

CHEHALIS CITY COUNCIL AGENDA

CITY HALL
350 N MARKET BLVD | CHEHALIS, WA 98532

Jerry Lord, District 1 Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4	Dennis L. Dawes, Position at Large Mayor	Anthony E. Ketchum Sr., District 3 Chad E. Taylor, Position at Large, Mayor Pro Tem Robert J. Spahr, Position at Large
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Regular Meeting of Monday, February 24, 2020 5:00 p.m.

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| <ol style="list-style-type: none"> 1. <u>Call to Order.</u> (Mayor) 2. <u>Pledge of Allegiance.</u> (Mayor) |
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CITIZENS BUSINESS
This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
CONSENT CALENDAR		
3. <u>Minutes of the Regular City Council Meeting of February 10, 2020.</u> (City Clerk)	APPROVE	1
4. <u>Vouchers and Transfers – Accounts Payable in the Amount of \$823,013.75 Dated February 14, 2020.</u> (City Manager, Finance Director)	APPROVE	5
5. <u>Resolution No. 3-2020, First and Final Reading – Conferring Signing Authority to the City Manager for the Dillenbaugh Creek at Rice Road Fish Passage Design Project.</u> (City Manager, Public Works Director)	ADOPT	7

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
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NEW BUSINESS		
6. <u>Resolution No. 4-2020, First and Final Reading – Approving a Policy for Accepting Credit and Debit Card Payments.</u> (City Manager, Finance Director)	ADOPT	12

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
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ADMINISTRATION AND CITY COUNCIL REPORTS		
7. <u>Administration Reports.</u>	INFORMATION ONLY	- - -
a. City Manager Update. (City Manager)		
8. <u>Councilor Reports/Committee Updates.</u> (City Council)	INFORMATION ONLY	- - -

EXECUTIVE SESSION		
9. Pursuant to RCW:		
a. 42.30.140(4)(b) – Collective Bargaining Planning		
b. 42.30.110(1)(c) – Sale/Lease of Property		

**THE CITY COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.
NEXT REGULAR CITY COUNCIL MEETING IS MONDAY, MARCH 9, 2020.**

February 10, 2020

The Chehalis city council met in regular session on Monday, February 10, 2020, in the Chehalis city hall. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present: Tony Ketchum, Jerry Lord, Daryl Lund, Dr. Isaac Pope, and Bob Spahr. Councilor Chad Taylor arrived at 5:01 pm. Staff present included: Jill Anderson, City Manager; Caryn Foley, City Clerk; Erin Hillier, City Attorney; Brandon Rakes, Airport Operations Coordinator; Chun Saul, Finance Director; Glenn Schaffer, Police Chief; and Lilly Wall, Recreation Manager. Members of the news media included Celine Fitzgerald of *The Chronicle*.

1. **Proclamation – 211 Day.** Mayor Dawes read and presented a proclamation to Ryan Cole of Lewis County United Way proclaiming February 11, 2020 as 211 Day.

2. **Proclamation – Recognizing the W.F. West Bearcat Girls Bowling Team.** Mayor Dawes read and presented a proclamation to the coaches and athletes of the Bearcat girls bowling team congratulating the team on their recent state championship.

3. **Lewis County Vision 2025.** Larry McGee and Joe Clark, Strategic Planning Advisory Committee members for Lewis County Vision 2025, provided an overview of the County's Strategic Planning Effort, including the importance of public participation. The Council was asked to provide input about concerns or suggestions they may have so their comments could be considered along with other public input being provided during county's strategic planning public outreach work. Elected officials and all members of the public were also encouraged to participate in an on-line survey. Mr. Clark then asked what the council thought the focus of the county should be for the next five years.

There was concern by some council members about not wanting to appear to be criticizing another elected body with their comments. In response to the request for City Council input, the following thoughts were shared:

- Continuously look for ways to streamline development/building processes
- Eliminate obstacles for working together collaboratively (all entities)
- Broader representation of Lewis County residents
- City residents paying county taxes, but city is still billed for certain services (e.g., dispatch, jail)
- Networking on a regular basis to talk about various issues (e.g., 911)
- Educate citizens on who to speak with when they have ideas
- What are the plans for the property purchased by the county for a multi-use project (garage, retail, etc.)?
- Overall, the city has a good relationship with the county, and everyone needs to continue working together

4. **Twin Transit Update.** Joe Clark provided a brief overview of Twin Transit activities, including the organization's involvement in the community as a resource; installing new bus stops on Market; enhancing the appearance and safety of bus stops; receiving a \$3.8 million grant to create electrification of I-5, which will be the first in the state; expanding service both north and south; receiving grants for upgrading the fleet; replacing buses in a more cost effective manner; and implementing new technology, such as people being able to track their bus and buy passes on-line.

5. **Citizens Business – Parking and Smoking on North Market Boulevard.** Stanley Langland (174 Old Saxton Place, Chehalis) addressed the council regarding parking and smoking on North Market Boulevard. Mr. Langland stated he was a former business owner (Petals flower shop) in Chehalis, but walked away from his \$30,000 investment. One of the issues related to parking, which had gotten worse in the past few months. He stated you have to go around the block numerous times to find a place to park, which makes operating a business difficult for customers to get to businesses. He stated other businesses feel the same way and he was concerned the city was going to lose businesses in the downtown area. He also addressed smoking in front of stores, and in some instances well within the 25' range. He asked the city to eliminate those situations.

Mayor Dawes asked the City Manager and Police Chief to look into the issues.

6. **Consent Calendar.** City Manager Anderson noted a needed clarification to the minutes relating to the second to last paragraph on page 3 of the January 27 meeting minutes. The sentence read, "City Manager Anderson stated these applications go through the Planning Commission and then ultimately, come to the council." She stated it should be revised to state, "City Manager Anderson stated that comp plan updates go through the Planning Commission and then ultimately, come to the council."

February 10, 2020

Councilor Spahr moved to approve the consent calendar comprised of the following, including the proposed amendment to the January 27, 2020 meeting minutes:

- a. Minutes of the regular City Council meeting of January 27, 2020;
- b. Minutes of the special City Council meeting of February 3, 2020;
- c. January 31, 2020 Claim Vouchers No. 128085 - 128202 in the amount of \$607,005.33;
- d. January 31, 2020, Payroll Vouchers No. 41179-41208, Direct Deposit Payroll Vouchers No. 11706-11812, Electronic Federal Tax and DRS Pension/Deferred Comp Payments No. 278-282 in the amount of \$847,681.49; and
- e. Council committee/board assignments.

The motion was seconded by Councilor Pope and carried unanimously.

7. Resolution No. 1-2020, First and Final Reading – Updating the City's Debt Management and Post Issuance Compliance Policy. Chun Saul stated the city's current policy was adopted in 2001, which limited the city's annual debt service on non-voted general obligation (G.O.) debt to 3% of the general fund operating revenues. Since that time, the city issued additional debt related to the Recreation Park renovation project, along with some capital equipment leases, which exceeded the policy limit of 3%. Ms. Saul stated the city was currently exploring financing options for purchase of property for a future fire station, which was estimated to be \$1.2 million, which would increase the city's annual debt service to about 4.1%. As a result, the city needs to update its policy. Ms. Saul stated it was recommended that the city increase the total annual debt service on non-voted long-term general obligation debt from 3% of the general fund operating revenues to 4.2% of the general fund operating revenue or \$420,000 per year, whichever is greater.

Councilor Lord asked if the 2.75% interest was fixed in stone. Ms. Saul stated it was not. It was an estimate based on the recent bond sales through the Washington State Treasurer's Office.

Councilor Ketchum moved to adopt Resolution No. 1-2020 on first and final reading. The motion was seconded by Councilor Lund and carried unanimously.

8. Resolution No. 2-2020, First and Final Reading – Establishing Fees for Use of Athletic Facilities. Lilly Wall stated this was an ideal time to evaluate the city's current process and develop a fee structure that supports our newly renovated facility (Recreation Park), as well as existing facilities at Stan Hedwall Park. The proposed rates reflect the state-of-the-art facility at Recreation Park, as well as other athletic facilities. Currently there is no adopted fee schedule for the use of athletic facilities. Tournaments have been hosted by the Recreation Department. With the new facilities, the city will need to rent the facilities to outside users for tournaments. While the proposed fees will not cover all of the direct and indirect costs, it will help with maintaining the facilities.

The city has resident youth groups that are non-profit organizations that use city facilities (e.g., Girls Fastpitch Association, Little League, Babe Ruth, and Youth Football) that do not currently pay for use of the fields. They are charged for supplies such as paint and chalk. There is no charge for utilities, cleaning supplies, paper products, or staff time. The reasoning behind this practice was partnering with the volunteers in the youth sports organizations to make facility improvements, which would often have more value than collecting fees. There has been a steady decline in such partnerships, so it was being recommended that the city establish a fee schedule for resident non-profit youth organizations. However, the fee schedule proposed includes the option of using the cost of an approved facility improvement project completed in partnership the city to offset the cost of user fees.

Ms. Wall stated the recommended rates were developed through a number of factors, including the fees charged by other like facilities; increased maintenance costs associated with the new ballfield complex; outside user rates for groups that want to rent facilities for the purpose of hosting tournaments, leagues, camps, and clinics for profit; and local user rates for city-approved non-profit youth organizations. The proposed fee schedule addressed both outside users and city-approved non-profit youth organizations. It was also created by reviewing what other neighboring cities with similar amenities charge. The resident non-profit youth sport fees correlate very closely with the City of Centralia's fee structure.

February 10, 2020

Councilor Pope moved to adopt Resolution No. 2-2020 on first and final reading. The motion was seconded by Councilor Taylor.

In response to questions from the council, Ms. Wall stated there would be a set fee per game that would be multiplied by the number of games. She noted groups would not be charged for using the facilities for practice. She stated she had spoken with each of groups about the proposed fees, and she explained that outside group was any group that had not been approved as a non-profit resident group.

The motion carried unanimously.

9. Recreation Park Scoreboard Agreement with L&E Bottling, Inc. Lilly Wall stated L&E Bottling is willing to furnish two Daktronic baseball/softball scoreboards for the newly renovated complex that is valued at approximately \$42,000. They would also like to supply dispensing/cooling equipment along with maintenance and replacement of the equipment. In exchange, they request advertising space on the scoreboards with their corporate logo, as well as exclusive beverage sales within the park for a 20-year term. Upon acceptance of the scoreboards, they become city property and the city would be responsible to install the scoreboards at the facility. The cost to install the scoreboards is included in the Recreation Park project budget. There are no direct costs associated with the agreement, and they would be installed for spring use. Based on the formula used by L&E Bottling for similar contracts, the value of the scoreboards exceeds the exchange in value of the sales and advertising received by L&E Bottling by about \$22,000. L&E intends to donate this portion of the scoreboards' value to the city. If L&E elects to claim tax benefits associated with the donated value of \$22,000, the city will provide reasonable written verification.

Councilor Spahr moved that the City Council approve entering into a 20-year term agreement with L&E Bottling, Inc., for acceptance of two Daktronic baseball/softball scoreboards, and authorize the City Manager to execute the agreement. The motion was seconded by Councilor Pope and carried unanimously. Councilor Taylor abstained from voting, stating L&E was a client of his business.

Councilor Pope asked if electrical would be installed in the event that scoreboards be installed in the future to the other two fields. Ms. Wall stated that was not included in the project. She stated the two other fields had portable fencing so that the area could be used for special events, such as Music in the Park.

10. Administration Reports.

a. **City Manager Update.** City Manager Anderson reminded everyone about the Chehalis Community Renaissance Team's monthly meetings that are held on the second Friday of every month at 8:30 am in the city hall basement.

11. Councilor Reports/Committee Updates.

- a. Councilor Spahr stated he would not be at the February 24 council meeting.
- b. Councilor Taylor stated February 12 is the annual wine mixer scholarship event at I-5 Toyota. He also announced that his daughter started a new career in real estate and just got her first listing.
- c. Mayor Dawes attended the Office of Chehalis Basin meeting; the 2018 audit exit conference; a TransAlta briefing; the monthly mayors' meeting; and the annual Lewis County Historical dinner.

Councilor Taylor asked is letters could be drafted on behalf of the council to those who donated to the Recreation Park project. Ms. Wall stated there are 500+ donors at this point. She stated that for past projects, the city placed an ad in The Chronicle listing and thanking all donors.

12. Executive Session. Mayor Dawes announced the council would take a short recess and then be in executive session pursuant to RCW 42.30.110(1)(b) – Selection of Site or Acquisition of Real Estate, not to exceed 6:50 pm and there would be no decision following conclusion of the executive session. Mayor Dawes closed the regular meeting at 6:29 pm. The executive session began at 6:30 pm. Following conclusion of the executive session, the regular meeting was reopened and immediately adjourned at 6:48 pm.

February 10, 2020

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved:

Initials: _____

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director
Michelle White, Accounting Tech II

MEETING OF: February 24, 2020

SUBJECT: Vouchers and Transfers – Accounts Payable in the Amount of \$823,013.75
Dated February 14, 2020

ISSUE

City Council approval is requested for Vouchers and Transfers dated February 14, 2020.

DISCUSSION

The February 14, 2020 claim vouchers have been reviewed by a committee of three councilors prior to the release of payments. The administration is requesting City Council approval for Claim Vouchers No. 128203 – 128348 and Electronic Funds Transfer Nos. 12020, 120201, and 1202002 in the amount of \$823,013.75 dated February 14, 2020 which includes the transfer of:

- \$ 129,106.27 from the General Fund
- \$ 1,510.41 Dedicated Street Fund – 4% Sales Tax
- \$ 4,701.20 from the Transportation Benefit District Fund
- \$ 500,702.98 from the Public Facilities Reserve Fund
- \$ 1,699.24 from the Automotive Equipment Reserve Fund
- \$ 97,142.38 from the Wastewater Fund
- \$ 69,276.69 from the Water Fund
- \$ 6,013.88 from the Storm & Surface Water Utility Fund
- \$12,860.70 from the Airport Fund

RECOMMENDATION

It is recommended that the City Council approve the February 14, 2020 Claim Vouchers No. 128203 – 128348 and Electronic Funds Transfer Nos. 12020, 120201, and 1202002 in the amount of \$823,013.75.

SUGGESTED MOTION

I move that the City Council approve the February 14, 2020 Claim Vouchers No. 128203 – 128348 and Electronic Funds Transfer Nos. 12020, 120201, and 1202002 in the amount of \$823,013.75.

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Trent Lougheed, Public Works Director

MEETING OF: February 24, 2020

SUBJECT: Resolution No. 3-2020, First and Final Reading – Conferring Signing Authority to the City Manager for the Dillenbaugh Creek at Rice Road Fish Passage Design Project

ISSUE

The City has an opportunity to obtain grant funding through the Recreation and Conservation Office to remove a fish passage barrier on the Dillenbaugh Creek at Rice Road. Removal of the barrier will aid the unimpeded travel of Coho salmon to documented spawning and rearing habitats. A resolution authorizing the City Manager to act on behalf of the City to apply, receive, and administer the grant has been prepared for consideration by the City Council.

DISCUSSION

The Recreation and Conservation Office, Salmon Recovery Funding Board supports elimination of fish passage barriers and has funding dollars allocated to aid local jurisdictions in the design of barrier removal from their waterways. The City would like to apply for grant funding to design a road crossing at Rice Road that does not impede the passage of salmon on the Dillenbaugh Creek. If the design grant is approved, 100% of the funding would come from grant dollars.

The existing 8'x 8' double box culvert on Rice Road at Dillenbaugh Creek presents a passing barrier to Coho salmon. At the culvert location, the Washington Department of Fish and Wildlife have documented Coho salmon as being present. Upstream of the culvert are documented spawning and rearing habitats. Removal of this barrier will aid in unimpeded travel of Coho salmon to these documented spawning and rearing habitats.

In order to apply for the funding, the City Council is being asked to approve the attached resolution, which authorizes the City Manager to apply for the funding and act as the City's agent through the administration of the grant, including executing all related documents. There is no local match associated with the grant funding, so additional funding does not need

to be designated for this phase of the project; however, staff time would need to be allocated for the project to proceed. The City Attorney's office has been involved in the preparation of the resolution, which is consistent with the grant requirements.

FISCAL IMPACT

The City is requesting grant funding in the amount of \$148,370, which would fully fund the project design. There is no local match requirement, so there is no fiscal impact to the City related to the grant application for the design of the fish crossing design. Once designed, the City would further pursue grants to fund the construction of the project.

RECOMMENDATION

It is recommended that the City Council adopt Resolution No. 3-2020 on first and final reading, declaring that the City Manager is authorized to act as a representative agent for the City with full authority to bind the City regarding all matters related to the design of fish passage barrier removal at Rice Road over Dillenbaugh Creek.

SUGGESTED MOTION

I move that the City Council adopt Resolution No. 3-2020 on first and final reading.

RESOLUTION NO. 3-2020

**A RESOLUTION OF THE CITY OF CHEHALIS,
WASHINGTON, CONFERRING SIGNING AUTHORITY
TO THE CITY MANAGER FOR THE DILLENBAUGH
CREEK AT RICE FISH PASSAGE DESIGN PROJECT,
AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.**

WHEREAS, this resolution/authorization authorizes the City Manager to act as the authorized representative/agent on behalf of the City and to legally bind the City with respect to the Dillenbaugh Creek at Rice Road Fish Passage Design Project No. 20-1041 (hereinafter "Project") for which the City seeks grant funding assistance managed through the Recreation and Conservation Office (hereinafter "Office").

WHEREAS, state grant assistance is requested by the City to aid in financing the cost of the Project(s) referenced above;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CHEHALIS,
WASHINGTON, DO HEREBY RESOLVE AS FOLLOWS:**

Section 1. The City has applied for or intends to apply for funding assistance managed by the Office for the above "Project(s)."

Section 2. Chehalis City Manager, Jill Anderson, is authorized to act as a representative/agent for the City with full authority to bind the City regarding all matters related to the Project(s), including but not limited to, full authority to: (1) approve submittal of a grant application to the Office; (2) enter into a project agreement(s) on behalf of the City; (3) sign any amendments thereto on behalf of the City; (4) make any decisions and submissions required with respect to the Project(s); and (5) designate a project contact(s) to implement the day-to-day management of the grant(s).

Section 3. The City has reviewed the sample project agreement on the Recreation and Conservation Office's website at: <https://rco.wa.gov/wp-content/uploads/2019/06/SampleProjAgreement.pdf>. We understand and acknowledge that if offered a project agreement to sign in the future, it will contain an indemnification and legal venue stipulation and other terms and conditions substantially in the form contained in the sample project agreement and that such terms and conditions of any signed project agreement shall be legally binding on the sponsor if the representative/agent enters into a project agreement on the behalf. The Office reserves the right to revise the project agreement prior to execution and shall communicate any such revisions with the above authorized representative/agent before execution.

Section 4. The City acknowledges and warrants, after conferring with its legal counsel, that its authorized representative/agent has full legal authority to enter into a project agreement(s) on its behalf, that includes indemnification and stipulated legal venue for lawsuits and other terms substantially in the form contained in the sample project agreement or as may be revised prior to execution.

Section 5. Grant assistance is contingent on a signed project agreement. Entering into any project agreement with the Office is purely voluntary.

Section 6. The City understands that grant policies and requirements vary depending on the grant program applied to, the grant program and funding in the project agreement, the characteristics of the project, and the characteristics of the City.

Section 7. The City further understands that *prior to* the authorized representative/agent executing the project agreement(s), the RCO may make revisions to its sample project agreement and that such revisions could include the indemnification and the legal venue stipulation. The City accepts the legal obligation that we shall, prior to execution of the project agreement(s), confer with the authorized representative/agent as to any revisions to the project agreement from that of the sample project agreement. We also acknowledge and accept that if the authorized representative/agent executes the project agreement(s) with any such revisions, all terms and conditions of the executed project agreement (including but not limited to the indemnification and the legal venue stipulation) shall be conclusively deemed to be executed with the authorization.

Section 8. Any grant assistance received will be used for only direct eligible and allowable costs that are reasonable and necessary to implement the project(s) referenced above.

Section 9. The City acknowledges and warrants, after conferring with its legal counsel, that no additional legal authorization beyond this authorization is required to make the indemnification and the legal venue stipulation substantially in form shown on the sample project agreement or as may be revised prior to execution legally binding on the City upon execution by the representative/agent.

Section 10. The City acknowledges that if it receives grant funds managed by the Office, the Office will pay us on only a reimbursement basis. We understand reimbursement basis means that we will only request payment from the Office after we incur grant eligible and allowable costs and pay them. The Office may also determine an amount of retainage and hold that amount until the Project is complete.

Section 11. This resolution/authorization is deemed to be part of the formal grant application to the Office.

Section 12. The City warrants and certifies, after conferring with its legal counsel, that this resolution/authorization was properly and lawfully adopted following the requirements of the City and applicable laws and policies and that the City has full legal authority to commit the City to the warranties, certifications, promises and obligations set forth herein.

Section 13. The effective date of this Resolution shall be immediately upon its adoption.

ADOPTED by the City Council of the city of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this _____ day of _____, 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: February 24, 2020

SUBJECT: Resolution No. 4-2020, First and Final Reading – Approving a Policy for Accepting Credit and Debit Card Payments

INTRODUCTION

At the January 27, 2020 City Council meeting a draft policy relating to the acceptance of credit/debit card payments was presented for consideration by the City Council. Since that time, the draft policy has been revised to reflect the City Council's request for provisions that require City Council approval prior to acceptance of credit card or electronic payments that create an additional direct cost to the City. This will allow the City Council to make the determination regarding whether the transactions cost would be absorbed as part of the municipal activity or the related transaction cost would be recovered through the addition of a service or convenience fee paid by the card user.

BACKGROUND

Several City departments are currently accepting electronic payment methods, such as credit/debit card and eCheck, for payment of City-imposed fees, charges, and fines through two different third-party payment vendors. A policy for acceptance of credit/debit card payments for all departments that accept or may accept credit/debit cards for payment of City-imposed fees, charges, and fines is being proposed to guide the administration of the processes.

Currently Municipal Court, Parks and Recreation, and Utility Billing departments/divisions are accepting credit/debit card payments through a third-party payment processor, Official Payments Corp (OPC), with convenience fees charged directly to the card users by OPC, not the City. Since these fees are not collected by the City, they would not be subject to the proposed policy.

The Airport is currently accepting credit/debit card payments for its fuel sales through a third-party payment processor, Epic Aviation, and the Airport Fund absorbs all transaction fees/costs

associated with the credit/debit card payment processing. No convenience fees are charged to the card users.

The City's Public Works Utility Billing division is currently in the process of implementing utility billing online services, including accepting credit/debit card payments (online, by phone, or in person) through a payment gateway system, CivicPay, replacing OPC. At the October 28, 2019 City Council Meeting, the City Council determined that it was in the best interest of the City for the City's utility funds to absorb all transaction fees/costs for processing credit/debit card payments for utility payments as the cost of doing business.

With the use of credit/debit cards as a payment method becoming more common, it is anticipated that other City departments may wish to offer credit/debit card payment options to their customers. In almost all cases, the City incurs fees/costs as a result of accepting these payments directly from the card holder. As a result, the City needs to consider the different options on how and whether to recover those fees/costs, which can vary depending on the payment type (i.e., utility payments, building permit fees, fines, etc.).

PROPOSED POLICY

A proposed administrative policy for Acceptance of Credit and Debit Card Payments for use by City of Chehalis departments wishing to utilize this service for their customers has been prepared for consideration. The policy is provided as Attachment A to Resolution No. 4-2020.

The proposed policy sets forth that the city manager will obtain City Council approval prior to a City department's acceptance of credit/debit card payments if such transactions generate an additional direct cost to the City. The City Council will be presented information so that it can make a policy decision on whether the City will:

- 1) Absorb the cost of any transaction fees into the operation of the City department as a normal part of providing municipal services; or
- 2) Implement a fee (i.e., service or convenience fee) to the card user to offset the costs associated with the processing of credit/debit card payment transactions for specific category of payment types (i.e., utility payments, building permit fees, fines, etc.)

The process of implementing a service or convenience fee, as well as the fee amounts, can differ by the types of payments. If applicable, recommendations to the City Council will include processing information specific to a category of payment types (i.e., utility payment, building permit fees, fines, or recreation program fees, etc.). The proposed Policy also provides that when implementation of a fee for card acceptance is approved by the City Council, such a fee is added to the City's fee schedule. For clarity, it is important to note that a card transaction fee charged directly to the card user by a third-party payment processor is not considered a City

fee, because the City is not being paid or charged for the service. In these cases, the City would not necessarily include this fee on the formal fee schedule.

If the City designates a specific third-party vendor, future contracts for those types of services would likely require City Council approval prior to implementation. The options available to consumers are growing with the proliferation of mobile phone banking applications, so the policy will need to be reviewed and updated as needed to address new options being created with the advancement of technology.

The proposed policy also provides that each Department Head is responsible for specific administrative details and policies affecting individual departments or divisions for accepting credit/debit cards and other electronic payment methods, which will require approval by the city manager prior to implementation.

The proposed policy further requires that with approval of the city manager, the Finance Director will establish appropriate business practices concerning the acceptance of credit/debit card payments on participating departments and providing the authority for administering contracts with payment vendors.

FISCAL IMPACT

There is no fiscal impact for adoption of this Policy at this time. However, when a City department requests to accept credit/debit card payments or a City department that is currently accepting credit/debit card payments requests a change to their payment vendors or to implement a fee (i.e., service fee or convenience fee) for card acceptance, the fiscal impact from such implementation or changes will be carefully analyzed and presented to the City Council for action.

RECOMMENDATION

The administration recommends that the City Council approve and adopt Resolution No. 4-2020 on first and final reading and approve the Policy for Accepting Credit and Debit Card Payments as recommended by the administration.

SUGGESTED MOTION

I move that the City Council approve and adopt Resolution No. 4-2020 on first and final reading and approve the Policy for Accepting Credit and Debit Card Payments.

RESOLUTION NO. 4-2020

A RESOLUTION OF THE CITY OF CHEHALIS, WASHINGTON, AUTHORIZING THE ACCEPTANCE OF CREDIT AND DEBIT CARDS FOR PAYMENT OF CITY-IMPOSED FEES, CHARGES, AND FINES AND APPROVING THE POLICY FOR THE ACCEPTANCE OF CREDIT AND DEBIT CARD PAYMENTS.

WHEREAS, the City of Chehalis accepts credit and debit cards for payment of City-imposed fees, charges, and fines; and

WHEREAS, the City typically incurs costs associated with processing credit and debit card transactions; and

WHEREAS, the City may choose to offset credit and debit card processing costs by assessing a service fee based on percentage of sale, or a convenience fee which would be based on a fixed amount for every transaction; and

WHEREAS, the implementation of service fee or convenience fee and the fee amounts may differ by types of payment; and

WHEREAS, the City Council has the authority to approve fees and charges; and

WHEREAS, the City Council has reviewed the policies and procedures for the Acceptance of Credit and Debit Card Payments for use by City of Chehalis departments wishing to utilize this service for their customers.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Council does hereby approve the policies and procedures for the Acceptance of Credit and Debit Card Payments as provided in Attachment A.

ADOPTED by the City Council of the City of Chehalis, Washington, and **APPROVED** by its Mayor, at a regularly scheduled open public meeting thereof this _____ day of _____, 2020.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

City of Chehalis Policy For Accepting Credit and Debit Card Payments

This policy applies to all departments that accept or may accept credit/debit cards for payment of City-imposed fees, charges, and fines.

Credit Card or Debit Card customer information is not subject to Public Records Disclosure. Credit Card or Debit Card customer information will not be subject to use for commercial purposes.

City of Chehalis Resolution No. 4-2020 allows City departments to accept payments in an electronic format (alternative payment methods).

Policies

- A. Practice to increase efficiency and lower overall costs in administering payments for municipal services or other obligations should be encouraged.
- B. Practice should be encouraged to make it easier for our citizens, who are also our customers, to pay municipal obligations.
- C. Besides traditional means of payments such as cash, check, or money order, alternative payment methods should be implemented, consistent with this policy.
- D. Use of alternative payment methods consistent with this policy is a sound business practice and fiscally responsible where it enhances the City's ability to receive prompt payment and transfers a portion of debt collection burdens, which would otherwise be an additional expense to the City, to third parties.
- E. The policies in this section should be administered subject to applicable legal requirements and principles of fiscal responsibility and sound business management practice. Notwithstanding any other provision, no part of this policy creates any duty or contractual right as to any specific person or entity.

Definitions

- A. "Alternative payment method" means payment by credit cards, charge cards, debit cards, federal wire, automatic clearinghouse (ACH) system transactions, automatic withdrawal, online payment or any other commercially reasonable means of payment, as distinguished from traditional payment methods such as cash, check, or money order.

- B. "Automated Clearing House" or "ACH" means an association of depository institutions that process financial transactions electronically through the Federal Reserve Bank.
- C. "Convenience fee" means a flat fee that is charged to a customer for the convenience of making an electronic payment through internet, an interactive voice response system, or other similar means. A convenience fee charged to a customer, typically covers all or a portion of a payment vendor's transaction costs as well as any other additional fees that are charged by an agency to recover direct costs associated with an electronic payment.
- D. "Department" means any City department, office, or Department Head of City of Chehalis.
- E. Managed by an "Interactive Voice Response System" (IVR) means a system that allows users to pay for services over the telephone or other audio-signal-carrier using a credit or debit card.
- F. "Internet Payment Gateway Service" means a service provided by a vendor that directs an internet payment transaction to the appropriate third-party payment processor who facilitates the transfer of funds from a specific financial institution.
- G. "Merchant Banking Service" refers to the designated bank or banking service that processes an electronic payment.
- H. "Payment Vendor" means a service provider who is involved with the electronic payment transaction, including, but not limited to: merchant bank, credit card issuer, credit card association, internet payment gateway, ACH, or credit card payment processor.
- I. "Point-of-sale" or "POS" is a payment option that performs a real-time payment authorization of a customer's account when the customer presents their credit card (or other payment method) in person at the time of sale.
- J. "Transaction fee" means the same as "transaction cost" and refers to the cost incurred by a payment vendor for executing an electronic payment. If an agency passes all or a portion of this transaction cost on to the customer, then the resulting fee to the customer is typically called a "convenience fee" (see definition above). It may be a flat per-transaction fee or a discount absorbed by the party receiving payment.

Administration

- A. With City Manager approval, a City Department can accept credit/debit cards for the payment of City-imposed fees, charges, and fines consistent with this policy. No department shall accept credit/debit cards for payments without such approval.
- B. The City Manager will obtain City Council approval prior to a City department's acceptance of credit/debit card payments if such transactions generate an additional direct cost to the City. The City Council will be presented information so that it can make a policy decision on whether the City will:
 - 1) absorb the cost of any transactions fees into the operation of the City department as a normal part of its municipal services; or
 - 2) implement a fee (i.e. service or convenience fee) to offset the costs associated with the processing of credit/debit card payment transactions for specific category of payment types (i.e. utility payments, building permit fees, fines, etc.)
- C. When implementation of a fee is authorized by the City Council, such a fee shall be added to the City's fee schedule.
- D. The Finance Director shall monitor service fees and/or convenience fees relative to processing costs on an annual basis in order to make recommendations to the City Council through the City Manager regarding potential changes to the fees as needed.
- E. With the approval of the City Manager, the Finance Director makes any needed general arrangements and establishes and administers contacts with vendors for the acceptance and processing of electronic payments; including, but not limited to: merchant banking services, internet payment gateway services, and third-party electronic payment processors for all City departments so authorized.
- F. With the approval of the City Manager, the Finance Director is further authorized to establish appropriate business practices and establish guidelines concerning the acceptance of credit/debit cards on participating departments.
- G. Each department authorized to accept credit/debit card payments must have a policy in place about the kind of payments that are allowed by credit/debit cards and/or specific limits for transaction amounts that are allowed by credit/debit cards. These administrative guidelines must be approved by the City Manager.
- H. When any department is authorized to absorb all or any portion of a transaction cost as to funds collected by or on behalf of such department, the Finance Director records such charges in the respective department's expenditure account.