$ 362,249
DWRFL Bond Street CSO	10/13/2010	9/6/2033	\$1,994,497	\$ 994,824

## EXHIBIT B

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### **Requirements for the Issuance of Future Parity Bonds ("Parity Conditions")**

(a) *Conditions to the Issuance of Future Parity Bonds.* The City may issue Future Parity Bonds secured by a lien and charge on the Net Revenues and ULID Assessments on a parity with the Bonds and the Outstanding Parity Bonds if and only if the following conditions are met and complied with at the time of issuance of those proposed Future Parity Bonds:

(1) The City shall not have been in default of its Rate Covenant for the immediately preceding fiscal year, without regard to transfers from the Coverage Stabilization Account; and

(2) The Future Parity Bond Authorizing Ordinance must include a covenant that the City will establish, maintain, and collect such rates and charges for service of the Water & Sewer System for so long as any Parity Bonds are outstanding as will maintain the Rate Covenant.

There shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds. For purposes of this certificate:

(i) "Parity Requirement" means Net Revenue equal to or greater than 125% of Average Annual Debt Service for all Parity Bonds, computed by deducting from Annual Debt Service the Annual Debt Service for each series or issue of Parity Bonds that is covered by ULID Assessments. In determining the amount of Annual Debt Service "covered by ULID Assessments," Annual Debt Service for each future year is reduced by the dollar amount of ULID Assessments projected to be received during such future year, and the remaining outstanding ULID Assessments are assumed to be paid in the remaining number of annual installments with no prepayments. For purposes of determining whether the Parity Requirement has been met, transfers from the Coverage Stabilization Account shall not be taken into account.

(ii) "Historical Net Revenue" or "Net Revenue" means Gross Revenue (or the relevant part or parts thereof) (A) less the normal expenses of maintenance and operation of the Water & Sewer System (or the relevant part or parts thereof), (B) before depreciation, and (C) adjusted to reflect the rates and charges effective on the date of such certificate if there has been any change in such rates and charges during or after such Base Period.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(3) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) If the Future Parity Bonds being issued are for the purpose of refunding Outstanding Parity Bonds; or

(2) If the Future Parity Bonds are being issued to pay costs of construction of facilities of the Water & Sewer System for which Future Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Future Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the Finance Director, and there is delivered a Designated

Representative's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the City Without an Independent Consultant.* If required pursuant to the foregoing subsection (a)(3), a certificate may be delivered by the City, executed by the Finance Director, without an Independent Consultant, if Net Revenues for the Base Period (confirmed by an audit) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

(d) *Certificate of an Independent Consultant.* Unless compliance with the requirements of subsection (a)(3) have been otherwise satisfied as provided in (b) or (c) above, compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of an Independent Consultant.

In making the computations of Net Revenue for the purpose of certifying compliance with the Parity Requirement, the Independent Consultant shall use as a basis the Net Revenue (which may be based upon unaudited financial statements of the City if the audit has not yet been completed) for the Base Period. Such Net Revenue shall be determined by adding the following:

(1) The Historical Net Revenue for the Base Period, as determined by the Independent Consultant.

(2) The Net Revenue derived from those customers of the Water & Sewer System that have become customers during such Base Period or thereafter and prior to the date of such certificate, adjusted to reflect a full year's Net Revenue from each such customer, to the extent such Net Revenue was not included in (1) above.

(3) The estimated annual Net Revenue to be derived from any person, firm, association, or private or municipal corporation under any executed contract for service, which Net Revenue was not included in any of the sources of Net Revenue described in this subsection (d).

(4) The estimated annual Net Revenue to be derived from the operation of any additions to or improvements or extensions of the Water & Sewer System under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Future Parity Bonds being issued, and which Net Revenue is not otherwise included in any of the sources of Net Revenue described in this subsection (d).

(5) The estimated annual Net Revenue to be derived from the operation of any additions and improvements to or extensions of the City being paid for out of the proceeds of the sale of such Future Parity Bonds being issued.

In the event the City will not derive any revenue as a result of the construction of the additions, improvements, or extensions being made or to be made to the Water & Sewer System that is reflected in the provisions of subparagraphs (4) and (5) immediately above, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and license fees, taxes, and payments in lieu of taxes payable to the City) of such additions, improvements, and extensions shall be deducted from estimated annual Net Revenue.

## EXHIBIT C

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### PARAMETERS FOR SALE TERMS

- |     |                           |  |
|-----|---------------------------|--|
| (a) | Principal Amount.         | The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$181,000,000.  |
| (b) | Date or Dates.            | Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance.   |
| (c) | Denominations, Name, etc. | The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and bearing such name (including any series or additional designation) as deemed necessary or appropriate by the Designated Representative.   |
| (d) | Interest Rate(s).         | Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. The true interest cost to the City for each Series of the Bonds may not exceed 5.50%.  |
| (e) | Payment Dates.            | Interest shall be payable semiannually on dates acceptable to the Designated Representative. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity (or in mandatory redemption installments) on dates acceptable to the Designated Representative.  |
| (f) | Final Maturity.           | The Bonds shall mature no later than December 1, 2050.   |
| (g) | Redemption Rights.        | <p>The Designated Representative may approve in the Bond Purchase Agreement for each Series provisions for the optional and mandatory redemption of the Bonds of such Series, subject to the following:</p> <p>(1) <u>Optional Redemption</u>. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Tax-Exempt Bond is subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.</p> |

- (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.
- (h) Price. The purchase price for each Series of the Bonds may not be less than 98.0% or more than 135.0% of the stated principal amount of that Series.
- (i) Other Terms and Conditions.
- (1) *Parity Conditions Met*. The Designated Representative must be satisfied that the Parity Conditions have been met to permit the Bonds to be issued as Parity Bonds.
- (2) *Reasonably Expected Life*. As of the Issue Date of each Series, the Designated Representative must find to the Designated Representative's satisfaction that the average expected life of the capital facilities or assets to be financed with the proceeds (or allocable share of proceeds) of that Series exceeds the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).
- (3) *Tax Status of the Bonds*. The Designated Representative may designate any Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds, consistent with Section 20 of this ordinance.
- (4) *Reserve Requirement*. In approving the Sale Terms, the Designated Representative shall determine whether it is in the City's best interest to designate the Bonds (or a Series of the Bonds) as Covered Bonds and whether to provide for such Reserve Requirement by Bond Insurance or other credit enhancement or Reserve Securities; and may accept such additional terms, conditions and covenants in relation thereto as the Designated Representative may determine are in the best interests of the City, consistent with this ordinance.

- (5) *Additional Terms, Conditions, and Agreements.* The Sale Terms for any Series may provide for bond insurance or for any other credit enhancement as the Designated Representative may find necessary or desirable. The Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance of any of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider; and requirements to give notice to or obtain the consent of a credit enhancement provider. The Designated Representative is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.



## EXHIBIT D

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### DESCRIPTION OF PROJECTS

#### Water System Projects:

- [Reserved]

#### Sewer System Projects:

- **Port Gardner Storage Facility (PGSF).** This project will redevelop the former Kimberly-Clark Industrial wastewater treatment plant to provide temporary storage and control of combined sewer outflows and a regional treatment system for urban stormwater runoff.
- **PGSF West Marine View Drive (WMVD) Combined Conveyance Improvements.** This project is one of the conveyance projects related to the PGSF program. It includes the design and construction of new large diameter storm and combined sewer pipelines and manholes and rehabilitation and replacement of a water main for combined sewer.
- **36<sup>th</sup> Street Combined Sewer Outflow (CSO) Control.** This project will control and eliminate combined sewer flooding at 36<sup>th</sup> Street and McDougall Avenue to reduce CSO discharges at the Snohomish River Outfalls. The project will build a large underground storage tank and associated pipe infrastructure for storage of excess combined storm and sewer flows.
- **Water Pollution Control Facility (WPCF) Headworks Replacement.** The headworks structure at the City of Everett's WPCF is a key piece of wastewater treatment infrastructure for the City and the surrounding region. The headworks structure needs complete replacement due to internal structural degradation and process equipment deterioration.

#### Storm & Surface Water Drainage System Projects:

- **The Port Gardner Storage Facility (PGSF) and PGSF West Marine View Drive Combined Conveyance Improvements Projects.** These projects are components of the Sewer System Projects. Refer to Sewer System Projects section for project details.

## EXHIBIT E

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[Form of]

### UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

#### **City of Everett, Washington Water & Sewer Revenue Bonds, 2025[ ]**

The City of Everett, Washington (the “City”), makes the following written Undertaking for the benefit of holders of the above-referenced bonds (the “Bonds”), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance No. \_\_\_\_ of the City (the “Bond Ordinance”).

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events.  
The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b), provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City.

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the Bonds, if material; and (16) any default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a financial obligation of the City, any of which reflect financial difficulties.

For purposes of this Undertaking, the term “financial obligation” shall mean a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(i) Shall consist of (1) annual financial statements, which statements may or may not be audited, showing ending fund balances, prepared in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the Official Statement and described as follows:*[to be inserted based on the Official Statement]*; (2) the principal amount of Parity Bonds then outstanding; and (3) number of Water & Sewer System customers.

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City’s fiscal year ending December 31, 2024; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City’s obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City’s obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any material failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole

remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director (or such officer's designee) is the person designated, in accordance with the Bond Ordinance, to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;
- (iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and
- (v) Effecting any necessary amendment of this Undertaking.

## CERTIFICATION

I, the undersigned, City Clerk of the City of Everett, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. \_\_\_\_\_ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on March \_\_, 2025, as that ordinance appears on the minute book of the City.

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: March \_\_, 2025.

CITY OF EVERETT, WASHINGTON

\_\_\_\_\_  
MARISTA JORVE  
City Clerk



## City Council Agenda Item Cover Sheet

**Project title:** An Ordinance creating a special improvement project entitled "WPCF Electrical Switch Gear Replacement" Fund 336, Program 047.

**Council Bill #** *interoffice use*

CB 2502-12

**Agenda dates requested:**

Briefing  
1<sup>st</sup> Reading 02/19/25  
2<sup>nd</sup> Reading 02/26/25  
Action 03/05/25

Ordinance  
Public hearing  
Yes ☒ No ☐

**Budget amendment:**

Yes ☐ No ☒

**PowerPoint presentation:**

Yes ☐ No ☒

**Attachments:**

Proposed Ordinance

**Department(s) involved:**

Public Works, Admin

**Contact person:**

Jeff Marrs

**Phone number:**

425-257-8967

**Email:**

jmarrs@everettwa.gov

**Initialed by:**

RLS

Department head

Administration

Council President

**Project:** WPCF Electrical Switch Gear Replacement

**Partner/Supplier:** N/A

**Location:** Water Pollution Control Facility (WPCF)

**Preceding action:** None

**Fund:** 336 - Water & Sewer System Improvements Fund

**Fiscal summary statement:**

The funding source for this project will be Fund 401 Water and Sewer Utility Fund.

The programmed available funding for engineering assessment and design of this project is \$750,000.

**Project summary statement:**

The main electrical circuit breakers (switch gear) at the Water Pollution Control Facility (WPCF) are at the end of useful life and the WPCF electrical distribution network is degraded due to age causing intermittent power quality issues. New like and kind switch gear replacements are no longer available, and replacement parts are difficult to procure. Replacement of the electrical switch gear and upgrades to the electrical distribution system are needed to provide consistent and safe power distribution across the site and to ensure uninterrupted wastewater treatment operations.

Electrical switch gear replacement and electrical distribution system upgrades are being implemented in two phases, engineering assessment and design and construction. The estimated cost for the engineering assessment and design phase of this project is \$750,000.

Council approval of this ordinance will provide funding for engineering assessment and design tasks. Public Works will return with a subsequent funding ordinance amendment request when project design is substantially complete and detailed construction cost estimates are available.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance creating a Special Improvement Project entitled "WPCF Electrical Switch Gear Replacement" Fund 336, Program 047.



**ORDINANCE NO. \_\_\_\_\_**

**An ORDINANCE creating a special improvement project entitled “WPCF Electrical Switch Gear Replacement” Fund 336, Program 047, to accumulate all costs for the improvement.**

**WHEREAS,**

- A.** The City of Everett is committed to a planned sewer treatment infrastructure improvement and replacement program.
- B.** The City of Everett has identified the need and obtained funds to construct new improvements at the Water Pollution Control Facility.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** A special improvement project is hereby established as Fund 336, Program 047, entitled “WPCF Electrical Switch Gear Replacement” to accumulate all costs for the improvement. Authorization is hereby given to accumulate costs and distribute payments for the improvement project.

**Section 2.** Authorization is hereby granted for the “Public Works Director” or “City Engineer” under the direction of the Mayor, to assume full and complete responsibility for conducting all tasks and doing all things to accomplish the actions authorized in this ordinance.

**Section 3.** The sum of \$750,000 is hereby appropriated to Fund 336, Program 047, “WPCF Electrical Switch Gear Replacement” as follows:

A. Estimated Project Design Costs	\$ 750,000
B. Source of Funds	
Fund 401 – Water/Sewer Utility Fund	\$ 750,000

**Section 4.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 5.** The City Council hereby declares that should any section, paragraph, sentence, clause,

or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 6.** The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 7.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety, and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees, or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees, or agents.

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Cassie Franklin, Mayor

ATTEST:

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Marista Jorve, City Clerk

PASSED: \_\_\_\_\_

VALID: \_\_\_\_\_

PUBLISHED: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_





## City Council Agenda Item Cover Sheet

**Project title:** An Ordinance creating a special improvement project entitled "WPCF Headworks Replacement" Fund 336, Program 046.

**Council Bill #** *interoffice use*

CB 2502-13

**Agenda dates requested:**

Briefing  
1st Reading 02/19/25  
2nd Reading 02/26/25  
Action 03/05/25  
Ordinance  
Public hearing  
Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Proposed Ordinance

**Department(s) involved:**

Public Works, Admin

**Contact person:**

Jeff Marrs

**Phone number:**

425-257-8967

**Email:**

jmarrs@everettwa.gov

**Initialed by:**

RLS

Department head

Administration

Council President

**Project:** WPCF Headworks Replacement

**Partner/Supplier:** N/A

**Location:** Water Pollution Control Facility (WPCF)

**Preceding action:** None

**Fund:** 336 - Water & Sewer System Improvements Fund

**Fiscal summary statement:**

The funding source for this project will be Fund 401 Water and Sewer Utility Fund.

The programmed available funding for engineering assessment and design of this project is \$10,000,000.

**Project summary statement:**

The headworks structure at the Water Pollution Control Facility (WPCF) is a key piece of wastewater treatment infrastructure. It was constructed in 1983-1984 and has been upgraded and repaired many times since. The headworks structure needs complete replacement due to ongoing and increasing internal structural degradation and process equipment deterioration. Risks of replacement delay include City personnel injury, catastrophic process equipment failure, and costly short-term repairs.

Headworks replacement is being implemented in two phases, engineering assessment and design and construction. The estimated cost for the engineering assessment and design phase of this project is \$10,000,000.

Council approval of this ordinance will provide funding for engineering assessment and design tasks. Public Works will return with a subsequent funding ordinance amendment request when project design is substantially complete and detailed construction cost estimates are available.

**Recommendation (exact action requested of Council):**

Adopt an Ordinance creating a Special Improvement Project entitled "WPCF Headworks Replacement" Fund 336, Program 046.



**ORDINANCE NO. \_\_\_\_\_**

**An ORDINANCE creating a special improvement project entitled “WPCF Headworks Replacement” Fund 336, Program 046, to accumulate all costs for the improvement.**

**WHEREAS,**

- A.** The City of Everett is committed to a planned sewer treatment infrastructure improvement and replacement program.
- B.** The City of Everett has identified the need and obtained funds to construct new improvements at the Water Pollution Control Facility.

**NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:**

**Section 1.** A special improvement project is hereby established as Fund 336, Program 046, entitled “WPCF Headworks Replacement” to accumulate all costs for the improvement. Authorization is hereby given to accumulate costs and distribute payments for the improvement project.

**Section 2.** Authorization is hereby granted for the “Public Works Director” or “City Engineer” under the direction of the Mayor, to assume full and complete responsibility for conducting all tasks and doing all things to accomplish the actions authorized in this ordinance.

**Section 3.** The sum of \$10,000,000 is hereby appropriated to Fund 336, Program 046, “WPCF Headworks Replacement” as follows:

A. Estimated Project Design Costs	\$10,000,000
B. Source of Funds	
Fund 401 – Water/Sewer Utility Fund	\$10,000,000

**Section 4.** The City Clerk and the codifiers of this Ordinance are authorized to make necessary corrections to this Ordinance including, but not limited to, the correction of scrivener’s/clerical errors, references, ordinance numbering, section/subsection numbers, and any internal references.

**Section 5.** The City Council hereby declares that should any section, paragraph, sentence, clause,

or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

**Section 6.** The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

**Section 7.** It is expressly the purpose of this Ordinance to provide for and promote the health, safety, and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees, or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its officers, employees, or agents.

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Cassie Franklin, Mayor

ATTEST:

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Marista Jorve, City Clerk

PASSED: \_\_\_\_\_

VALID: \_\_\_\_\_

PUBLISHED: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

**Project title:**

A Resolution of the City of Everett, Washington, declaring its intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool Program pursuant to Chapter 39.102 RCW.

**Council Bill #** *interoffice use*

**Agenda dates requested:**

Action 03/05/25

Public hearing

Yes X No

**Budget amendment:**

Yes X No

**PowerPoint presentation:**

Yes X No

**Attachments:**

Resolution

**Department(s) involved:**

Finance

**Contact person:**

Heide Brillantes, Finance Director

**Phone number:**

(425) 257-8612

**Email:**

HBrillantes@everettwa.gov

**Initialed by:**

HB

Department head

Administration

Council President

**Project:** Local Infrastructure Financing Tool (LIFT) Program

**Partner/Supplier:** NA

**Location:** NA

**Preceding action:** Ordinance No. [2997-07](#), Resolution No. [6178](#), Ordinance [3539-17](#)

**Fund:** NA

**Fiscal summary statement:**

None.

**Project summary statement:**

Under RCW 39.102 and RCW 82.14.475, the City of Everett is authorized to impose a local sales and use tax (LIFT Tax) to finance public improvements within a Revenue Development Area (RDA), with no net tax rate change to the taxpayer. On June 13, 2007, the City Council passed Ordinance No. 2997-07, establishing the Everett Riverfront RDA for financing public improvements. The City applied for the LIFT Program, and on September 13, 2007, the Community Economic Revitalization Board approved the City's application, granting up to \$500,000 annually in state sales and use tax contributions for 25 years.

By Resolution No. 6178, adopted on August 26, 2009, the City set the maximum LIFT Tax rate at 0.02951%, in accordance with RCW 82.14.475. Then, on July 1, 2017, Ordinance No. 3539-17 confirmed that the City met all conditions under RCW 39.102.040 and 82.14.475 and began imposing the LIFT Tax after the State's excise and property tax allocation revenues for 2016 were found to meet the project award requirements. Construction on public improvements within the Everett RDA also commenced on July 1, 2017, before June 30, 2022, the fifth fiscal year following the first imposition of the LIFT Tax.

Now, the City of Everett intends to incur general indebtedness and issue general obligation bonds, not exceeding \$7,000,000, by December 31, 2025. These bonds will, in part, finance public improvements within the Everett Riverfront Development Area (RDA), including the Riverfront Trail and Eclipse Mill Park Improvement Projects. The debt will be repaid, in whole or in part, using LIFT Tax revenues, in accordance with RCW 39.102.150 and applicable law.

**Recommendation (exact action requested of Council):**

Adopt a Resolution declaring intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool Program pursuant to Chapter 39.102 RCW.



**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION of the City of Everett, Washington, declaring its intent to issue general indebtedness to be repaid with certain sales and use taxes that the City receives under the Local Infrastructure Financing Tool program pursuant to chapter 39.102 RCW**

**WHEREAS,**

1. Chapter 39.102 RCW and RCW 82.14.475 authorize the imposition of a local sales and use tax (the "LIFT Tax") for the purpose of financing certain Public Improvements (as defined in chapter 39.102 RCW) located within a Revenue Development Area ("RDA"), upon the satisfaction of certain conditions, which tax is credited against the sales and use tax otherwise due to the State under chapters 82.08 and 82.12, resulting in no net change in tax rate to the taxpayer;
2. Pursuant to this authority, the City Council, on June 13, 2007, passed Ordinance No. 2997-07 establishing the Everett Riverfront Revenue Development Area ("Everett RDA") as required under RCW 39.102.060, for the purpose of financing Public Improvements located within the Everett RDA. The City subsequently submitted its application for the use of the Local Infrastructure Financing Tool Program (the "LIFT Program") pursuant to RCW 39.102.040, and on September 13, 2007, Community Economic Revitalization Board (the "Board") approved the City's application granting a project award of up to \$500,000 annually in State contribution of sales and use tax for up to 25 years after it is first imposed;
3. By Resolution No. 6178, adopted on August 26, 2009, the City selected the maximum rate of tax under RCW 82.14.475, which rate is not to exceed 0.02951%;
4. By Ordinance No. 3539-17, the City Council found that it had determined that the State Excise Tax Allocation Revenues and the State Property Tax Allocation Revenues for 2016 equaled or exceeded the amount of the project award approved by the Board under RCW 39.102.040, and further found that the City had satisfied all prerequisites to imposing the LIFT Tax and receiving the State Contribution, including without limitation, the conditions set forth in RCW 39.102.040 and 82.14.475, and began imposing the LIFT Tax as of July 1, 2017;
5. The City commenced construction on Public Improvements within the Everett RDA [on July 1, 2017, which is prior to June 30, 2022, the fifth state fiscal year following the date the LIFT Tax was first imposed;
6. On March 5, 2025, members of the public were given an opportunity to be heard on this resolution of intent;

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:**

The City of Everett declares its intent that, on or prior to December 31, 2025, the City intends to incur general indebtedness, and to issue general obligation bonds pursuant to RCW 39.102.150 and other applicable law in a maximum principal amount not to exceed \$7,000,000 to finance certain remaining Public Improvements in the Everett RDA (including Riverfront Trail Improvement Project and Eclipse Mill Park Improvement Project), and to retire such indebtedness in whole or in part from LIFT Tax revenues.

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Councilmember introducing resolution

Passed and approved this \_\_\_\_ day of \_\_\_\_\_, 2025.

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Council President

# **City of Everett 2025 Bond Ordinances and LIFT Resolution**

**March 5, 2025**



# Proposed Limited Tax General Obligation (LTGO) Bond Issues



Bonds and Project Description	Principal Amount
<b>LTGO Bond Series A</b> Projects include: <ul style="list-style-type: none"><li>• Everett Municipal Building Improvements</li><li>• Edgewater Bridge Replacement</li></ul>	<b>\$21,000,000</b>
<b>LTGO Bond Series B</b> Everett Riverfront Revenue Development Area (RDA) projects include: <ul style="list-style-type: none"><li>• Eclipse Mill Park Renovation</li><li>• Lowell Riverfront Trail Improvements</li></ul>	<b>7,000,000</b>
<b>TOTAL LTGO BOND ISSUES</b>	<b>\$28,000,000</b>





# Proposed LIFT Resolution



## History

- 2007: Ordinance No. 2997-07 establishing the Everett Riverfront Revenue Development Area (RDA) for financing public improvements
- 2017: Ordinance No. 3539-17 imposing the Local Infrastructure Financing Tool (LIFT) tax

## March 5, 2025

- LIFT Resolution required for LTGO Bond Series B – Riverfront Development Area Projects
- Resolution declaring City's intent to issue general indebtedness to be repaid with LIFT proceeds pursuant to Chapter 39.102 RCW.



# Proposed Water & Sewer Revenue Bond Issues



Bonds and Project Description	Principal Amount
<b>Water &amp; Sewer Revenue Bond Series A</b> Projects include: <ul style="list-style-type: none"><li>• Port Gardner Storage Facility (PGSF)</li><li>• PGSF West Marine View Drive (WMVD) Combined Conveyance Improvements</li><li>• 36th Street Combined Sewer Outflow (CSO) Control</li><li>• Water Pollution Control Facility (WPCF) Headworks Replacement</li></ul>	<b>\$181,000,000</b>
<b>TOTAL WATER &amp; SEWER REVENUE BOND ISSUES</b>	<b>\$181,000,000</b>



# Primary Documents



- **Bond Ordinance** – Authorization from Council to sell the bonds
- **Official Statement** – Provides detailed financial information to potential investors about the issuer and the bond offering



# Bond Covenants



**Bond Covenants** – Legally binding term of an agreement between a bond issuer and a bondholder, designed to protect the interests of both parties.

Examples include:

- The City will maintain and operate the system
- The City will maintain rates at a level sufficient to cover operational costs, ensure proper maintenance of properties, and meet debt service obligations
- The City will maintain insurance of the system
- The City will not take any action that would adversely affect the bonds tax exempt status
- The City cannot exceed its legal debt capacity
- The City will maintain proper books of account



# Bond Issuance Schedule



## March

- 3/5/2025 – First Reading Bond Ordinances and LIFT Resolution
- 3/12/2025 – Second Reading Bond Ordinances
- 3/19/2025 – Third and Final Reading Bond Ordinances

## April

- Limited Tax General Obligation Bonds - funds delivered

## May/June

- Water & Sewer Revenue Bonds – funds delivered



**QUESTIONS/COMMENTS**

