



City of Lacey, Washington

City Council Regular Meeting **Amended*** Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, November 19, 2024

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Land Acknowledgment

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

5. Approval of Amended* Agenda and Consent Agenda Items

- A. Approval of the October 22, 2024, Worksession meeting minutes
- B. Approval of the November 5, 2024, Council meeting minutes
- C. Approval of wages, claims, and transfer for October 14, through November 18, 2024

6. Public Recognitions and Presentations

- A. **Lacey Youth Council Report**
Lacey Youth Council Representatives
- B. **Governor's Smart Community Award for Lacey MakerSpace Expansion Project**
Andrew Ness, Washington State Department of Commerce

Vanessa Dolbee, Community Development and Economic Director
Sarah Schelling, Planning and Economic Development Manager

7. Proclamations (*Moved in the amended agenda to be after Public Recognitions and before Public Comment)

A. Small Business Saturday

Amber Young, President, Lacey South Sound Chamber of Commerce, America's Credit Union

B. Veterans Appreciation Month

Mark Moffett, Social Services Manager, Thurston County Developmental Disabilities Veterans Assistance Program

8. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

9. Public Hearing

A. 2025 Budget Hearing

Troy Woo, Finance Director

10. Resolutions

A. Resolution 1159: Resolution Authorizing the Ad Valorem (Property) Tax

Troy Woo, Finance Director

11. Ordinances

A. Ordinance 1664: Ad Valorem Tax Ordinance

Troy Woo, Finance Director

B. Ordinance 1665: 2025 Limited Tax General Obligation (LTGO) Bond Ordinance

Troy Woo, Finance Director

C. Ordinance 1666: LMC 5.38 Massage and Reflexology Services

Dave Schneider, City Attorney

Robert Almada, Chief of Police

12. Mayor's Report

13. City Manager's Report

A. Astound Telecom Franchise Renewal

Shannon Kelley-Fong, Assistant City Manager

B. Other Items

14. Other Business

15. Boards, Commissions and Committee Reports

A. Mayor Andy Ryder:

1. Mayors' Forum

2. Thurston Chamber Shared Legislative Committee

3. Transportation Policy Board (TPB)



- B. Deputy Mayor Malcolm Miller:
 - 1. Economic Development Council (EDC)
 - 2. Lodging Tax Advisory Committee (LTAC)
 - 3. Thurston County Coalition Against Trafficking (TCCAT)
 - 4. Joint Animal Services Commission (JASCOM)
- C. Councilmember Lenny Greenstein:
 - 1. Emergency Medical Services (EMS)
 - 2. TCOMM911
 - 3. Opioid Abatement Council Independent Subcommittee
- D. Councilmember Michael Steadman:
 - 1. Nisqually River Council
 - 2. Thurston County Law & Justice Council
 - 3. Olympic Region Clean Air Agency (ORCAA)
- E. Councilmember Carolyn Cox:
 - 1. LOTT Clean Water Alliance
 - 2. Regional Housing Council
 - 3. Intercity Transit Authority
- F. Councilmember Robin Vazquez:
 - 1. Thurston Climate Mitigation Collaborative
 - 2. Thurston Regional Planning Council (TRPC)
 - 3. Thurston County Board of Health
- G. Councilmember Nicolas Dunning:
 - 1. Thurston Thrives
 - 2. Solid Waste Advisory Committee (SWAC)
 - 3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

16. Executive Session

- A. Executive Session Pursuant to RCW 42.30.110(1)(i)

17. Adjourn

Attendance and Public Comment

Attend Remote or In-Person

The public may attend the meeting in-person, or you may view or listen to the meeting using one of the following platforms:



In-Person Council Chambers at Lacey City Hall
420 College Street SE, Lacey, WA 98503

Zoom: https://us02web.zoom.us/webinar/register/WN_WPXi4fReSxCef881dw6LrA

Website: <https://cityoflacey.org/government/public-meetings/>

Facebook: <https://www.facebook.com/cityoflacey>

YouTube: <https://www.youtube.com/watch?v=KNUt30XTOX8>

Cable: Channel 77 with your local cable provider

Phone: (888) 788-0099 or (877) 853-5247 (Webinar ID 835 7949 3865)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

Prior to starting your comments, please provide your:

- a. Name
- b. City of residence or connection to the City
- c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in-person or by Zoom:

In-Person: Use the sign-up sheet located in the Council Chambers.

Zoom: Preregister using the following Zoom link no later than two hours prior to the meeting:
https://us02web.zoom.us/webinar/register/WN_WPXi4fReSxCef881dw6LrA

Instructions and access details will be provided once registration is complete.

Written Public Comment

Public comments may also be submitted by email to PublicComment@cityoflacey.org. The commenting period will close two hours before the meeting time.

Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the Council meeting; however, comments received will be added to the official record.





Joint Meeting Lacey City Council and North Thurston Public Schools Board of Directors Minutes

Tuesday, October 22, 2024

6:00 PM

Komachin Middle School

1. Call to Order

Mayor Andy Ryder called the meeting to order at 6:00 p.m.

2. Roll Call

City Council Present

Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein
Councilmember Michael Steadman
Councilmember Carolyn Cox
Councilmember Robin Vazquez
Councilmember Nicolas Dunning

North Thurston Public School Board Present

Gretchen Maliska, President, Board of Directors
Tiffany Sevruck, Member, Board of Directors
Sarah Tracy, Member, Board of Directors
Esperanza Badillo Diiorio, Member, Board of Directors
Michelle Gipson, Member, Board of Directors
Khushi Agrawal, Timberline Student Advisor
Celine Joseph, River Ridge Student Advisor
Ashley Yourkoski, North Thurston Student Advisor

Staff Representatives Present

Rick Walk, City Manager, City of Lacey
Jen Burbidge, Parks, Culture and Recreation Director, City of Lacey
Vanessa Dolbee, Community & Economic Development Director, City of Lacey
Sadie Siglin, Management Analyst, City of Lacey

Elissa Fontaine, City Clerk, City of Lacey
Troy Oliver, Superintendent, NTPS
Sean Dotson, Operations Assistant Superintendent, NTPS
Nikki Grubbs, School Leadership Assistant Superintendent, NTPS
Craig Chance, Executive Director, Housing Authority of Thurston County

3. Land Acknowledgment

Mayor Ryder presented the abbreviated Land Acknowledgment.

4. Approval of the Agenda

Councilmember Greenstein moved to approve the agenda. Councilmember Steadman seconded. The motion carried.

5. Public Comment

One (1) person signed up to speak at the meeting.

Loretta Byrnes, City of Lacey resident, provided public comment regarding the Young Child and Family Center.

No (0) written public comment was received.

6. Agenda Items

A. Young Child and Family Center Update

Jen Burbidge, Parks, Culture and Recreation Director
Sean Dotson, Assistant Superintendent, Operations

Dotson and Burbidge presented the Young Child and Family Center project. The project is designed to create a safe environment to serve up to 600 preschool-age students, while sharing amenities with the public during and outside school hours. The presentation reviewed the project goals, timeline, proposed site, conceptual design, and themes. Burbidge highlighted upcoming parks funding strategy discussions. Discussion ensued.

B. Youth Advisory Groups

Nikki Grubbs, Assistant Superintendent, School Leadership
Sadie Siglin, Management Analyst

Grubbs presented an overview of the Superintendent's Student Advisory program. The program's purpose includes gaining student voices on important issues, feedback about food services, and bridging communication between student bodies and the district office. The presentation highlighted the criteria and



configuration of the program, and the annual meeting topics.

Siglin presented an overview of the Lacey Youth Council. The Youth Council is composed of sophomores, juniors, and seniors from North Thurston Public Schools, Pope John Paul II High School, and home-school student bodies. The presentation highlighted the Youth Council values, upcoming events, and potential collaborations that invite increased participation and youth perspectives. Discussion ensued.

C. LOTT Surplus Property

Vanessa Dolbee, Community & Economic Development Director

Craig Chance, Executive Director, Housing Authority of Thurston County

Dolbee presented the current Memorandum of Understanding (MOU) between the City of Lacey and The LOTT Clean Water Alliance. The purpose of the MOU is to outline the intent to purchase surplus property for the development of affordable housing units to support the community. The parties have until June 30, 2025, to enter into a Purchase and Sale agreement. Chance reviewed the parcel, location benefits, project vision, and next steps. Discussion ensued.

7. Adjourn

Mayor Ryder adjourned the meeting at 7:40 p.m.





City of Lacey, Washington
City Council Regular Meeting Minutes
Tuesday, November 5, 2024 - Council Chambers and Online

1. Call to Order

Mayor Andy Ryder called the meeting to order at 4:00 p.m.

2. Roll Call

Council Present

Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein
Councilmember Michael Steadman (remote)
Councilmember Carolyn Cox
Councilmember Nicolas Dunning

Council Excused

Councilmember Robin Vazquez

Staff Present

Rick Walk, City Manager
Chad McClellan, Assistant City Attorney
Jen Burbidge, Parks, Culture and Recreation Director
Troy Woo, Finance Director
Ashley Smith, Engineering Design Manager
Jeannette Sieler, Recreation Supervisor II
Elissa Fontaine, City Clerk

3. Pledge of Allegiance

Mayor Ryder led the flag salute.

4. Land Acknowledgment

Mayor Ryder presented the abbreviated Land Acknowledgment.

5. Approval of Amended Agenda and Consent Agenda Items

- A. Approval of the Minutes of October 8, 2024
- B. Approval of the Minutes of October 15, 2024
- C. Approval of wages, claims, and transfers for September 12 through October 25, 2024

Mayor Ryder requested the agenda be amended to remove item 16.A: Executive Session, and advised the item would be held at a later date.

Councilmember Greenstein moved to approve 1) the agenda amended to remove item 16A and 2) the consent agenda. Councilmember Cox seconded. The motion carried.

6. Public Recognitions and Presentations

A. Native American and Indigenous Heritage Month

Mayor Ryder and Council proclaimed November 2024 as Native American and Indigenous Heritage Month.

7. Public Comment

Five (5) people signed up to speak at the meeting.

Nancy Schorn, Lacey resident, commented on tenants' rights in Washington state.

Anne Walshe, Lacey resident, commented on tenants' rights in Washington state.

Dale White signed up but declined to provide public comment.

John Dziedzic, Lacey Historical Society representative, commented on a proposed Historical Society memorial project.

Cheryl Malkmus, Lacey Historical Society representative, commented on the preservation of a potential historic neighborhood.

No one registered to speak via Zoom. No written public comments were received.



8. Public Hearing

A. 2025 Revenue Hearing

Troy Woo, Finance Director

Mayor Ryder opened the public hearing at 4:19 p.m.

State law requires a public hearing to be conducted before setting the upcoming year's property tax levy. The 2025 property tax levies are scheduled for Council action on November 19, 2024. Woo presented the proposed property tax increases and revenue projections.

No one signed up to provide public testimony. No written testimony was received.

Mayor Ryder closed the public hearing at 5:00 p.m.

9. Proclamations

10. Resolutions

A. Adoption of Resolution 1158: Small Works Roster Update

Ashley Smith, Engineering Design Manager

Smith presented the draft resolution, updating the City's small works roster process. The resolution updates referenced RCWs, consistent with changes that resulted from Senate Bill 5268. The changes went into effect July 1, 2024.

Councilmember Steadman moved to adopt Resolution 1158, updating the City's Small Works Roster process consistent with Senate Bill 5268. Councilmember Dunning seconded. The motion carried.

11. Ordinances

12. Mayor's Report

A. Human Services Work Group Appointment: Angelina Goldwell

Juliet Lawson-Hall resigned from the Human Services Work Group effective October 6, 2024. Angelina Goldwell was identified during the initial work group recruitment as an alternate. Goldwell has expressed interest in filling Lawson-Hall's vacant position.



Mayor Ryder moved to appoint Angelina Goldwell to the Human Services Work Group. Councilmember Greenstein seconded. The motion carried.

B. Parks, Culture, and Recreation Board Reappointment: Wendy Goodwin

Mayor Ryder moved to reappoint Wendy Goodwin to the Parks, Culture, and Recreation Board. Deputy Mayor Miller seconded. The motion carried.

Mayor Ryder ended the Mayor's Report with a reminder to the community to vote.

13. City Manager's Report

A. **Massage and Reflexology Services, LMC 5.38**

Robert Almada, Police Chief

Chief Almada presented a briefing on proposed changes to Chapter 5.38 of the Lacey Municipal Code (LMC), relating to massage and reflexology services. The proposed amendments to LMC 5.38 are intended to prevent an individual or business from engaging in the practice of providing unlicensed massage and reflexology, deter criminal activity, and support the legitimate delivery of these services by licensed massage practitioners and reflexologists. The proposed changes are scheduled to be presented to the Council for action on November 19, 2024. The Council expressed support of the proposed amendments.

B. **Designation of Greg Cuoio Park Monument Sign as Public Art**

Jennifer Burbidge, Parks, Culture, and Recreation Director

Burbidge presented the Greg Cuoio Park monument sign and art funding requirements.

Outlined in the Council Policies and Procedures, the City Council retains final authority on the selection and placement of all art to be located on city-owned properties. Due to its unique design, the Greg Cuoio Park monument sign is a candidate to be considered installed art, and could meet funding appropriations as identified in Ordinance 1022. If the monument sign is approved as public art, funds are already identified and included in the project budget. Staff recommended designating the Greg Cuoio Park monument sign as Public Art in accordance with Ordinance 1022.

Councilmember Greenstein moved to designate the Greg Cuoio Park monument sign as public art in accordance with City of Lacey Ordinance 1022. Deputy Mayor Miller seconded. The motion carried.

C. **Other Items**



Walk introduced staff to provide informational updates.

Sieler presented the City's Holiday Light Festival. A brief history and event schedules were provided.

Burbidge provided an update on the Lacey Museum's new location and new Research Center. The current museum, located in the Russell House on Lacey Street, will close Friday, November 8, 2024. The City plans to re-open the museum in its new location on Sixth Avenue, at the Bell Center, early next year.

14. Other Business

15. Boards, Commissions and Committee Reports

A. Mayor Andy Ryder:

1. Mayors' Forum
2. Thurston Chamber Shared Legislative Committee
3. Transportation Policy Board (TPB)

Mayor Ryder did not provide any reports.

B. Deputy Mayor Malcolm Miller:

1. Economic Development Council (EDC)
2. Lodging Tax Advisory Committee (LTAC)
3. Thurston County Coalition Against Trafficking (TCCAT)
4. Joint Animal Services Commission (JASCOM)

Deputy Mayor Miller provided a report from the EDC.

C. Councilmember Lenny Greenstein:

1. Emergency Medical Services (EMS)
2. TCOMM911
3. Opioid Abatement Council Independent Subcommittee

Councilmember Greenstein did not provide any reports.

D. Councilmember Michael Steadman:

1. Nisqually River Council



2. Thurston County Law & Justice Council
3. Olympic Region Clean Air Agency (ORCAA)

Councilmember Steadman did not provide any reports.

E. Councilmember Carolyn Cox:

1. Lacey-Olympia-Tumwater-Thurston Clean Water Alliance (LOTT)
2. Regional Housing Council
3. Intercity Transit Authority

Councilmember Cox provided reports from the Intercity Transit Authority and Regional Housing Council.

F. Councilmember Robin Vazquez:

1. Thurston Climate Mitigation Collaborative (TCMC)
2. Thurston Regional Planning Council (TRPC)
3. Thurston County Board of Health

Councilmember Vazquez was excused and no reports were provided. Councilmember Cox provided a report from TCMC as alternate.

G. Councilmember Nicolas Dunning:

1. Thurston Thrives
2. Solid Waste Advisory Committee (SWAC)
3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)

Councilmember Dunning did not provide any reports.

16. Executive Session

A. **Executive Session Pursuant to RCW 42.30.110(1)(i)**

Item 16.A. was removed from the agenda and will be scheduled for a future date.

17. Adjourn

Mayor Ryder adjourned the meeting at 5:53 p.m.





LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: Disbursement Approval

RECOMMENDATION: By motion, approve payment of claims, wages, and transfers.

STAFF CONTACT: Troy Woo, Finance Director *W*
Alix Turcotte, Senior Accountant *AT*
Carrie Bode, Accounting Technician *CB*

ORIGINATED BY: Finance Department

BACKGROUND:

The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 10/14/2024 through 11/8/2024. The disbursements consist of the following:

Checks:	<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
	*10/31/2024	277109	277112	4,533.59
	11/1/2024	277113	277223	1,672,298.10
	11/8/2024	277224	277323	1,935,473.52

Electronic Transfers:	<u>Week of</u>	<u>Amount</u>
	10/14/2024	29,439.90
	10/28/2024	17,238.87
	10/30/2024	62,715.65
	*10/31/2024	21,089.82
	*10/31/2024	1,949,758.68
	10/31/2024	31,600.86
	11/1/2024	623,032.10
	11/1/2024	502,112.50
	11/8/2024	371,018.03

Payroll:	<u>Month End</u>	<u>Wages</u>
	10/31/2024	2,248,414.89

*Disbursements for employee out-of-pocket deductions and employee benefits.

Significant Disbursements:

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
Olympia-CARPFD	\$ 62,715.65	October 2024 CARPFD
US Bank NA	\$ 502,112.50	Debt Service Principal & Interest
Active Construction, Inc.	\$ 472,700.04	Pacific/Homman Roundabout Imprv.
Active Construction, Inc.	\$ 983,284.38	Carpenter & Britton Parkway
KMB Architects, Inc.	\$ 65,316.08	Police Department Facility
Nisqually Indian Tribe	\$ 97,895.70	September 2024 Inmate Support
Phoenix Fabricators & Erectors	\$ 322,804.67	Terry Cargil Reservoir
Puget Sound Energy, Inc.	\$ 145,697.07	Utility Bills
Bud Clary Ford/Hyundai	\$ 69,996.31	Parks Truck Replacement
Dell Marketing LP	\$ 63,226.93	Year End Replacements
LOTT Wastewater Alliance	\$ 300,939.95	October 2024 Reserve Capacity
LOTT Wastewater Alliance	\$ 1,300,265.45	October 2024 ERUs
Superion, LLC	\$ 96,266.98	Annual Maintenance
Witt O'Brien's, LLC	\$ 58,400.00	Project Initiation Management Mtg



CITY OF LACEY

Official Proclamation

WHEREAS, the City of Lacey celebrates and supports our local small businesses and the contributions they make to our local economy and community; and

WHEREAS, there are currently 33.3 million small businesses in the United States, which represents 99.9% of firms with paid employees in the United States; and

WHEREAS, small businesses employ over 47.3% of employees in the private sector in the United States, and are responsible for 63% of new jobs created over the past 20 years; and

WHEREAS, 59% of shoppers reported they shopped online with a small business and 55% reported they dined or ordered takeout from a small restaurant, bar, or café on Small Business Saturday in 2023; and

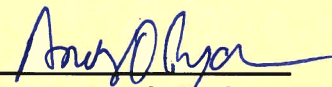
WHEREAS, the City of Lacey supports our local businesses that create jobs, boost our local economy, and preserve our communities; and

WHEREAS, advocacy groups, and public and private organizations in our community and across the country have endorsed the Saturday after Thanksgiving as Small Business Saturday.

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby proclaim Saturday, November 30, 2024, as

Small Business Saturday

in the City of Lacey, and urge all community members to support small businesses and merchants on Small Business Saturday and throughout the year.



Mayor Andy Ryder
November 19, 2024

CITY OF LACEY
Official Proclamation

WHEREAS, members of the Army, Air Force, Navy, Marines, Coast Guard, and Merchant Marine have answered a high calling to serve and have helped protect and secure the United States of America at every turn; and

WHEREAS, our country is forever indebted to our veterans for their courage and exemplary service as selfless individuals who, when duty called, willingly put themselves in harm's way to defend the lives and liberty of others; and

WHEREAS, we honor those who laid down their lives in freedom's defense and made the ultimate sacrifice for our benefit; and

WHEREAS, on Veterans Day, we salute those who have proudly worn the uniform of the United States of America and the families who have served alongside them, and we express our enduring gratitude, both in words and in actions, for their service; and

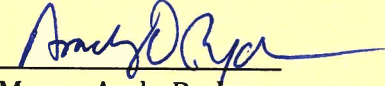
WHEREAS, as many veterans face overwhelming unknowns, through community collaborations we can ensure that those who have served their nation receive the resources they deserve; and

WHEREAS, through their commitment to freedom, our veterans have positively impacted millions of lives and made our country and the world more secure, and the City of Lacey resolves that their sacrifices will always be remembered;

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the City Council, do hereby proclaim the month of November 2024, as

Veterans Appreciation Month

in the City of Lacey, and I encourage all community members to recognize the valor and sacrifice of our veterans and to actively support our local veterans and their family members.


Mayor Andy Ryder
November 19, 2024



LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: 2025 Budget Hearing

RECOMMENDATION: Conduct Budget Hearing, accept public comment, and discuss potential changes to the proposed budget.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *tw*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS:

FISCAL NOTE: Total Proposed 2025 Budget - \$280,088,819
Total Proposed 2025 General Fund Budget - \$78,069,464

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW:

BACKGROUND:

On November 19, 2024, the City Council will conduct the first of two public hearings to discuss the proposed 2025 Budget. These hearings are designed to gather input from the community, allowing community members to share their comments, feedback, and concerns. Additionally, the hearings provide an opportunity for City Council members to offer guidance or recommendations to staff regarding the budget. Any direction provided by the City Council will be incorporated into the final version of the 2025 Budget. The budget is set for adoption on December 17, 2024.

The creation of the Proposed 2025 Budget is the result of significant dedication and effort from both the City Council and City staff. The budget development process began in late July when department directors submitted their initial budget proposals. Throughout August,

City Manager Walk held meetings with each department director to review and refine these proposals.

During the September 10, 2024 City Council Worksession, preliminary revenue and expenditure estimates for 2025 were presented and discussed. This session provided an overview of the financial outlook and served as a foundation for the 2025 budget development. On September 24, 2024, the City Council conducted a budget workshop, where key budgetary issues for 2025 were thoroughly discussed, and important guidance was provided.

Following this collaborative process, City Manager Walk presented a balanced 2025 Budget to the City Council on October 15, 2024. This budget reflects careful planning, strategic prioritization, and the collective input of city leadership and staff.

The total Proposed 2024 Budget is \$280,088,819, which is a decrease of \$49,948,924 compared to the amended 2024 Budget. Lower capital expenditures, one-time capital transfers, and utility debt issuance and related transfers are offsetting workforce additions and increasing labor costs.

The majority of the projected revenue growth from property taxes in 2025 is driven by recent new construction within the city, which continues to expand the city's tax base. Meanwhile, sales tax collections for 2025 are anticipated to remain relatively consistent with 2024 levels, based on current local retail trends. General Fund investment income is expected to decline due to reduced principal levels and lower earnings rates, which poses challenges for funding ongoing expenditure increases.

As a result of these financial pressures, the 2025 Budget is balanced through the strategic use of budget policy reserves totaling \$1,759,545. While this approach allows the city to manage expenses in the short term, it highlights the presence of a structural budget deficit. To address this issue, the city will develop strategies throughout 2025 aimed at eliminating the deficit and ensuring long-term fiscal sustainability. These strategies will be implemented as part of the 2026 Budget planning process.

The total proposed General Fund Budget is \$78,069,464. This is a decrease of \$19,616,353 or 19.9 percent compared to the amended 2024 General Fund Budget.

The decrease to the General Fund Budget expenditures is mostly attributed to lower one-time capital transfers related to the first year of the new police station and training facility construction. There are significant increases due to the inflationary growth to the cost of labor.

The proposed 2025 Budget maintains all services and continues to provide funding for a number of capital projects, critical community investments such as the new police station and training facility, Cuoio Park Phase 1A, strategic economic investments, vehicle and equipment replacements, College Street Northeast Extension, College Street and 16th Avenue/29th Avenue roundabout designs, 2025 street overlay and sidewalk repair program,

LED street light upgrades, water pH treatment facilities, well improvements and rehabilitation, water transmission line replacements, wastewater lift station replacement and rehabilitations, wastewater main improvements, and stormwater facility improvements.

Subsequent to the City Manager's October 15 budget presentation, the 2025 proposed budget has been adjusted to include the following changes:

- Property tax adjustments for the 2024 refund levy and a slight decrease due to adjustments to new construction. These adjustments increased the property tax projection by \$143,026. This increase reduces the reliance on the use of the Budget Policy Program reserves to balance the proposed budget.
- A \$26,046 decrease to the joint animal services administrative support fee.
- \$3,904 increase to governmental legal services and prosecution. A 2024 budget amendment for permanent increases was inadvertently not included in the proposed 2025 Budget.
- It was discovered that the funding allocation of \$213,520 for the Mobile Outreach Team agreement had been inadvertently included in both the Human and Social Services Department and the new Public Safety Fund proposed budgets. Since the permanent funding for this vital community service is secured by the new Public Safety sales tax, the proposed budget for the Human and Social Services Department was reduced to reflect this correction.
- An additional \$500,000 from the City Council's Strategic Economic Development Investment reserve was identified as authorized for use, providing significant financial flexibility. This allocation reduces the reliance on Budget Policy Program reserves needed to balance the Proposed 2025 Budget.

The City Council is scheduled to conduct a second and final budget hearing on December 3, 2024. Budget adoption is scheduled for December 17, 2024.

2025 Budget Hearing

City Council Meeting | November 19, 2024



Total Proposed 2025 Budget

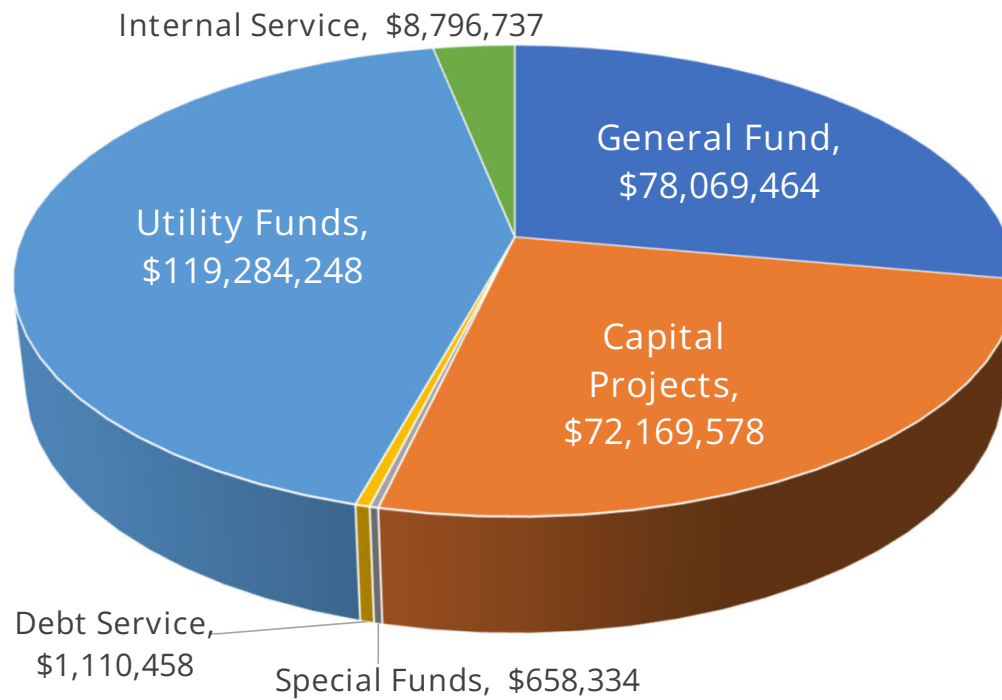


Total Proposed 2025 Budget

	2024	2025	
	<u>Amended</u>	<u>Proposed</u>	<u>Variance</u>
General Fund	\$ 97,685,817	\$ 78,069,464	\$ (19,616,353)
Capital Projects	72,356,976	72,169,578	(187,398)
Special Funds	649,700	658,334	8,634
GO Debt Funds	1,092,396	1,110,458	18,062
Water Utility	85,366,806	57,907,647	(27,459,159)
Wastewater Utility	54,180,778	50,488,691	(3,692,087)
Stormwater Utility	10,085,990	10,828,246	742,256
Reclaimed Water Utility	45,400	59,664	14,264
Internal Service Funds	<u>8,573,880</u>	<u>8,796,737</u>	<u>222,857</u>
	\$ 330,037,743	\$ 280,088,819	\$ (49,948,924)



Proposed 2025 Budget



2025 General Fund Expenditures



2025 General Fund Expenditure Requests

<u>General Fund</u>	<u>2024</u> <u>Amended</u>	<u>2025</u> <u>Proposed</u>	<u>Variance</u>
Administration	\$ 5,200,413	\$ 5,256,110	\$ 55,697
Contract Services	2,635,541	3,242,102	606,561
Human & Social Services	4,874,371	1,689,815	(3,184,556)
Finance	2,430,140	2,584,875	154,735
Legal Services	822,205	972,646	150,441
Common Facilities	1,706,031	1,762,344	56,313
Police	19,973,635	19,888,902	(84,733)
Public Works	13,157,063	14,197,499	1,040,436
Community & Economic Dev.	5,720,270	5,166,814	(553,456)
Parks, Culture & Recreation	3,612,613	3,565,278	(47,335)
Community Buildings	986,535	1,124,720	138,185
Regional Athletic Complex	1,371,195	1,483,916	112,721
City Streets	4,828,927	4,930,251	101,324
Capital & Transfers	30,366,878	12,204,192	(18,162,686)
	\$ 97,685,817	\$ 78,069,464	\$ (19,616,353)



2025 General Fund Revenues



2025 General Fund Revenues

	2024 Budget	2025 Proposed	Variance
Property Tax	\$ 8,830,520	\$ 9,272,934	\$ 442,413
Sales Tax	18,521,737	19,318,244	796,507
Utility Tax	8,560,899	8,918,872	357,973
Other Taxes	4,244,477	4,408,113	163,636
State Shared Rev	1,854,830	1,827,977	(26,853)
Permits & Fees	2,432,461	2,426,480	(5,981)
Service Fees	10,409,322	12,622,227	2,212,905
All Other	<u>42,831,571</u>	<u>19,274,618</u>	<u>(23,556,953)</u>
	\$ 97,685,817	\$ 78,069,464	\$ (19,616,353)



2025 Budget Initiatives



2025 Major Initiatives

- ◆ Police Station and Training Facility
 - \$36.9 million
- ◆ Cuoio Park Phase 1A
 - \$6.5 million
- ◆ Vehicle and Equipment Replacements
 - \$2.7 million



2025 Major Initiatives

- ◆ RAC Phase 3 Design
 - \$1.5 million
- ◆ Parks Capital Maintenance & Repair
 - Woodland Creek Bridge (\$370,000)
 - Longs Pond Dock (\$256,000)
 - Long Lake House Demolition (\$120,000)
- ◆ Preliminary Design for Central City Hall Improvements
 - \$250,000



2025 Major Initiatives

- ◆ Strategic Economic Development Investments
 - \$500,000
- ◆ Preliminary Design for the Public Works Operations Facility Improvements
 - \$250,000
- ◆ Public Defense Standards
 - First Year +\$208,000
- ◆ MakerSpace Support
 - \$200,000



2025 Major Initiatives - Utilities

- ◆ Water Capital (\$27.3 million)
 - Madrona Well pH Treatment, Westside Wells pH treatment, College Street Ext., Marvin Road & Meridian Campus Production Wells
- ◆ Wastewater Capital (\$18.3 million)
 - Liftstations 3, 6, 9, 11, 17, 23 and College Street Extension
- ◆ Stormwater Capital (\$1.5 million)
 - Liftstation 3, Decant Effluent Modification, Stormwater Comprehensive Plan Update



2025 Major Initiatives - Transportation

◆ Transportation (\$14.5 million)

- College Street NE Extension
- College Street & 16th Roundabout Design
- College Street & 29th Roundabout Design
- Bicycle/Pedestrian Improvements
- 2025 Overlay and Sidewalk Repair (\$4.3 million TBD funded)



2025 Major Initiatives – Transportation Benefit District

◆ Transportation Benefit District (\$4.3 million)

- 8th Avenue SE
- 2025 Sidewalk Repair
- Slurry Seal
- Crack Sealing
- College Street Extension – 6th Ave
- Britton & Gateway Roundabout



2025 Major Initiatives – Human and Social Services

- ◆ Local Human Services Grant Prog. (\$300,000)
- ◆ Rapid Response Cleanup Team (\$250,806)
- ◆ Regional Housing Council (\$82,981)
- ◆ Mobile Outreach Team (\$213,520)
- ◆ Affordable and Supportive Housing (\$110,374)



2025 Workforce Considerations



2025 General Fund Proposal

- ◆ Engineering Technician III
 - Stormwater inspection
 - Primarily utility funded
- ◆ Police Lieutenant overlap
 - Partial year as part of Commander phase-out
- ◆ Journey Level Maintenance Technician (mid-year consideration)
 - Cuoio Park



2025 Utilities Proposal

- ◆ Journey Level Maintenance Technician
 - Water Sampling
- ◆ Two Journey Level Maintenance Technicians
 - Wastewater
 - Approved, but not funded for 2024



2025 Use of Reserves



2025 Use of One-Time Reserves

Current Expense Fund Reserves	2025 Budget
Cuoio Park Phase 1A	\$ 5,480,000
Police Succession Planning (Social Services, Parks & Buildings)	500,000
Social Services Initiatives & Investments	500,000
City Hall Capital Facilities Plan	332,500
Rapid Response Team	250,806
Mental & Social Services Outreach Team (Equipment & Parks)	234,480
Body Worn & Fleet Cameras	209,250
Energy Conservation	200,000
Strategic Investment Program	700,000
Capital Equipment Replacement	163,157
Drug Seizures/Criminal Bail	72,100
Budget Policy Implementation	1,759,545
	\$ 10,401,838



2025 Use of One-Time Reserves

Other General Fund Reserves	2025 Budget
<u>Community Buildings Fund</u>	
Building Repair	\$ 232,500
<u>Street Fund</u>	
Transportation Equipment & Improvements	101,043
<u>Capital Equipment Fund</u>	
Capital Equipment Replacement	167,750
IMS Fiber & Telephone Repair (Equipment Replacement)	398,609
Parks Facilities – Repair/Replacement	160,000
	\$ 726,359



Changes to the Proposed Budget



Recommended Changes to the Budget

- ◆ Property tax adjustment
 - Refund levy +\$147,167
 - Construction adjustment -\$4,141
- ◆ Joint Animal Services administrative fee
 - Lacey's support charge -\$26,046
- ◆ Governmental legal services & prosecution
 - 2024 amendment not carried forward +\$3,904



Recommended Changes to the Budget

- ◆ Mobile Outreach Team included in proposed budget in two departments
 - -\$213,520
 - Lowers use of Budget Policy Implementation reserve
- ◆ Use of Strategic Economic Development Investment reserve
 - +\$500,000
 - Lowers use of Budget Policy Implementation reserve



Budget Perspectives



2025 Budget Perspectives

- ◆ The City's top priorities, Police Station and Cuoio Park Phase 1A, will utilize \$24.1 million of reserves and \$18.0 million of LTGO Bond proceeds in 2025.
- ◆ \$45.6 million in Water and Wastewater infrastructure due to regulation, needed facility maintenance/repair, and growth.
- ◆ Continued commitment to Human and Social Services.



2025 Budget Perspectives

- ◆ Full-year funding for nine (9) Police positions provided by the voter-approved Public Safety sales tax (\$1.75 million).
- ◆ Operations and maintenance enhancements are very limited to keep use of reserves to a manageable level.
- ◆ Capital project and repair proposals are funded by one-time reserves.
- ◆ \$1,759,545 reserves to fund operating deficit.



Next Steps

December 3, 2024

- ◆ Final public hearing on the budget

December 17, 2024

- ◆ Adopt 2025 Budget Ordinance



Serving the Community...



Questions/Guidance/Discussion





LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: Resolution authorizing the 2025 Ad Valorem Tax increase

RECOMMENDATION: Motion: To adopt Resolution 1159 authorizing the increase of the 2025 Ad Valorem tax levy by one percent over the tax levy of 2024.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *W*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Resolution No. 1159

FISCAL NOTE: Projected 2025 General Levy Collections \$9,272,934

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: Budget Workshop on September 24, 2024
Revenue Hearing on November 5, 2024

BACKGROUND:

RCW 84.55.005(2)(c) sets the property tax limit factor for a taxing jurisdiction with a population over 10,000 as the lesser of 101 percent or 100 percent plus inflation.

The Thurston County Assessor's Office suggests the adoption of a separate resolution or ordinance to satisfy the provisions of RCW 84.55.120 (3)(a), which states:

Except as provided in (b) of this subsection (3), no increase in property tax revenue may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution may cover a period of up to two years, but the ordinance must specifically state for each year the dollar increase and percentage change in the levy from the previous year.

The exceptions referenced above relate to new construction, improvements to property, newly constructed wind turbines, annexation, and state-assessed utility property.

The inflation factor to be used for the 2025 property taxes is 2.57 percent.

The proposed resolution includes provisions to comply with this requirement, which will allow the County Assessor's Office to assess the City's 2025 property tax as authorized. The resolution authorizes an increase of one percent, which is equal to \$88,282.

It is requested that the City Council review and adopt the resolution relating to the 2025 property taxes.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Motion to adopt Resolution No. 1159 authorizing a one percent 2025 Ad Valorem tax levy increase.

Option 2: Motion amending proposed Resolution No. 1159 to authorize an increase by an amount less than one percent.

Option 3: Some other option not contemplated in the above options.

RESOLUTION NO. 1159

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AUTHORIZING THE INCREASE OF THE 2025 AD VALOREM TAX LEVY BY ONE PERCENT OVER THE TAX LEVY OF 2024.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 5, 2024, for purposes of considering revenue sources to fund the City's 2025 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the City of Lacey actual levy amount from the previous year was \$8,828,200, and

WHEREAS, the population of the City of Lacey is more than 10,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2025 tax year. The dollar amount of the increase over the actual levy amount from 2024 shall be \$88,282, which is an increase of 1.0 percent from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, and any increase in the value of state assessed property within the City and allowed adjustments for annexation and refunds.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 19th day of November, 2024.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

2025 Property Tax Resolution and Ordinance

City Council Meeting | November 19, 2024



Property Tax Changes

	2025 Adjustments	2025 Projection
2024 General Property Tax Levy		\$ 8,828,200
New Construction	\$ 209,284	
1.0% Revenue Limit	88,282	
Refund Levy	147,167	
2025 General Property Tax Levy		\$ 9,272,934



Projected Property Tax Revenue

Levy	2024 Budget	2025 Projection	Variance
General Levy	\$ 8,828,200	\$ 9,272,934	\$ 444,734
Parks Imp. Bonds 2006	360,200	362,400	2,200
	\$ 9,188,400	\$ 9,635,334	\$ 446,934



2024 v. 2025 Property Tax Comparison

<u>2024 Levy</u>	<u>Levy Rate</u>	Tax for <u>\$471K Home</u>
General Levy	\$ 0.7255	\$ 341.71
G.O. Bond - 2006 Parks	<u>0.0299</u>	<u>14.06</u>
	\$ 0.7554	\$ 355.78

<u>2025 Levy</u>	<u>Levy Rate</u>	Tax for <u>\$500K Home</u>
General Levy	\$ 0.7022	\$ 351.10
G.O. Bond - 2006 Parks	<u>0.0278</u>	<u>13.90</u>
	\$ 0.7300	\$ 365.00



Proposed Actions to Set 2025 Property Taxes

- ◆ Adopt Resolution No. 1159 – Authorizes the 2025 Property Tax increase of one percent
- ◆ Adopt Ordinance No. 1664 – 2025 Property Tax Levy
 - General Levy of \$9,272,934
 - Voter-Approved General Obligation (GO Bond) Levy of \$362,400



Questions?





LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: Ad Valorem Tax Ordinance

RECOMMENDATION: Motion: To adopt Ad Valorem Tax Ordinance No. 1664

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *tw*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Ordinance No. 1664

FISCAL NOTE: 2025 General Levy Collections \$9,272,934
2025 Excess Bond Levy Collections (Parks) \$362,400

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: Budget Workshop on September 24, 2024
Revenue Hearing on November 5, 2024

BACKGROUND:

Each year the taxing districts must certify their budgets and property tax levies by November 30, or the County Assessor must use the previous year's certified levy amounts.

There are a number of adjustments to the City's property tax levy. The proposed 2025 levy will be increased by the refund levy, revenue limit, and new construction.

The refund levy represents adjustments that were made to property assessments based on property owner assessment appeals, technical errors, or the granting of exemptions. These adjustments were made during the period of October 1, 2023, through September 30, 2024. The refunds did not change the legal property tax levy limit during that period, so the City is allowed to recover the refunded tax dollars in the following year.

The property tax revenue limit for jurisdictions with populations greater than 10,000 is 101 percent or 100 percent plus inflation, whichever is less. Increases resulting from new construction and improvements to property, newly constructed wind turbines, and state-assessed utility property are exempt from the revenue limit. The revenue limit is challenging for the City of Lacey because property tax is a significant source of revenue for the General

Fund. 12.0 percent of all proposed 2024 General Fund budgeted revenues are from property taxes. It is typical for inflation to be in excess of one percent, so the 101 percent property tax limit normally does not keep pace with the City's rising expenditures.

The inflation factor to be used to determine 2025 property tax collections is 2.57 percent, so the City Council is authorized to increase property taxes by the 101 percent property tax limit.

While the 101 percent revenue limit is challenging, the City of Lacey has been able to address growing service demands and inflationary growth to expenditures with strong property tax growth from new construction. The 2025 additions from new construction were higher than the historical projections. New construction valuing \$288,478,880 will be added to next year's assessed value. This will result in a property tax increase of \$209,284.

The overall assessed value for Lacey is increasing \$1,037,583,323. After removing the impacts of new construction existing assessed valuation increased \$749,104,443. Increasing valuations result in lower overall levy rates. Properties, which experienced changes to assessed valuation at a similar rate as the overall Lacey valuation will not experience any significant increase to the City of Lacey property tax. Due to the 101 percent revenue limit, levy rates change inversely to the changes to assessed values. The following table illustrates the impact of a 10.0 percent decrease to property assessments with the one-percent revenue limit in effect.

<u>Tax District - City of Lacey</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Change</u>
Revenue Limit (1%)	\$ 1,000,000	\$ 1,010,000	1.0%
Total District Assessed Value	100,000,000	110,000,000	10.0%
Levy Rate per \$1,000 Assessed Value	\$ 10.00	\$ 9.18	-8.2%

<u>House in Lacey</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Change</u>
Assessed Value	\$ 100,000	\$ 110,000	10.0%
Taxes Due (Assessed Value x Levy Rate)	\$ 1,000	\$ 1,010	1.0%

The table illustrates that a house in Lacey that is appreciating in value at the same rate (10.0 percent) as the average appreciation rate for Lacey, and without considerations of statewide levies or other taxing districts, will have taxes due increased by one percent or the revenue limit.

The proposed ad valorem tax ordinance sets the 2025 general property tax at \$9,272,934. This will result in an estimated levy rate of \$0.7022 per \$1,000 of assessed valuation. This is an increase of \$444,734 or 5.04 percent compared to the 2024 general property tax collections. The adjustments to next year's levy include a \$209,284 increase due to new construction, an \$88,282 increase due to exercising the 1.0 percent revenue limit adjustment, and a \$147,167 increase from the 2024 refund levy.

The proposed ordinance also sets the voter-approved GO Bond redemption property tax levies. The total 2025 property tax levy collection for GO Bond redemption is \$362,400. The

total estimated GO Bond redemption levy rate is \$0.0278 per \$1,000 of assessed valuation. The outstanding GO Bonds and their portion of the property tax levies are listed below.

	<u>Date Issued</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>2025 Principal & Int.</u>	<u>Rate/ \$1,000 AV</u>
Parks Imp. GO Refunded Bonds 2015	May 20, 2015	2,995,000	685,000	362,400	0.02776
				\$ 362,400	\$ 0.02776

It is requested that the City Council review and adopt the ordinance setting the 2025 property tax levies.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Motion to adopt Ordinance No. 1664 establishing the 2025 Ad Valorem tax levy.

Option 2: Motion amending proposed Ordinance No. 1664 to authorize an amount lower than the lawful limit.

Option 3: Some other option not contemplated in the above options.

ORDINANCE NO. 1664

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2025; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2025 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION.

WHEREAS, a public hearing was held before the City Council of the City of Lacey on November 5, 2024, for purposes of considering revenue sources to fund the City's 2025 Current Expense Budget which consists of expenditures to provide ongoing services exclusive of capital expenditures, utility and other enterprise funds and special assessment funds of the City, and

WHEREAS, the assessed valuation of all taxable property within the City as determined by the Thurston County Assessor is \$13,206,424,360 for the General Levy and \$13,054,304,688 for the park improvement general obligation levies, and

WHEREAS, under RCW 84.55.005(2)(c), the limit factor for a taxing jurisdiction with a population of 10,000 or more is the lesser of 101 percent or 100 percent plus inflation, and

WHEREAS, RCW 84.55.005(1) defines "inflation" as the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the Bureau of Economic Analysis of the federal Department of Commerce by September 25 of the year before the taxes are payable, and

WHEREAS, "inflation" to be used for 2025 is 2.57 percent and the limit factor is therefore 101 percent, meaning the taxes levied in the City of Lacey in 2024 for collection in 2025 will increase an amount equal to one percent over the amount collected in 2024 except for the amounts resulting from new construction and improvements to property, adjustments for annexation, newly constructed wind turbines, and any increase in the value of state-assessed utility property.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. The property tax levy, together with all adjustments thereto is shown below:

	<u>Adjustment Amount</u>	<u>% Increase/ Decrease</u>
2024 Property Tax Levy	\$ 8,828,200	
2025 General Levy Increase	88,282	1.00%
2025 New Construction Levy	209,284	2.37%
2025 Net Refund Levy	<u>147,167</u>	<u>1.67%</u>
2025 General Property Tax Levy	\$ 9,272,934	5.04%

Section 2. The levies to raise \$362,400 from property tax for bond redemption and interest on voted general obligation bond indebtedness for the City of Lacey are as follows:

	<u>Total Assessed Valuation</u>	<u>\$ Amount per \$1,000 Assessed Value</u>	<u>\$ Amount of Levy</u>
2015 Refunded Parks Imp.	13,054,304,688	0.02776	362,400

Section 3. The taxes herein provided for are levied for the purpose of raising revenue sufficient to pay the principal and interest upon the general bonded indebtedness, if any, of the City of Lacey, for a portion of the General Fund, and for the operation of the different departments of the municipal government of the City of Lacey for the fiscal year beginning January 1, 2025, and ending December 31, 2025 (current expense budget); and are hereby levied upon all the real and personal property as shown by the assessment in the County of Thurston as finally fixed by the County and State Board of Equalization, and as extended upon the books of the County Assessor showing the property within said City subject to taxation for municipal purposes and upon the amount of real and personal property as certified by the County Assessor, all pursuant to and under and by virtue of the laws of the State of Washington.

Section 4. That the taxes collected from the levies hereby fixed and made are hereby appropriated and this appropriation, together with the estimated revenues from all sources other than ad valorem taxation shall, when the annual budget for the fiscal year 2025 is finalized and adopted by ordinance, constitute the appropriations of the City of Lacey for the fiscal year 2025.

Section 5. Corrections. 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 references thereto.

Section 6. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,
this 19th day of November, 2024.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

Publish: November 21, 2024

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1664

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2024, Ordinance No. 1664, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, FIXING THE AMOUNT OF THE ESTIMATED EXPENDITURES, LESS THE ESTIMATED REVENUES FROM SOURCES OTHER THAN AD VALOREM TAXATION, NEEDED FOR THE CURRENT EXPENSE BUDGET AND FOR THE PAYMENT OF PRINCIPAL AND INTEREST UPON THE GENERAL BONDED INDEBTEDNESS OF THE CITY OF LACEY FOR THE FISCAL YEAR 2025; LEVYING THE ANNUAL AD VALOREM TAXES OF THE CITY OF LACEY FOR THE FISCAL YEAR 2025 AND APPROPRIATING SAME TO CERTAIN FUNDS FOR CERTAIN PURPOSES AND ADOPTING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance sets the 2025 general property tax levy to be in the sum of \$9,272,934.00 and sets the amount of ad valorem tax levies for the payment of outstanding bonded indebtedness.
2. The Ordinance declares that the taxes levied, together with estimated revenues from all other sources other than ad valorem taxation shall constitute the appropriations of the City for the 2025 fiscal year budget.
3. Provides provisions for corrections.
4. The Ordinance approves this Summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: November 21, 2024.



LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: 2025 Limited Tax General Obligation (LTGO) Bond Ordinance

RECOMMENDATION: Motion: Move to adopt Ordinance No. 1665 authorizing Finance Director or City Manager to conduct the sale of limited tax general obligation (LTGO) bonds.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Finance Department

ATTACHMENTS: 1. Ordinance No. 1665
2. Summary for Proposed Ordinance

FISCAL NOTE: As outlined in staff report.

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: April 27, 2023 and November 12, 2024 Council Worksessions

BACKGROUND:

The proposed ordinance authorizes the issuance of Limited Tax General Obligation Bonds with a total principal amount not to exceed \$18,300,000. These bonds are intended to fund the construction and equipping of a new police station and training facility.

The ordinance serves as a comprehensive framework for the bond issuance process. It begins by defining key terms and establishing the legal basis for the City's actions. It sets forth findings and determinations that confirm the necessity of the project, the availability of funding through bonds, and compliance with applicable state laws governing municipal debt. Additionally, the ordinance includes specific provisions related to the issuance, sale, and management of the bonds, such as appointing designated representatives to oversee the bond sale within certain parameters, and outlining procedures for bond redemption and payment.

By adopting this ordinance, the City Council seeks to ensure that the bonds are issued efficiently, at the most favorable terms, and in a manner that safeguards the City's fiscal

health. The bonds will be secured by the City's tax revenues, ensuring reliable repayment without imposing additional burdens on taxpayers.

April 27, 2023 City Council Worksession established the funding strategy for the Police Station and Training Facility (see table below). During planning sessions, the source of repayment for the LTGO Bonds was identified as future real estate excise taxes. It should be noted that all taxes revenues and other money are pledged by the City for the payment of principal and interest of the bonds.

Funding Source	April 27, 2023
LTGO Bond	\$18,000,000
Real Estate Excise Tax	18,000,000
ARPA/SLFRF	6,856,924
Gen. Fund Reserves	13,700,000
Design/Land Reserves	5,000,000
Total	\$61,556,924

The proposed bond issuance commits the City to much more than just the annual interest and principal payments. The City is committing to compliance with IRS arbitrage rebate rules, continuing disclosure requirements of the Municipal Securities Rulemaking Board, and other requirements that give bond holders assurances that the City will be able to make payments throughout the bond terms. The following are significant bond covenants within the proposed bond ordinance:

Section 4 of the proposed bond ordinance appoints the City Manager and Finance Director as the City's designated representatives and authorizes either of the designated representatives to conduct the sale of the bonds when the terms are deemed the most advantageous to the City. The designated representative can approve the final terms of the bonds if they are within the following key parameters:

- Principal amount shall not exceed \$18,300,000
- Interest rates of any bond cannot exceed 6.0 percent and the true interest cost may not exceed 6.0 percent
- Purchase price of the bonds must be between 98 percent and 140 percent of the stated principal amount of the bonds
- Date of delivery may not be later than one year from the passage of the proposed bond ordinance

- The bonds cannot mature later than December 31, 2044

At its November 12, 2024, Worksession, the City Council reviewed the current market pricing of bonds and bond ordinance parameters. Staff recommends the adoption of Ordinance No. 1665 authorizing the sale of limited-tax general obligation bonds for the construction and equipping of the new police station and training facility.

NEXT STEPS:

Staff recommends the Lacey City Council take action by proceeding with Option 1.

Option 1: Approve motion to adopt Ordinance No. 1665 providing for the issuance, sale and delivery of limited tax general obligation bonds not to exceed an \$18,300,000 aggregate principal amount.

Option 2: Direct staff to make changes to the ordinance for Council consideration.

Option 3: Some other option not contemplated in the above options.

CITY OF LACEY, WASHINGTON

ORDINANCE NO. 1665

AN ORDINANCE of the City of Lacey, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$18,300,000 aggregate principal amount of limited tax general obligation bonds to provide funds to finance a portion of the construction and equipping of a new police station and training facility in the City and to pay the costs of issuance and sale 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 final terms of the sale of the bonds; and providing for other related matters.

Passed November 19, 2024

This document prepared by:

*Foster Garvey P.C.
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Seattle, Washington 98101
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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

CITY OF LACEY, WASHINGTON

ORDINANCE NO. 1665

AN ORDINANCE of the City of Lacey, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed \$18,300,000 aggregate principal amount of limited tax general obligation bonds to provide funds to finance a portion of the construction and equipping of a new police station and training facility in the City and to pay the costs of issuance and sale 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 final terms of the sale of the bonds; and providing for other related matters.

THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

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

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

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

(d) “*Bond Counsel*” means the firm of Foster Garvey P.C., 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.

(e) “*Bond Fund*” means the Limited Tax General Obligation Bond Fund, 2025, of the City created for the payment of the principal of and interest on the Bonds.

(f) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance.

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

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

(i) “*City*” means the City of Lacey, Washington, a municipal corporation duly organized and existing under the laws of the State.

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

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

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

(m) “*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).

(n) “*Final Terms*” means the terms and conditions for the sale of a Series of the Bonds including 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 or covenants.

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

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

(q) “*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.

(r) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated August 22, 1995, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

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

(t) “*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.

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

(v) “*Project*” means the construction and equipping of a new police station and training center facility in the City, and other capital purposes, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project,

consistent with RCW 39.46.070, may be included as costs of the Project. The Project includes acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances. The term “land” includes all real property and all appurtenant improvements, structures and interests therein.

(w) “*Project Fund*” means the Building Improvement Fund or such other fund or account designated or created by the Finance Director for the purpose of carrying out the Project.

(x) “*Purchaser*” means D.A. Davidson & Co. of Seattle, Washington, or such other 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.

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

(z) “*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.

(aa) “*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.

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

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

(dd) “*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.

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

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

(gg) “*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.

(hh) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 16 of this ordinance.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *Authority and Description of Project.* The City is in need of a new police station and training facility in the City and other capital projects of the City. The City Council therefore finds that it is in the best interests of the City to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 39.36, 39.44, 39.46, 39.52 and 35A.40.080 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Project. The total expected cost of the Project is approximately \$61,500,000, which is expected to be made up of proceeds of the Bonds, grants and other available money of the City.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$18,300,000. 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 preliminary assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2025 is \$13,204,883,534.
- (2) As of October 1, 2024, the City has limited tax general obligation indebtedness, consisting of bonds and conditional sales contracts outstanding in the principal amount of \$2,806,036, 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 October 1, 2024, the City had unlimited tax general obligation indebtedness for capital purposes only outstanding in the principal amount of \$1,005,000 for general municipal purposes.

(d) *The Bonds.* For the purpose of providing the funds necessary to pay or reimburse costs of the Project 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 the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization of the Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing indebtedness in one or more Series in aggregate principal amount not to exceed \$18,300,000 to provide funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bonds. The proceeds of the Bonds allocated to paying the cost of the Project shall be deposited as set forth in Section 8 of this ordinance and shall be used to carry out the Project, or a portion of the Project, in such order of time as the City determines is advisable and practicable.

Section 4. Description of the Bonds; Appointment of Designated Representative. The City Manager and the Finance Director each are appointed as the Designated Representative of the City and each of them acting alone is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the following parameters:

(a) The Bonds may be issued in one or more Series, and the aggregate principal amount of the Bonds shall not exceed \$18,300,000;

(b) One or more rates of interest may be fixed for the Bonds but no rate of interest for any maturity of the Bonds shall exceed 6.0%;

(c) The true interest cost to the City for each Series of Bonds shall not exceed 6.00%;

(d) The aggregate purchase price for each Series of Bonds shall not be less than 98% and not more than 140% of the aggregate stated principal amount of the Bonds, excluding any original issue discount;

(e) The Bonds may be issued subject to optional and mandatory redemption provisions;

(f) The Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the Bonds is not later than one year from the passage of this ordinance; and

(g) Each Series shall mature no later than December 31, 2044.

In addition, 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. The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement, may determine whether a Series is federally tax-exempt, and may accept such additional terms, conditions and covenants as the Designated Representative may determine are in the best interests of the City, consistent with this ordinance.

In determining the number of series, the series designations, final principal amounts, date of the Bonds, denominations, interest rates, payment dates, redemption provisions, tax status, and maturity dates for the Bonds, the Designated Representative, in consultation with other City officials and staff and advisors, shall take into account those factors that, in the judgment of the Designated Representative, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the Bonds.

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. 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 such officer 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 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 Lacey, Washington, Limited Tax General Obligation Bonds, 2025, described in the Bond Ordinance.” 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. Funds and Accounts; Deposit of Proceeds.

(a) *Bond Fund.* The Bond Fund is created as a special fund of the City for the sole purpose of paying principal of and interest on the Bonds. Bond proceeds in excess of the amounts needed to pay the costs of the Project and the costs of issuance, if any, shall be deposited into the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond 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 Fund. Until needed for that purpose, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that fund.

(b) *Project Fund.* The Project Fund has been previously created as a fund of the City for the purpose of paying the costs of the Project. Proceeds received from the sale and delivery of the Bonds shall be deposited into the Project Fund and used to pay the costs of the Project and costs of issuance of the Bonds. 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 9. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* 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 Section 4.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Section 4 and 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 Agreement. 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 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 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 or in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase. All Bonds so purchased shall be canceled.

Section 10. 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 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 11. Pledge of Taxes. 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.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bonds.* The City covenants that it will take all actions necessary to prevent interest on the 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 the Bonds or other funds of the City treated as proceeds of the Bonds that will cause interest on the 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 Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance.* 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 Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Bonds as “Qualified Tax-Exempt Obligations.”* A Series of the Bonds may be designated as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

- (1) the Series does not constitute “private activity bonds” within the meaning of Section 141 of the Code;
- (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed \$10,000,000; and
- (3) the amount of tax-exempt obligations, including the Series, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed \$10,000,000.

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. 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 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 Final 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 each Series of the Bonds shall set forth the Final 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) *Preparation, Execution and Delivery of the Bonds.* 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 Bonds.

Section 15. Official Statement.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to the Designated Representative, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, 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 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.

Section 16. Undertaking to Provide Continuing Disclosure. If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(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:

- (1) 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”);
- (2) 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: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) 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; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (I) defeasances; (J) release, substitution, or sale of property securing repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (M) 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; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.
- (3) 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):

- (1) Shall consist of (A) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (B) principal amount of general obligation bonds outstanding at the end of the applicable fiscal year; (C) assessed valuation for that fiscal year; and (D) regular property tax levy rate and regular property tax levy rate limit for the fiscal year;
- (2) 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
- (3) 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 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 an event of default. 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 their 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:

- (1) Preparing and filing the annual financial information undertaken to be provided;
- (2) 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;
- (3) 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;
- (4) 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
- (5) Effecting any necessary amendment of this undertaking.

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.

Section 18. General Authorization and Ratification. The Designated Representative, Mayor, City Clerk 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. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to

be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 20. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Lacey, Washington, at an open public meeting thereof, this 19th day of November, 2024, and signed in authentication of its passage this 19th day of November, 2024.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Bond Counsel

CERTIFICATION

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

1. The attached copy of Ordinance No. 1665 (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 November 19, 2024, as that ordinance appears on the minute book of the City.

2. The meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law.

3. The Ordinance will be in full force and effect five days after publication in the City’s official newspaper, which publication date is November 21, 2024.

4. 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: November 19, 2024.

CITY OF LACEY, WASHINGTON

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. 1665

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on November 19, 2024, Ordinance No. 1665, entitled "AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON, RELATING TO CONTRACTING INDEBTEDNESS; PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$18,300,000 AGGREGATE PRINCIPAL AMOUNT OF LIMITED TAX GENERAL OBLIGATION BONDS TO PROVIDE FUNDS TO FINANCE A PORTION OF THE CONSTRUCTION AND EQUIPPING OF A NEW POLICE STATION AND TRAINING FACILITY IN THE CITY AND TO PAY THE COSTS OF ISSUANCE AND SALE 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 FINAL TERMS OF THE SALE OF THE BONDS; AND PROVIDING FOR OTHER RELATED MATTERS."

The main points of the Ordinance are described as follows:

- Section 1. Defines terms used throughout the ordinance.
- Section 2. Describes the City's findings and determinations.
- Section 3. Authorization of the Bonds.
- Section 4. Description the bonds and appointment of the designated representatives.
- Section 5. The Bond Registrar responsibilities and the transfer and exchange of the bonds are described.
- Section 6. The form and execution of the bonds are set forth.
- Section 7. Description of payment method.
- Section 8. Description of funds and accounts for the deposit of the bond proceeds payment of principal and interest.
- Section 9. Redemption and purchase provisions.
- Section 10. Actions in the event of failure to pay bonds.

- Section 11. Description of the City's pledge of taxes.
- Section 12. The City covenants that it will take all actions necessary to preserve the tax-exempt status of the bonds.
- Section 13. Necessary actions for refunding or defeasance of the bonds are described.
- Section 14. Describes the sale and delivery of the bonds.
- Section 15. The City authorizes the designated representative to review and approve the Preliminary Official Statement and Final Official Statement.
- Section 16. Describes the City's obligation to provide continuing disclosure as required by SEC Rule 15c2-12.
- Section 17. Supplemental and amendatory ordinances.
- Section 18. General authorization and ratification.
- Section 19. Describes the severability provisions.
- Section 20. Sets the effective date of this ordinance as five (5) days after its publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: November 21, 2024.



LACEY CITY COUNCIL MEETING

November 19, 2024

SUBJECT: Proposed Lacey Municipal Code 5.38 – Massage and Reflexology Services

RECOMMENDATION: Motion: To Ordinance 1666 amending Lacey Municipal Code 5.38, Massage and Reflexology Services.

STAFF CONTACT: Rick Walk, City Manager *RW*
Robert Almada, Chief of Police *RA*

ORIGINATED BY: Lacey Police Department

ATTACHMENTS: 1. Ordinance 1666

FISCAL NOTE: None

WORK PLAN GOAL AND STRATEGY: A Safe and Secure Community - (H)(12)
None
Ongoing Services

PRIOR REVIEW: Lacey City Attorney's Office

BACKGROUND:

There are recognized health and wellness benefits to massage and reflexology services when provided by trained practitioners who are certified and licensed. Massage and reflexology businesses in the City of Lacey (City) serves a legitimate and beneficial purpose in our community. Unfortunately, some businesses that portray themselves as massage and reflexology businesses employ unlicensed and uncertified persons to provide services who fail to follow state health and licensing requirements, and do not have the proper training required to obtain a state license or certification. In addition, these businesses that employ unlicensed or uncertified persons to provide massage and reflexology services can be used to facilitate the commission of various criminal acts including but not limited to, prostitution, human trafficking, and money laundering.

Businesses that permit unlicensed or uncertified persons to perform massage and reflexology or permit the commission of unlawful acts undermine the business and reputation of legitimate licensed businesses and practitioners and present a threat to public health, safety, and welfare.

The proposed amendments to Lacey Municipal Code 5.38 are intended to prevent an individual or business from engaging in the practice of providing unlicensed massage and reflexology, deter criminal activity, and support the legitimate delivery of these services by licensed massage practitioners and reflexologists.

Over the past year, the Lacey Police Department has received information from concerned community members and property owners referencing suspicious activity at massage and reflexology businesses in the City. Community members reported unconventional tipping requirements, female massage practitioners dressed in lingerie, massage and reflexology businesses being utilized to house employees, female customers being denied services, and general concerns of prostitution and human trafficking.

In January of 2024, Lacey Police officers assisted the Lacey Fire Code Inspector at a massage and reflexology business. The officer observed non-permitted sleeping quarters and a female employee dressed in lingerie.

Officers conducted online research of massage and reflexology businesses in Lacey. Officers identified seven current massage and reflexology businesses that appear to be associated with potential prostitution and human trafficking. These businesses have explicit advertisements on websites for “escorts”, “erotic massages”, and other euphemisms for prostitution. The businesses have phone numbers with non-local area codes and these phone numbers are associated with online prostitution services. Several of the businesses have online reviews of the services provided by female employees. The reviews posted by the customers are graphic and sexual in nature. The ages of all the female employees described in the online reviews are unclear but appear to vary. Undercover Lacey Police operations support that these illegitimate massage and reflexology businesses may involve minors.

In February of 2024, officers met with a local law enforcement agency that had identified similar issues in their community. The agency identified approximately 21 illegitimate massage and reflexology businesses in their jurisdiction. After conducting undercover prostitution operations and drafting a similar municipal code to this proposal, that city now has no illegitimate massage and reflexology businesses. Unfortunately, the city advised many businesses simply moved to surrounding cities to avoid their municipal code.

The agency supported the Lacey Police Department’s suspicions regarding illegitimate massage and reflexology businesses operating in Lacey. Adopting this municipal code will provide the City and police department with a tool to ensure our businesses are operating properly and with transparency. The proposed municipal code will not only deter and prevent criminal behavior in Lacey but will legitimize those businesses that are in compliance with

the updated Lacey Municipal Code and Health Department certifications. Most importantly, it will protect potential victims of prostitution, sexual exploitation, and human trafficking.

NEXT STEPS: Review and discussion only. At a future meeting, tentatively November 19, 2024, the City Council could consider one of the following.

Option 1: Adopt Ordinance 1666 amending Lacey Municipal Code, 5.38 – Message and Reflexology Services.

Option 2: No change. Continue as is.

Option 3: Provide direction to City staff on other elements to consider in regards to this issue. After further diligence on these elements, City Staff would then return to the Lacey City Council to review.

Option 4: Some other option not contemplated in the above options.

ORDINANCE NO. 1666

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY RELATED TO MASSAGE AND REFLEXOLOGY BUSINESSES, AMENDING SECTIONS 5.38.010-050, 5.38.080-100, 5.38.120, 5.38.140, ADDING NEW SECTION 5.38.045 and 5.38.150, ALL OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, there are recognized health and wellness benefits to massage and reflexology services when provided by trained practitioners who are certified and licensed; and

WHEREAS, massage and reflexology businesses in the City of Lacey serve a legitimate and beneficial purpose in our community; and

WHEREAS, some businesses that portray themselves as massage and reflexology businesses employ unlicensed and uncertified persons to provide services who fail to follow state health and licensing requirements and do not have the proper training required to obtain a state license or certification; and

WHEREAS, businesses that employ unlicensed or uncertified persons to provide massage and reflexology services can be used to facilitate the commission of various criminal acts including but not limited to, prostitution, human trafficking, and money laundering; and

WHEREAS, businesses that permit unlicensed or uncertified persons to perform massage and reflexology or permit the commission of unlawful acts undermine the business and reputation of legitimate licensed businesses and practitioners and present a threat to public health, safety, and welfare; and

WHEREAS, the amendments to Lacey Municipal Code Chapter 5.38 are intended to prevent an individual or business from engaging in the practice of providing unlicensed massage and reflexology, deter criminal activity, and support the legitimate delivery of these services by licensed massage practitioners and reflexologists; and

WHEREAS, the amendments to Lacey Municipal Code Chapter 5.38 will provide the City of Lacey with a tool to ensure massage and reflexology businesses are operating properly and with transparency.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

Section 1. The title to Chapter 5.38 of the Lacey Municipal Code is hereby amended to read as follows:

MASSAGE ~~AND REFLEXOLOGY BUSINESSES~~ ~~PARLORS AND EMPLOYEES~~

Section 2. Section 5.38.010 of the Lacey Municipal Code is hereby amended to read as follows:

Definitions.

Wherever the following words and terms appear in this chapter, they shall have the following meanings:

A. “Advertise” includes, but is not limited to, signs located at a massage business or reflexology business; signs located in places other than at a massage business or reflexology business; advertisements on vehicles; advertisements in paper media such as newspapers, magazines, fliers, cards, or business cards; or advertisements in electronic media such as Internet websites, social media, electronic classified advertisements, cell phone applications, and television or radio advertisements.

B. “Breast massage” shall have the same meaning as set forth in WAC 246-830-005(7).

C. “Conspicuously display” shall mean the display of licenses and certificates in a manner that can be viewed and read by a person immediately upon entry into the initial common area of a massage business or reflexology business without having to request to see the license or certification.

D. “License, certificate and certification” mean a license, certificate or certification issued pursuant to RCW 18.108.

EA. “Massage business” means a place ~~in the incorporated area of~~ within the city limits where massages or like treatments are performed upon the body of one person by another person, or where sauna baths, Turkish baths, Swedish baths or the like are made available to members of the public.

FB. “Massage business employee” or “massage practitioner” means any person who gives massages to, or attends in any other way upon, patrons of a massage business, or who supervises the work of such a person.

G. “Mobile” massage or reflexology means massage or reflexology services where the practitioner travels to the location of the client, and that location is other than the business address on the massage or reflexology business license issued by the city of Lacey. A

company, business, or government sponsored wellness event during business hours at a place of business or government building may include massage and is not prohibited by this statute.

HC. “Reflexology” means a health care service that is limited to applying alternating pressure with thumb and finger techniques to reflexive areas of the lower one-third of the extremities, feet, hands, and outer ears based on reflex maps. Reflexology does not include the diagnosis of or treatment for specific diseases, or joint manipulations.

ID. “Reflexology business” means the operation of a business ~~in the incorporated area of~~ within the city limits where reflexology services are provided.

JE. “Reflexology business employee” or “reflexologist” means any person who performs reflexology services for, or attends in any other way upon, patrons of a reflexology business, or who supervises the work of such a person.

K. “Represent themselves as a reflexologist” shall have the same meaning as set forth in RCW 18.108.030(2)(b).

Section 3. Section 5.38.020 of the Lacey Municipal Code is hereby amended to read as follows:

Massage business and reflexology business license required.

Any person who owns, manages, directs, or operates a massage business or reflexology business for which a current, unrevoked massage business or reflexology business license has not been issued pursuant to this chapter shall be guilty of a misdemeanor.

Owner, director, manager – Proof.

A. For purposes of this chapter, whether a person is an owner, director, manager, or other person in charge of a massage business or reflexology business may be established from evidence such as, but not limited to:

1. The person holds themselves out as an owner, director, manager, or some other like title evidencing control over business decisions;
2. The person is responsible for the general business decisions of the business;
3. The person is considered by those who provide massage or reflexology services as an owner, director, manager, or other person in charge;
4. The person is in control or partial control of when, how, or how much those who provide massage or reflexology services work or are paid, or whether those who provide massage or reflexology services are employees or contractors retained to provide services on behalf of the business;

5. The person is listed as a registered agent of the business;
6. The person is listed as a “governing person” by the Washington State Business Licensing Service;
7. The person is an applicant or is listed as an owner on a city or state business license or license application;
8. The person receives income from the business that is dependent on revenue generated by another person providing massage or reflexology services on behalf of or at the business;
9. The person has signed a lease or rental agreement for property at which the business is operated or is responsible for lease or rent payments;
10. The person has signed for a loan on behalf of the massage or reflexology business;
11. The person is financially responsible for the massage business or reflexology business utilities or services such as water, electricity, garbage, sewer, telephone, Internet, cable television, security, cleaning, maintenance, or accounting;
12. The person pays taxes on behalf of the business; or
13. The person is responsible for ensuring the business is properly supplied with resources necessary to carry out the work of the business or maintain the business.

B. The presence of any of the circumstances described in subsection (A) of this section shall be sufficient to establish that a person is the owner, director, manager, or other person in charge of a massage business or reflexology business. The circumstances described in subsection (A) of this section are not exclusive and other evidence may demonstrate a person is an owner, director, manager, or other person in charge of a massage business or reflexology business.

Section 4. Section 5.38.030 of the Lacey Municipal Code is hereby amended to read as follows:

Massage business or reflexology business employee license required.

~~Any person whose conduct is that of a massage business or reflexology business employee and who is not the holder of a current, unrevoked massage business or reflexology business employee’s license issued pursuant to this chapter shall be guilty of a misdemeanor.~~

A. Massage practitioner or reflexologist – License or certificate required – Violation.

1. It shall be unlawful for any person to practice massage or represent themselves as a massage practitioner in the city of Lacey without a valid and current massage practitioner’s license issued by the Washington State Department of Health.
2. It shall be unlawful for any person to practice reflexology or represent themselves as a reflexologist in the city of Lacey without a valid and current massage practitioner’s license or certificate in reflexology issued by the Washington State Department of Health.

3. An unissued license or certificate, or an expired, revoked, or suspended license or certificate, or license issued in another city, state or country shall not be considered a valid license or certificate.

B. Massage practitioner or reflexologist – Owner, director, manager, or other person in charge to ensure valid license or certificate – Violation.

1. It shall be the responsibility of any owner, director, manager, or other person in charge of a massage business or reflexology business in the city of Lacey to ensure that each person who practices massage, or represents himself as a massage practitioner, is validly and currently licensed in Washington State, and to ensure that each person who practices reflexology or represents himself as a reflexologist is validly and currently licensed as a massage practitioner or certified as a reflexologist by the State of Washington Department of Health.
2. It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to facilitate or, with knowledge or criminal negligence, permit a person who does not have a valid and current Washington State massage practitioner's license to practice massage or represent himself as a massage practitioner.
3. It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to facilitate or, with knowledge or criminal negligence, permit a person who does not have a valid and current Washington State massage practitioner's license or who is not a certified reflexologist to practice reflexology or represent themselves as a reflexologist.
4. A person with an unissued license or certificate, or whose license or certificate is expired, revoked, or suspended, shall not be considered validly licensed or certified.
5. For the purposes of this section, the failure of the owner, director, manager, or other person in charge of a massage business or reflexology business to confirm the validity of a massage license or reflexology certificate through the Washington Department of Health shall constitute criminal negligence.

C. Display of massage practitioner or reflexologist license or certificate required – Violation.

1. At any massage business or reflexology business, a copy of the valid and current Washington State license of each person who practices massage or represents themselves as a massage practitioner at or on behalf of the massage business or reflexology business, and the valid and current Washington State massage practitioner's license or reflexology certificate of each person who practices reflexology or represents themselves as a reflexologist at or on behalf of the massage business or reflexology business, shall be conspicuously displayed and shall be made available to persons receiving massage or reflexology services or to law enforcement for inspection upon request.
2. It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to fail to conspicuously display the valid and current massage practitioner's license of each person who practices massage or

represents themselves as a massage practitioner at or on behalf of the massage business or reflexology business.

3. It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to fail to conspicuously display the valid and current Washington State massage practitioner's license or Washington State certificate to practice reflexology of each person who practices reflexology or represents themselves as a reflexologist at or on behalf of the massage business or reflexology business.
4. Each person who practices massage or represents themselves as a massage practitioner, and each person who practices reflexology or represents themselves as a reflexologist, shall have their valid and current Washington State license or certificate at each location in which they practice massage or represent themselves as a massage practitioner, and at each location in which they practice reflexology or represent themselves as a reflexologist, and the valid and current Washington State license or certificate shall be provided to the person receiving the massage or reflexology service or to law enforcement for inspection upon request.
5. It shall be unlawful for any person who practices massage or represents themselves as a massage practitioner to fail to have their valid and current Washington State massage practitioner's license at each location in which massage services are provided, or display their valid and current Washington State license to the person receiving the massage service or to law enforcement for inspection when requested.
6. It shall be unlawful for each person who practices reflexology or represents themselves as a reflexologist to fail to have their valid and current Washington State massage practitioner's license or reflexology certificate at each location in which reflexology services are provided, or display their valid and current Washington State license or certificate to the person receiving the reflexology service or to law enforcement for inspection when requested.
7. It shall be unlawful for any person to present or conspicuously display an expired, altered, fake, or fraudulently obtained license, certificate, or certification. It shall be unlawful for an owner, director, manager, or other person in charge of a massage business or reflexology business to facilitate or permit another to present or conspicuously display an expired, altered, fake, or fraudulently obtained license, certificate, or certification.
8. It shall be unlawful for any person to offer or provide "mobile" massage or reflexology services within the city limits of Lacey without having on their person a valid city of Lacey massage business license and a valid Washington State massage practitioner's license.

D. Receipt of massage or reflexology services from unlicensed massage practitioner or reflexologist – Unlawful.

1. It shall be unlawful for any person to receive massage services from another whom the recipient knows, or reasonably should know, is not validly or currently licensed to provide massage services. It shall be unlawful for any person to receive reflexology

services from another whom the recipient knows, or reasonably should know, is not validly or currently licensed as a massage practitioner or certified to provide reflexology services.

2. It shall be an affirmative defense to a violation of this section that the person receiving the massage or reflexology services inquired of the license or certification status of the person providing the services and was provided a document purporting to be a valid and current license of the massage practitioner or valid and current certificate of the reflexologist.

Section 5. Section 5.38.040 of the Lacey Municipal Code is hereby amended to read as follows:

Exemptions – Limitations – Name or structure of business – Advertising to chapter applicability.

The provisions of this chapter shall not apply to massages or reflexology services performed or baths provided in any hospital or at the athletic department of any public or private secondary school or college, or by any person who has been certified or licensed by the state of Washington to practice medicine, surgery, drugless therapy, physical therapy, massage, osteopathy, osteopathy and surgery, chiropractic, podiatry, or nursing.

A. This chapter shall not apply to the following:

1. Activities set forth in RCW 18.108.050 when performed as provided in that statute; or
2. Massage or reflexology that is not provided in exchange for a fee, donation, tip, property, or other consideration.

B. The exemptions set forth in subsection (A) of this section shall not apply to any person who practices or represents himself as a massage practitioner or who practices reflexology or represents himself as a reflexologist and who advertises for the massage or reflexology services, to any business that advertises for massage or reflexology services, or to any person who provides massage or reflexology services at a business that advertises for such services.

C. The exemptions set forth in subsection (A) of this section shall not apply to any person who obtains massage or reflexology services from a person who advertises for the massage or reflexology services, from a business that advertises for massage or reflexology services, or from any person who provides massage or reflexology services at a business that advertises for such services.

D. The fact that a person or business that provides massage or reflexology services describes or advertises such services by a name other than massage or reflexology shall not exempt that person or business from this chapter.

E. In the event the services provided fall within the definition of massage or reflexology, the manner in which a business is incorporated or structured shall be of no consequence in determining if a business provides massage or reflexology services.

F. A club or cooperative arrangement in which a person pays a fee or makes a donation to become a member of the club or cooperative, and as a result of such membership, they obtain massage or reflexology services, shall be considered a massage business or reflexology business.

G. It shall be unlawful to advertise the practice of massage or practice of reflexology except in accordance with RCW 18.108.040.

Section 6. There is hereby added a new section 5.38.045 of the Lacey Municipal Code to read as follows:

Minors practicing massage or reflexology – Responsibility of owner, director, manager, or other person in charge – Receipt of massage or reflexology services from minor unlawful.

A. It shall be the responsibility of the owner, director, manager, or other person in charge of a massage business or reflexology business to verify that each person who provides massage or reflexology services has attained the age of eighteen (18). It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to permit or facilitate the provision of massage or reflexology services by a person who has not reached the age of eighteen (18).

B. It shall be unlawful for any person to receive massage or reflexology services from another whom the recipient knows, or reasonably should know, has not reached the age of eighteen (18). It shall be an affirmative defense to a violation of this section that the person receiving the massage or reflexology services inquired of the age of the person providing the services and was provided a document purporting to be a valid and current license of the massage practitioner or valid and current certificate of the reflexologist.

Section 7. Section 5.38.050 of the Lacey Municipal Code is hereby amended to read as follows:

Licenses--Application and issuance conditions--Protests and appeals from denial.

A. Applications for massage business, reflexology business, massage business employee, and reflexology business employee licenses shall be made to the city's finance department on forms provided by the police department. Each application for a massage business or reflexology business license shall be accompanied by a nonrefundable fee of \$50.00.

B. Each application for a massage business employee or reflexology business employee license shall be accompanied by a nonrefundable fee of \$20.00. Each application for a massage business employee or reflexology business employee license shall fully describe the applicant's name, business address, copy of a current and valid Washington State massage therapist and/or reflexology license, location of premises upon which the massage business or reflexology business will be operated, and the name, address and previous occupation of the

person or persons who shall manage the massage business or reflexology business. If the applicant is a corporation, the application shall contain names, addresses and occupations of the applicant's officers and principal shareholders. Each application for a massage business employee or reflexology business employee license shall fully describe the applicant's name, home address, copy of a current and valid Washington State massage therapist and/or reflexology license, previous occupation, and previous employer. Every person whose name appears on an application shall provide all assumed names or aliases which have been or are used by such person.

C. Upon the filing of any application for a massage business or reflexology business license, the finance department shall promptly provide copies thereof to the chief of police and the community and economic development director or their designee. Within ten business days after receiving the same, the chief of police shall notify the finance department ~~of whether or~~ not the applicant, the massage business or reflexology business manager, and (if the applicant be a corporation) the corporation's officers and the principal shareholders, or any of the foregoing, have been convicted of violating federal, state or local laws relating to sexual offenses, or to possession, use or sale of narcotics or alcoholic beverages. If records available to the chief of police indicate that any such person has been so convicted, the finance department shall notify the applicant, by registered letter, that the application has been denied. Within ten business days after receiving a copy of the application, the community and economic development director shall notify the finance department ~~whether that~~ the premises upon which the massage business or reflexology business operation shall be conducted ~~are or are not~~ located on property which, under provisions of the city zoning code, can be put to such a use. If the premises are not so located, the finance department shall notify the applicant, by ~~registered electronic~~ letter, that the application has been denied. If there are indications of previous business ownership associated with allegations of the above listed crimes, the ten business day requirement may be postponed for further investigation.

D. Any ~~community member~~ citizen or public officer may, while an application for a massage business or reflexology business license is pending, petition the city ~~hearings examiner~~ council to deny the license. If the petition fails to set forth in detail alleged facts tending to show that issuance of the license will harm the public health, safety or morals, the petition shall be summarily stricken by the council. If the petition does set forth such allegations, the ~~hearings examiner~~ council shall transmit copies of the petition to the finance department and to the applicant, and the ~~hearings examiner~~ council shall set a date for a public hearing, of which all interested parties shall be notified, at which the ~~hearings examiner~~ council shall receive evidence bearing on the question of whether issuance of the license will tend to harm the public health, safety or morals. At the conclusion of the hearing, or any continued hearing, the ~~hearings examiner~~ council shall decide whether or not the health, safety or morals of residents

of the community may be harmed by issuance of the license. The ~~hearings examinereouncil~~ shall notify the finance department of its decision, and ~~they~~ shall issue or deny the license in accordance with the decision.

E. Any applicant whose application has been denied on information supplied to the finance department by the chief of police or community and economic development director may, within ten business days following notification of the denial, file a petition for a hearing before the city ~~hearings examinereouncil~~. The ~~hearings examinereouncil~~ shall set a date of hearing of which all interested parties shall be notified, and shall receive evidence bearing on the accuracy of the information supplied to the finance department. If the hearings examinereouncil determines that the information was substantially inaccurate, and that the public health, safety or morals will apparently not be harmed by issuance of the license, the ~~hearings examinereouncil~~ shall so notify the finance department, who shall thereupon issue the license.

F. Upon the filing of any application for a massage business or reflexology business employee license, the finance department shall promptly provide copies thereof to the chief of police and the Thurston County health director. Within ten business days after receiving the same the chief of police shall notify the finance department that the applicant has or has not been convicted of violating federal, state or local laws relating to sexual offenses, or to possession, use or sale of narcotics or alcoholic beverages. If records available to the chief of police indicate that the applicant has been so convicted the finance department shall notify the applicant, by registered-electronic letter, that the application has been denied. ~~Within ten days after filing the application, the applicant shall submit to a physical examination to determine whether the applicant is free from contagious or infectious disease. The health director shall report the results of the examination to the finance department, and if the examination indicates the applicant has a contagious or infectious disease, the finance department shall notify the applicant, by registered letter, that the application has been denied.~~ Within ten business days following notification of denial, the applicant may petition the city hearings examinereouncil for a hearing to determine the accuracy of the information upon which the denial was based, and the petition shall be processed in the manner prescribed for processing similar petitions of applicants for massage business and reflexology business licenses.

Section 8. Section 5.38.080 of the Lacey Municipal Code is hereby amended to read as follows:

Petition alleging violations--Filing and cityouncil action.

Upon the filing of a petition with the city ~~hearings examiner~~^{council} by any ~~community member~~^{citizen} or public officer alleging that a licensee supplied false information on a license application, or has been charged with committing acts of prostitution, ~~human trafficking,~~ narcotics ~~or illegal drug~~ offenses, ~~a crime involving dishonesty, fraud, deceit, or moral turpitude; a criminal offence relating to the operation of a massage establishment, its massage practitioners, or the massage property,~~ liquor law violations or related offenses, or has violated ~~any of~~ the provisions of ~~this chapter~~^{LMC 5.38.060, 5.38.100, 5.38.110 or 5.38.130,} the ~~hearings examiner~~^{council} may, in its discretion, revoke the license or order its holder to show cause why the license should not be revoked. If the ~~hearings examiner~~^{council} summarily revokes a license, its holder shall be afforded an opportunity to show cause why the license should not be reinstated.

Section 9. Section 5.38.090 of the Lacey Municipal Code is hereby amended to read as follows:

Hearings on license issuance, revocation or reinstatement.

At hearings at which the issuance, revocation or reinstatement of a license are contested, the ~~hearings examiner~~^{council} may receive and weigh all relevant evidence, irrespective of whether such evidence would be technically admissible in a court of law. Any interested person may appear and give evidence at such a hearing, personally or through a representative.

Section 10. Section 5.38.100 of the Lacey Municipal Code is hereby amended to read as follows:

~~Practice requirements and limitations – Responsibility of owner, director, manager, or other person in charge~~^{Premises—Safe and sanitary operation.}

The premises of all massage businesses and reflexology businesses shall be maintained in a safe and sanitary manner.

A. It is unlawful for any person who practices massage therapy or represents themselves as a massage therapist, or who practices reflexology or represents themselves as a reflexologist, to touch the body parts identified in WAC 246-830-550(1).

B. It is unlawful for any person who practices massage therapy or represents themselves as a massage therapist, or who practices reflexology, or represents themselves as a reflexologist to perform breast massage except in accordance with WAC 246-830-555.

C. It is unlawful for any person who practices massage therapy or represents themselves as a massage therapist, or who practices reflexology or represents themselves as a reflexologist, to fail to comply with the coverage and draping requirements of WAC 246-830-560.

D. It is unlawful for any person who practices massage therapy or represents themselves as a massage therapist, or who practices reflexology or represents themselves as a reflexologist, to fail to comply with the equipment, sanitation, and hygiene requirements of WAC 246-830-500 and 246-830-510.

E. It is unlawful for any person who practices massage therapy or represents themselves as a massage therapist, or who practices reflexology or represents themselves as a reflexologist, to fail to comply with the recordkeeping requirements of WAC 246-830-565 and 246-830-570.

F. It shall be unlawful for any owner, director, manager, massage therapist, reflexology practitioner, or any employee or agent of the business to disrobe or partially disrobe in the presence of another while in any facility defined in this chapter.

G. It shall be unlawful for any owner, director, manager, or other person in charge of a massage business or reflexology business to facilitate or, with knowledge or criminal negligence, permit another person to violate any provision of this section.

The prohibited conduct in this chapter are deemed to be nuisances under LMC 9.52, in addition to being crimes, and will make the premise subject to abatement proceedings.

Section 11. Section 5.38.120 of the Lacey Municipal Code is hereby amended to read as follows:

Premises--Inspection authorized.

All massage businesses and reflexology businesses shall be open for inspection at all times by agents of the Lacey ~~P~~police ~~D~~epartment, Lacey Fire District 3, Lacey Community and Economic Development ~~license d~~epartment and Thurston County ~~h~~Health ~~d~~epartment.

A. Said inspections shall be performed during normal business hours and be limited to the areas of the premises where massage services are provided, clients have access to, and business occurs.

B. Such inspections shall be limited to the following purposes:

1. To ascertain whether ~~or not~~ the massage business or reflexology business has obtained a license from the city of Lacey.
2. To ascertain whether ~~or not~~ the massage business or reflexology business employees, working on the massage business's or reflexology business's premises, possess the proper license from the city of Lacey and Washington State.
3. To ascertain whether ~~or not~~ the premises are safe and sanitary.

4. To ascertain whether the business is operating during the restricted hours, between 12:00 a.m. (midnight) and 8:00 a.m.

5. To ascertain whether ~~or not~~ any acts of prostitution, human trafficking, or related acts are being performed on the premises.

6. To ascertain whether ~~or not~~ any liquor or controlled substances are being used, sold, or held on the premises.

7. To ensure compliance with the requirement that licenses and certifications are conspicuously displayed and valid.

8. To ensure that those providing massage or reflexology services are validly licensed and of proper age; and

9. To ensure compliance with the advertising requirements.

Section 12. Section 5.38.140 of the Lacey Municipal Code is hereby amended to read as follows:

Violation--Penalty.

Any person convicted of a violation of this chapter shall be guilty of a misdemeanor and punished by a fine of not more than ~~\$105~~00.00 or by imprisonment for not more than ~~6 months~~90 days, or by both such fine and imprisonment.

Section 13. There is hereby added a new section 5.38.150 of the Lacey Municipal Code to read as follows:

References to Revised Code of Washington and Washington Administrative Code.

References in this chapter to chapters or specific sections or subsections of the Revised Code of Washington, or to chapters or specific sections or subsections of the Washington Administrative Code, shall include the chapter and sections or subsections as currently enacted and as amended or recodified in the future.

Section 14. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance should be held to be invalid by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 15. CORRECTIONS. 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 references thereto.

Section 16. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly called meeting thereof, held this 19th day of November, 2024.

CITY COUNCIL

By: _____
Mayor

Approved as to form:

City Attorney

Attest:

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO 1666

CITY OF LACEY

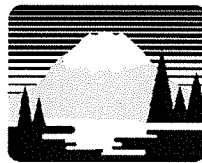
The City Council of the City of Lacey, Washington, passed on November 19, 2024, Ordinance No. 1666, entitled “AN ORDINANCE OF THE CITY OF LACEY RELATED TO MASSAGE AND REFLEXOLOGY BUSINESSES, AMENDING SECTIONS 5.38.010-050, 5.38.080-100, 5.38.120, 5.38.140, ADDING NEW SECTION 5.38.045 and 5.38.150, ALL OF THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.”

The main points of the Ordinance are described as follows:

1. The Ordinance amends certain sections of Chapter 5.38 of the Lacey Municipal Code, pertaining to the regulation of massage and reflexology businesses.
2. The Ordinance approves this Summary for Publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: _____, 2024.



**City of Lacey
License / Franchise
Application**

For Location of Telecommunications
Facilities within City Right-of-Way

City of Lacey
420 College St SE
Lacey, WA 98503
Ph: 360-491-3214 | Fax: 360-412-3185

IMPORTANT: PURSUANT TO CITY OF LACEY RESOLUTION NO. 812, THIS APPLICATION CANNOT BE SUBMITTED UNLESS ACCOMPANIED BY A FRANCHISE APPLICATION FEE

OF:

1. TELECOMMUNICATION LICENSE - \$1,000
2. NEW TELECOMMUNICATIONS FRANCHISE - \$3,000
3. RENEWAL OF EXISTING TELECOMMUNICATIONS FRANCHISE - \$1,500

FEES ARE USED TO COVER ACTUAL ADMINISTRATIVE EXPENSE INCURRED BY THE CITY (INCLUDING TO STAFF AND ATTORNEY/CONSULTANT RELATED TIME) AND FEES ASSOCIATED WITH THE REVIEW OF THIS LICENSE/FRANCHISE APPLICATION AND ASSOCIATED LICENSE/FRANCHISE NEGOTIATIONS.

Applicants may attach additional pages to further explain the answers below. If you have any questions related to filling out this License/Franchise Application, please contact the City of Lacey City Manager's Department.

GENERAL INFORMATION			
1.	Name of Applicant Telecommunications Carrier: Astound Broadband, LLC		
2.	Address: 650 College Road East, Suite 3100		
3.	City, State: Princeton, NJ	Zip Code: 08540	Telephone: 6094528197
4.	Has the Applicant obtained a City business license? Yes ☐ No ☐ City of Lacey Business license: #602531913 PLEASE NOTE: All telecommunication carriers and service providers engaged in the business of transmitting, supplying or furnishing telecommunications service of any kind originating, traversing, or terminating in the City of Lacey shall apply for and obtain a Business License from the City pursuant to Chapter 5 of the Lacey Municipal Code.		

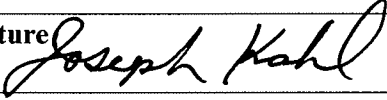
5.	Name of Person Filing this Application: Joseph Kahl Title: VP, Corporate Regulatory & Government Affairs Company: Astound Broadband, LLC
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6.	Address: 650 College Road East, Suite 3100		
7.	City, State: Princeton, NJ	Zip Code: 08540	Telephone: 6096812184
8.	Are you serving as agent for the above-named telecommunications carrier? Yes ☐ No ☒ If yes, please attach proof of agency.		

PROPERTY AND FACILITY INFORMATION:

9.	Is this an application for: (i) Telecommunications License? Yes ☐ No ☐ (LMC 5.60.020 - "License" is an agreement with any telecommunications carrier who desires to construct, install, operate, maintain or otherwise locate telecommunications facilities in rights of way <u>and</u> to also provide telecommunications services exclusively to persons and areas outside the city.) (ii) New franchise? Yes ☐ No ☐ (LMC 5.65.020 - "Telecommunications franchise" or master permit is required with any telecommunications carrier who desires to construct, install, operate, maintain or otherwise locate facilities in rights of way and to also provide telecommunications to persons or areas in the city.) (iii) Renewal of existing franchise? Yes ☒ No ☐ (iv) Transfer of a franchise? Yes ☐ No ☐ If yes, identify the current franchisee:
10.	If you are renewing/amending an existing franchise, has your franchise otherwise expired? Yes ☐ No ☒ If not, what is the expiration date of your current franchise? January 16 th , 2025
11.	Describe any other telecommunication service the applicant currently provides within the city. Astound Broadband, LLC began providing dark fiber, internet, phone and point-to-point services throughout the City of Lacey in January 2015 and continues to do so.

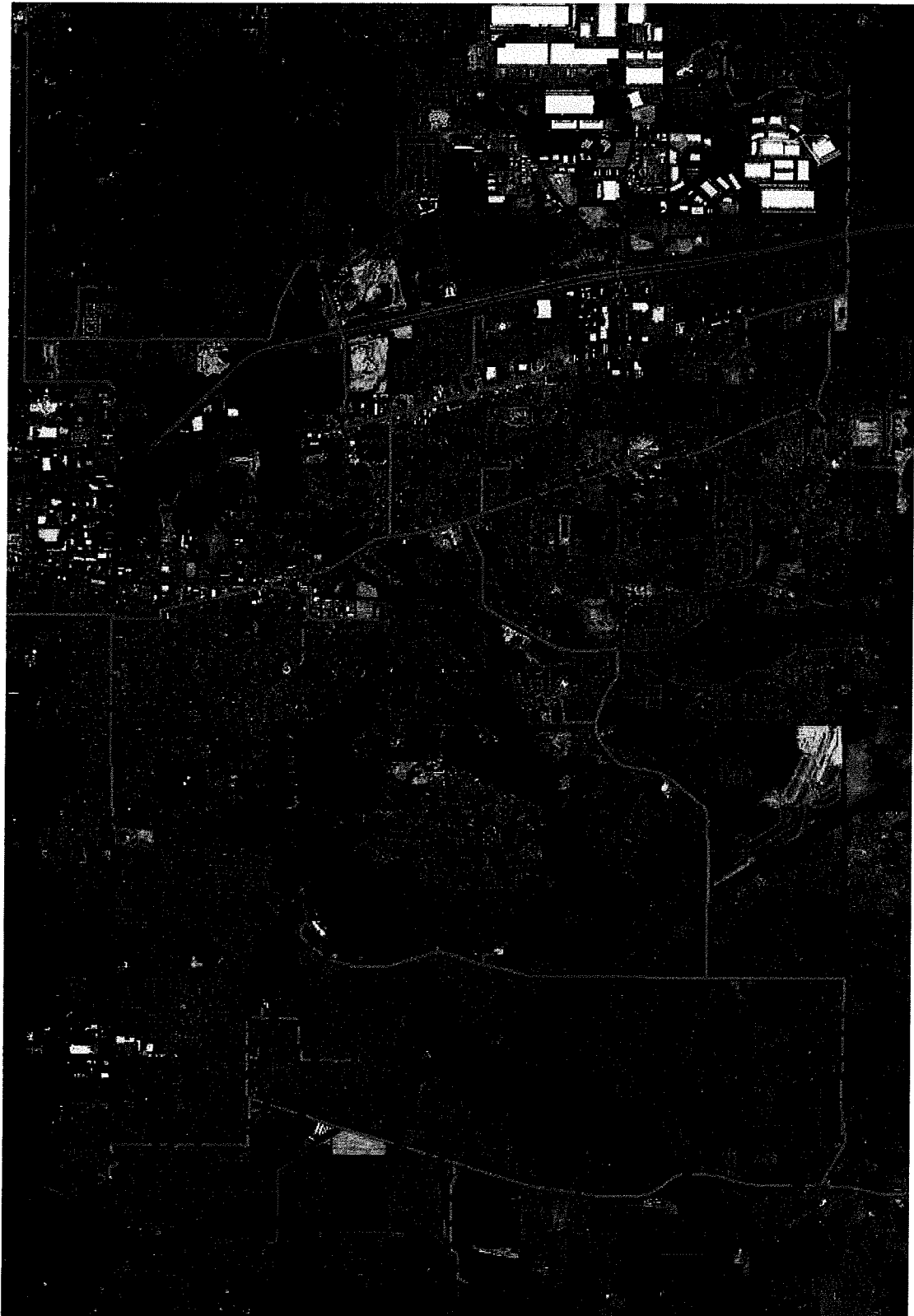
12.	Describe the telecommunications facilities and/or other equipment proposed to be located within subject right-of-way. Astound existing facilities consists of underground conduit, aerial strand, vaults, risers and fiber optic cable. Attached is a map that outlines our current fiber footprint. The application is for a franchise that is (select the option that applies): ☒ City-wide ☐ Specific area(s) or route(s). For this option provide: 1. Provide an estimated construction schedule and completion date: 2. Attach preliminary engineering plans, route map, and sufficient explanation to identify where facilities are proposed to be located within the City.
13.	This application proposes to install infrastructure (mark all that apply): ☐ Underground in existing conduits ☐ Underground in new conduits ☐ Overhead ☐ On street level For each of the above, evidence must be provided by the applicant that sufficient surplus capacity exists, including underground utilities in place in proposed route, height of lines if overhead, the amount of surplus capacity remaining after installation of the applicant's facilities, and evidence of ownership or right to use of facilities, see 23.vii. NOTE: For permits, the following information will be required (this list may not be comprehensive): overhead and underground electric, cable, telecommunications, natural gas, water, sewer, storm facilities, location(s), if any, for interconnection with facilities of other telecommunication providers; specific trees, structures, and obstructions that the applicant proposes to temporarily or permanently remove or relocate. Currently Astound Broadband is not proposing to build new infrastructure. All are existing facilities.
14.	Indicate what registrations, licenses, certificates, and authorizations are required from the Federal Communications Commission, the Washington Utilities and Transportation Commission and any other federal or state agency with jurisdiction over the proposed activities. Have all such licenses, certificates and authorizations been obtained? Provide copies of registration filed with and issued by the Washington Utilities and Transportation Commission pursuant to WAC 480-121 and any approved tariff or price list and permit, operating license or other right or approvals issued by the Federal Communications Commission to provide telecommunications services.

15.	Describe in detail the services that you expect to provide within/outside of the City, including whether the provision of services will be to commercial and/or residential customers. As noted in number 11 above, Astound Broadband, LLC began providing dark fiber, internet, phone and point-to-point services throughout the City of Lacey in January 2015 and continues to do so.		
16.	Provide a summary of all utility taxes the proposed activities, facilities, and other equipment will be subject to. In doing so, provide an estimate of income/revenues that can be used to calculate estimated future utility taxes. Should applicant believe it is not subject to any utility taxes, provide the basis for such belief. The estimated revenue subject to utility tax is approximately \$5,000 per month.		
17.	Explain whether the Internet Tax Freedom Act does or does not apply to the services being provided. The Internet Tax Freedom Act ("ITFA") does apply to the services being provided. The ITFA prohibits all state and local taxes on internet access.		
<i>The City of Lacey reserves the right to ask additional questions on a case by case basis.</i>			
Certification			
I certify that the information and any attachment herewith submitted are true and correct to the best of my knowledge and that I have the authority to file this application and act on behalf of the above-named telecommunications provider or carrier.			
18.	Signature	Please Print Name	Date
		Joseph Kahl	5/27/2024
19.	SUBMIT TO: City Manager's Office ATT: Assistant City Manager City of Lacey 420 College St SE Lacey, WA 98503 Ph: 360-491-3214 Fax: 360-412-3185		
ALSO SUBMIT WITH THIS COMPLETED APPLICATION FORM:			

20.	i. Evidence of registration in the one-number locator service, as described in RCW Chapter 19.122. ii. Proof of agency, if necessary (as indicated above). iii. If you are a new franchisee or if you are requesting a franchise transfer provide a copy of the Utilities and Transportation Commission Registration and Competitive Classification of Telecommunications Companies form, if you are registered with the Utilities and Transportation Commission and any approved tariff or price list or permit, operating license or other right or approvals issued by the Federal Communications Commission to provide telecommunication services. iv. If you are a current franchisee or if you are requesting a franchise transfer provide the most recent income statement or report of gross revenues used for calculating utility taxes paid to the City. This report should contain detailed information as to how you calculated the utility taxes owed to the City. PLEASE SEE ATTACHED REPORT, iv. For franchises for specific area(s) or route(s) - Attach preliminary engineering plans, route map, and sufficient explanation to identify where facilities are proposed to be located within the City. All permits on file /record with the City of Lacey. Astound Broadband permitted all facilities in the City of Lacey right-of-way. vi. Evidence of ownership or right to use of facilities. vii. If lines are to be installed in existing conduits, new conduits, or overhead, provide evidence that sufficient surplus capacity exists, including underground utilities in place in proposed route, height of lines if overhead, the amount of surplus capacity remaining after installation of the applicant's facilities, and evidence of ownership or right to use of facilities. Astound Broadband is currently not proposing to build new infrastructure. All are existing facilities.
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CITY REVIEW	
21.	Received By: SHANNON KELLEY-FONG
22.	Application fee received (amount): \$1500.00
23.	 Signature Date 08/29/2024
24.	Reviewed by (initial): PW: CD: C/A: FI: CM:
25.	Date Approved:
26.	_____ Signature _____ Date

Astound Network



PRICE LIST AND SERVICE DESCRIPTION APPLICABLE TO
SWITCHED ACCESS SERVICES
PROVIDED BY
ASTOUND BROADBAND, LLC WITHIN
THE STATE OF WASHINGTON

Issued By:
Joseph Kahl
VP Regulatory & Public Affairs
650 College Road East, Suite 3100 Princeton,
NJ 08540

APPLICATION OF PRICE LIST

This Price List contains the regulations and rates applicable to intrastate switched access services provided by Astound Broadband, LLC (the "Company") within the State of

Washington. Company's services are furnished subject to the availability of facilities and subject to the terms and conditions of this Price List.

The rates and regulations contained in this Price List apply only to the services furnished by Company.

Changes in rates, terms and conditions are subject to change without notice.

DEFINITION OF TERMS

Effective: January 1, 2010

Revised: May 31, 2019

Astound Broadband, LLC
Joseph Kahl – VP Regulatory & Public Affairs
650 College Road East, Suite 3100, Princeton, NJ 08540

Certain terms used generally throughout this Price List for Communications Service of this Company are defined below.

Access Services: The services provided under this Price List, consisting of the offering of access to telephone exchange services or facilities, or their functional equivalent thereof, for the purpose of terminating Customer's toll service traffic to Users served directly or indirectly by the Company. Originating access services may be available upon request on an ICB basis.

Advance Payment: Part or all of a payment required before the start of service.

Commission: The Washington Utilities and Transportation Commission.

Company: Astound Broadband, LLC, the issuer of this Price List.

Customer: The person, firm or corporation that purchases service and is responsible for the payment of charges and compliance with the Company's regulations.

Dedicated: A facility or equipment system or subsystem set aside for the sole use of a specific Customer.

End Office: The switching system office or serving wire center (or functionally equivalent or analogous facilities) from which End Users receive exchange service. By way of example, system(s) or facility(ies) in a carrier's network which host telephone numbers listed in the database of the Number Portability Administration Center as assigned to the carrier, constitute an "End Office." For purposes of this price list, with respect to each 101-XXXX code prefix assigned to the Company, the location of the Company's "end office" for purposes of this price list shall be the point of interconnection associated with that 101-XXXX code in the Local Exchange Routing Guide (LERG). Services provided at a Trunk Gateway location (as defined elsewhere) are the functional equivalent of services provided at an End Office location.

End User: A non-carrier customer of an intrastate telecommunications or unregulated service provider.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the case.

Interconnect Carrier: Any carrier that connects to Company's network for exchange of communications traffic.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Trunk Gateway: The point of interface between the PSTN trunk facility and the Company defined by Common Language Location Identifier (CLLI) codes assigned to the Company as reflected in the LERG. A customer may purchase services at a Trunk Gateway location that are the functional equivalent of services provided at an End Office location.

User: A Customer or any other person, firm, corporation or End User authorized by a Customer to use service provided under this Price List. A User may include a third-party carrier whose services are necessary to serve End Users.

VoIP-PSTN Traffic: Traffic exchanged between the Company and the Customer in time division multiplexing ("TDM") format that originates and/or terminates in Internet protocol ("IP") format.

SECTION 1. - UNDERTAKING OF THE COMPANY

1.1 General

1.1.1 The Company does not undertake to transmit messages but offers the use of its facilities for transmission of communications.

1.1.2 Customers and Users may use services and facilities provided by the Company to obtain access to services offered by other companies. The Company is responsible for the services and facilities it provides and it assumes no responsibility for any service provided by any other entity.

1.1.3 The Company shall have no responsibility with respect to billings, charges or disputes related to services used by the Customer that are not included in the services herein including, without limitation, any local, regional or long distance services not offered by the Company. The Customer shall be fully responsible for the payment of any bills for such services and for the resolution of any disputes or discrepancies with the service provider.

1.2 Description of Service

The Service consists of terminating Exchange Access service (as defined in 47 U.S.C. § 153(16)), in which the Company routes Customer's communications to End-Users directly, or indirectly on a wholesale basis through third-parties. Third-parties may be interconnected VoIP service providers (as defined in 47 C.F.R. § 9.3) who, in turn, will undertake to deliver messages to end-users. Originating access services are available on an ICB basis only.

1.3 Shortage of Equipment or Facilities

1.3.1 The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control, on a nondiscriminatory basis.

1.3.2 The furnishing of service is subject to the availability on a continuing basis of all the necessary facilities and is limited to the reasonable capacity of the Company's facilities as well as facilities the Company may obtain from other

carriers to furnish service from time to time as required at the sole discretion of the Company.

1.4 Terms and Conditions

1.4.1 Access services are available upon request.

1.4.2 Customers may be required to enter into written service orders that shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, characteristics of the traffic to be routed (*i.e.*, percent toll subject to interstate or intrastate access charges; percent local) and other terms and conditions, as may be required.

1.4.3 The price lists of the Company shall be interpreted and governed by the laws of the State of Washington without regard to its choice of laws provision.

1.5 Liability of the Company

1.5.1 The Company assumes no liability for the failure to furnish the service, whether caused by acts or omissions of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer or User as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company, Company's employees or agents.

1.5.2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority, national emergencies, insurrections, riots, wars, unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

1.5.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers or Users facilities or equipment used for or with the services the Company offers.

- 1.5.4 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or User or due to the failure or malfunction of Customer or User provided equipment or facilities.
- 1.5.5 The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid the Company by Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered, or as required by Washington Law.
- 1.5.6 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer provided equipment or facilities.
- 1.5.7 The Company shall not be liable for any damages resulting from delays in meeting any service dates for any reason.
- 1.5.8 The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with the Company.

1.6 Provision of Equipment and Facilities

- 1.6.1 The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the Customer, its designate, or Authorized User.
- 1.6.2 The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment.
- 1.6.3 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing its services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

1.7 Suspension of Service in the Case of Suspected Fraud or Misuse

Company may immediately suspend service in the case of suspected fraud or misuse without incurring any liability. Company will contact Customer as soon as practical and service will be restored when concerns have been addressed or rectified.

1.8 Installations

At the Customer's request, installation and/or maintenance may be performed by the Company. In such cases, charges based on the cost of the actual labor, material, or other costs incurred by or charged to the Company will apply, including additional charges for nonroutine work and work done after regular business hours.

1.9 Ownership of Facilities

Title to all facilities provided by the Company remains with the Company, its agents or contractors. The Customer shall not have, nor shall it assert, any right, title or interest in any of the fiber optic or other facilities and associated equipment provided by the Company hereunder.

1.10 Governmental Authorizations

The provision of services is subject to and contingent upon the Company and Customer obtaining and retaining such approvals, consents, governmental authorizations, licenses and permits, as may be required or be deemed necessary by the Company. The Company and the Customer shall use reasonable efforts to obtain and keep in effect all such approvals, consents, authorizations, licenses and permits that may be required to be obtained by it. The Company shall be entitled to take, and shall have no liability whatsoever for, any action necessary to bring the Services into conformance with any rules, regulations, orders, decisions, or directives imposed by the Federal Communications Commission or other applicable agency, and the Customer shall fully cooperate in and take such action as may be requested by the Company to comply with any such rules, regulations, orders, decisions, or directives.

SECTION 2. - OBLIGATIONS OF THE CUSTOMER**2.1 General**

The Customer shall be responsible for the following:

2.1.1 Payment of all applicable charges pursuant to the price lists of the Company.

2.1.2 Damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer or of any User; or by the noncompliance by the Customer or any User with the Company's tariffs or price lists; or by fire or theft or other casualty on the Customer's or any User's Premises, unless

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caused by the negligence or willful misconduct of the employees or agents of the Company.

- 2.1.3 Providing at no charge, as specified from time to time by the Company, any personnel, equipment space and power needed to operate the Company facilities and equipment installed on the premises of the Customer or any User, and the level of heating, ventilation, air conditioning, and access necessary to maintain the proper operating environment for such facilities and equipment on such premises.
- 2.1.4 Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which the Company's employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain the Company's facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company.
- 2.1.5 Identifying, monitoring, removing and disposing of any hazardous material (for example, but without limitation, friable asbestos) prior to any construction or installation work;
- 2.1.6 Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of the Company's facilities and equipment in any Customer or User premises or the rights-of-way for which Customer is responsible; and granting or obtaining permission for the Company's agents or employees to enter the premises of the Customer or any User at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.
- 2.1.7 Not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities.
- 2.1.8 Making the Company's facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

2.2 Customer Responsibility

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Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s), for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.3 Prohibited Uses

- 2.3.1 The services the Company offers shall not be used for any unlawful purpose or for any use for which the Customer has not obtained all governmental approvals, authorizations, licenses, consents and permits required to be obtained by the Customer.
- 2.3.2 The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to provide a letter to the Company confirming that their use of the Company's offerings complies with Company tariffs or price lists, Commission regulations, policies, orders, and decisions, and any other relevant law.
- 2.3.3 The Company may, without the consent of Customers, assign any rights, privileges, or obligations under this Price List. Customers shall not, without prior written consent of the Company, assign, transfer, or in any other manner dispose of, any of rights, privileges, or obligations under this Price List, and any attempt to make such an assignment, transfer, disposition without such consent shall be null and void.
- 2.3.4 The Company may require a Customer to immediately shut down its transmission of signals if that transmission is causing interference to others, in the case of suspected fraud or misuse, or if usage is otherwise degrading the Company's network or services being provided to other customers.
- 2.3.5 A Customer may not use the services so as to interfere with or impair service over any facilities and associated equipment, or so as to impair the privacy of any communications over such facilities and associated equipment.
- 2.3.6 A Customer shall not represent that its services are provided by the Company, or otherwise indicate to its customers that its provision of services is jointly with the Company, without the written consent of the Company. The relationship between the Company and Customer shall not be that of partners or agents for one or the other, and shall not be deemed to constitute a partnership or agency agreement.

2.4 Claims

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With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for the following:

- 2.4.1 Any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including, but not limited to, employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer or User or their employees, agents, representatives or invitees.
- 2.4.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer or User, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between Customer and the Company.
- 2.4.3 Any claim of any nature whatsoever brought by a User with respect to any matter for which the Company would not be directly liable to the Customer.

SECTION 3. - PAYMENT ARRANGEMENTS

3.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold or shared with other persons.

3.2 Billing and Collection of Charges

- 3.2.1 Charges are due and payable within 30 days after the date an invoice is mailed to the Customer by the Company.
- 3.2.2 The Company will begin billing the Customer on the Service Commencement Date, and billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

- 3.2.3 If the Company receives any portion of the payment after the date due, or if the Company receives any portion of the payment in funds that are not immediately available, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment for regulated telecommunications services not received by the date due, net of taxes, not compounded, multiplied by a monthly late factor of 1.5%.
- 3.2.4 For any check the Company receives from the Customer that is returned to the Company due to insufficient funds, uncollected funds, or closed account, the Company will assess a \$35.00 fee on the Customer for each check returned.
- 3.2.5 Ordering, Rating and Billing of Access Services where more than one exchange carrier is involved will be handled as follows:

All recurring and non-recurring charges for services provided by each exchange carrier are billed under each Company's applicable tariffs or price lists. Under a Meet Point Billing arrangement, the Company will bill for charges for traffic terminated or originated by the Company.

The multiple billing arrangement described in this section is subject to the provisions of the Multiple Exchange Carrier Access Billing Guidelines (MECAB) and the Multiple Exchange Carrier Ordering and Design Guidelines (MECOD). For terminating access services provided via jointly provided arrangements with other local exchange carriers, Company provides the shared transport, common line, and end office switching components of the service, or the functional equivalent thereof.

Each company will provide its portion of access service based on the regulations, rates and charges contained in its respective tariff or Price List.

Originating access services are available on an ICB basis only.

3.3 Advance Payments

- 3.3.1 To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to the nonrecurring charge(s) and the first month's estimated recurring charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated nonrecurring charges for the

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special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill.

3.3.2 A customer whose service has been discontinued for nonpayment of bills will be required to pay the unpaid balance due for regulated telecommunications services and may be required to pay reconnect charges.

3.4 Deposits

Company may require Customer to make deposits for special installation and services, the amount to be determined upon Company's sole discretion.

3.5 Discontinuance of Service

- 3.5.1 Upon nonpayment of any amounts owing to the Company, the Company may, after ten days prior written notice, discontinue or suspend service without incurring any liability.
- 3.5.2 Upon violation of any of the other material terms or conditions for furnishing service the Company may discontinue or suspend service without incurring any liability.
- 3.5.3 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer, or if a condition immediately dangerous or hazardous to life, physical safety or property exists, or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- 3.5.4 Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.
- 3.5.5 Upon the Company's discontinuance of service to the Customer under this section, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of applicable, contracts, tariffs or Price Lists, the Company may declare all future monthly and other charges that would have been payable by the Customer during the remainder of the minimum term for which such services would have otherwise been provided to the Customer to be immediately due and payable.

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SECTION 4 - MISCELLANEOUS

4.1 Cancellation of Application for Service

4.1.1 Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply.

4.1.2 The special charges described in this Section will be calculated and applied on a case-by-case basis.

4.2 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

4.3 Taxes

The Customer is responsible for the payment of Federal excise taxes, gross receipts, access, state and local sales and use taxes and all taxes, fees, surcharges (however designated) and other exactions imposed on the Company or its services by governmental jurisdictions, other than taxes imposed generally on corporations. Any taxes imposed by a local jurisdiction (e.g. county and municipal taxes) will only be recovered from those customers residing in the affected jurisdictions. All such taxes, fees, and charges shall be separately designated on the Company's invoices, and are not included in the rates for service. The Customer shall be responsible for paying any such taxes that subsequently become applicable retroactively.

4.4 Disputed Bills

The Customer may dispute a bill only by written notice to the Company. Unless such notice is received within 30 days of the date Customer receives the bill, the bill statement shall be deemed to be correct and payable in full by Customer. When Customer makes a timely written dispute, Company will make such investigation as is required by the particular case and shall report the results of its investigation to

Customer. All disputes between the Company and the Customer that cannot be settled through negotiation may be resolved by arbitration upon written demand of either party. Arbitration shall be referred to the American Arbitration Association (AAA) and conducted pursuant to its Commercial Arbitration Rules. The arbitrator shall have the authority to award compensatory damages solely; such award shall be final and binding and may be entered in any court having jurisdiction thereof. The provisions of the Federal Arbitration Act shall govern such arbitration. This dispute process does not preclude the Customer from filing a complaint with the Commission.

SECTION 5. - NOTICES AND COMMUNICATIONS

5.1 All notices or other communications required to be given pursuant to the tariffs or Price Lists of the Company will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

5.2 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

SECTION 6. - CUSTOMER EQUIPMENT AND CHANNELS

6.1 General

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals. A User may transmit any form of signal that is compatible with the Company's equipment, but except as otherwise specifically stated in its tariffs or Price Lists, the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication.

6.2 Interconnection of Facilities

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- 6.2.1 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communications Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- 6.2.2 Communications Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs or Price Lists of the other communications carriers which are applicable to such connections.
- 6.2.3 Facilities furnished under the Company's tariffs or Price Lists may be connected to Customer-provided terminal equipment. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations, and all User-provided wiring shall be installed and maintained in compliance with those regulations.

6.3 Tests and Adjustments

Upon suitable notice, the Company may make such tests, adjustments, and inspections as may be necessary to maintain the Company's facilities in satisfactory operating condition. No interruption allowance will be credited to the Customer for the period during which the Company makes such tests, adjustments, or inspections.

6.4 Inspections

- 6.4.1 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that Customers and Users are complying with the requirements of this Price List.
- 6.4.2 The Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving the notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do so, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

SECTION 7. - SPECIAL CONSTRUCTION AND SPECIAL ARRANGEMENTS**7.1 Special Construction**

Subject to the agreement of the Company and to all of the regulations contained in the Company's tariffs or Price Lists and upon Customer's request, the Company may undertake special construction and special arrangements on a reasonable efforts basis. Special arrangements include any service or facility relating to a regulated telecommunications service not otherwise specified under a tariff or Price List, or for the provision of service on an expedited basis or in some other manner different from the normal offering of service.

7.2 Basis for Charges

Where the Company furnishes a facility or service on a special construction basis, or any service for which a rate or charge is not specified in the Company's tariffs or Price Lists, charges will be based on the costs incurred by the Company and may include, (1) nonrecurring charges; (2) recurring charges, (3) termination liabilities; or (4) combinations thereof. The Customer and the Company shall negotiate an agreement for special construction the pricing for which will be set on an ICB basis and which will typically include a minimum service commitment based on the estimated service life of the facilities provided and early termination liability provisions.

SECTION 8. - SWITCHED ACCESS SERVICE**8.1 Switched Access Service**

Switched access service provides for the switching and routing of interexchange traffic to or from the called party's premises, either directly or via contractual or other arrangements with an affiliated or unaffiliated entity, regardless of the specific functions provided or facilities used. The charges for such services shall be assessed at the rates set forth in the table below. Services may be provided directly by Company or in conjunction with a n affiliated, or unaffiliated, third-party.

8.2 Application of Tariff to VoIP-PSTN Traffic

VoIP-PSTN Traffic is defined as traffic exchanged between the Company and the Customer in time division multiplexing ("TDM") format that originates and/or terminates in Internet protocol ("IP") format. This section 8 governs the identification and compensation of VoIP-PSTN Traffic that is subject to compensation at rates equivalent to interstate access rates (unless the parties have agreed otherwise) pursuant to the Federal Communications Commission's Report and Order in WC Docket Nos. 10-90, etc., FCC Order No. 11-161. The terminating VoIP-PSTN Traffic identified in accordance with this tariff section, and in the absence of an interconnection agreement setting forth alternative rates and terms, will be billed at rates equal to Company's applicable tariffed interstate switched access rates as provided in the Company's FCC tariff, as reflected in the rate table below.

The Company affirms that all of its traffic either originates from or terminates to a VoIP end user and is, therefore, VoIP-PSTN, as defined in the FCC Order. Accordingly, the use of a traffic factor, for example in the form of a percent of VoIP usage (or "PVU") or otherwise, is unnecessary and will not be used unless Company otherwise agrees to the use of such a factor.

8.3 Rate Categories**8.3.1 Tandem Transport**

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The Tandem Transport rate category provides for transmission between an access tandem and the Company's End Office, Trunk Gateway, or other functionally equivalent location. Rate elements include:

A. Transport Termination

The Transport Termination element includes the non-distance sensitive portion of Tandem Transport and is assessed on a per-access-minute-of-use basis.

B. Transport Facility

The Transport Facility element includes the distance-sensitive portion of Tandem Transport and is assessed on a per-access-minute-of-use-per-mile basis. Transport Facility will be calculated based on the airline mileage between the access tandem (or functional equivalent) and the Company's End Office, Trunk Gateway, or functionally equivalent location within the applicable LATA.

8.3.2 Network Access

Network Access provides the functional equivalent of traditional end office switching, and consists of the following elements: Network Switching.

A. Network Switching

Network Switching provides for: (a) the establishment of a call path for the routing of Customer communications from the Company's End Office, Trunk Gateway, or functionally equivalent location to a Company End User and (b) the establishment of a call path for the routing of communications originating from a Company End User for delivery to the Company's End Office, Trunk Gateway, or functionally equivalent location.

The "establishment" of a call path and routing is achieved through equipment and facilities, including, in some cases, a soft switch or similar equipment, owned, or controlled through contractual or other arrangements, by the Company, which allows for the routing of voice communications between the Company's End Office, Trunk Gateway, or functionally equivalent location and End Users via SS7 signaling based on telephone numbers obtained by the Company and assigned to End Users as set forth in the LERG.

8.4 Rates

Effective: January 1, 2010

Revised: May 31, 2019

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<u>Rate Element</u>	<u>Recurring Rate per MOU</u>	
	<i>Qwest/CenturyLink Territory</i>	<i>Frontier Territory</i>
A) Tandem Transport		
1) Tandem Transport Termination		
a) Originating	\$0.004579	\$0.004579
b) Terminating	\$0.0002400	\$0.000000
2) Tandem Facility		
a) Originating	\$0.000120	\$0.000120
b) Terminating	\$0.00003	\$0.0000020
3) Tandem Switching	\$0.002252	\$0.0036642
B) Network Access		
1) Local Switching		
a) Originating	\$0.00197400	\$0.0018654
b) Terminating	\$0.00080700	\$0.00070000
2) Trunk Port		
a) Originating	\$0.00074700	\$0.00038610
b) Terminating	\$ 0.00030600	\$0.00000000
3) Multiplexing	\$0.000036	\$0.000000

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C) 8XX Toll Free Access Customer Identification Charge	\$0.00480 per query	\$0.0099138
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8.5 Other Services

For other services, including without limitation, direct connect arrangements and originating access services, all pricing and service arrangements will be furnished, practicable, to meet the communications needs of specific Customers on a case by case basis under individual contracts subject to competitive pricing principles.

Effective: January 1, 2010

Revised: May 31, 2019

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SECTION 9. – SUBSCRIBER LINE CHARGE

The Subscriber Line Charge is a monthly recurring charge and applies to all line, trunk and PRI services offered by the Company. There are no exemptions associated with this product charge. Rates are subject to change.

Residential**Per Line****Monthly****\$6.50****Commercial****Per Line****\$6.50**

Effective: January 1, 2010

Revised: May 31, 2019

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PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
445 12th STREET S.W.
WASHINGTON D.C. 20554

News media information 202-418-0500

Fax-On-Demand 202-418-2830; Internet: <http://www.fcc.gov> (or ftp.fcc.gov) TTY
(202) 418-2555

DA No. 06-2616

Report No. TEL-OI 100

Friday December 29, 2006

INTERNATIONAL AUTHORIZATIONS GRANTED

Section 214 Applications (47 C.F.R. 63.18); Section 310(b)(4) Requests

The following applications have been granted pursuant to the Commission's streamlined processing procedures set forth in Section 63.12 of the Commission's rules, 47 C.F.R. 63.12, Other provisions of the Commission's rules, or procedures set forth in an earlier public notice listing applications accepted for filing.

Unless otherwise noted, these grants authorize the applicants (1) to become a facilities-based international common carrier subject to 47 C.F.R. 63.22; and/or (2) to become a resale-based international common carrier subject to 47 C.F.R. § 63.23; or (3) to exceed the 25 percent foreign ownership benchmark applicable to common carrier radio licensees under 47 U.S.C. 310(b).

This PUBLIC NOTICE SERVES AS EACH NEWLY AUTHORIZED CARRIER'S SECTION 214 CERTIFICATE. It contains general and specific conditions, which are set forth below. Newly authorized carriers should carefully review the terms and conditions of their authorizations. Failure to comply with general or specific conditions of an authorization, or with other relevant Commission rules and policies, could result in fines and forfeitures.

An updated version of Sections 63.09—25 of the rules, and other related sections, is available at <http://www.fcc.gov/ib/pd/pf/telecomrules.html>.

ITC-214-20061130-00536 E

OMELY TELECOM CORPORATION

International Telecommunications Certificate

Service(s): Global or Limited Global Facilities-Based Service, Global or Limited Global Resale Service

Grant of Authority

Date of Action: 12/22/2006

Application for authority to provide facilities-based service in accordance with Section 63.18(e)(1) of the rules, and also to provide service in accordance with Section 63.18(e)(2) of the rules.

ITC-214-20061201-00539 E

American Telephone Company LLC

International Telecommunications Certificate

Service(s): Global or Limited Global Resale Service

Grant of Authority

Page 1 Of 5
Date of Action: 12/22/2006

Of the rules.

Application for authority to provide service in accordance with Section 63.1

ITC-214-20061205-00549 E

Sunshine State Telephone Co

International Telecommunications Certificate

Service(s): Global or Limited Global Resale Service

Grant of Authority

Date of Action: 12/22/2006

Application for authority to provide service in accordance with Section 63.8(e)(2) of the rules.

ITC-214-20061206-00548 E

A&A COMMUNICATIONS INC.

International Telecommunications Certificate

Service(s): Global or Limited Global Facilities-Based Service, Global or Limited Global Resale Service

Grant of Authority

Date of Action: 12/22/2006

Application for authority to provide facilities-based service in accordance with Section 63.18(e)(1) of the rules, and also to provide service in accordance with Section 63.18(e)(2) of the rules.

ITC-ASC-20061106-00504 E

Astound Broadband, LLC

Assignment

Grant of Authority

Date of Action: 12/22/2006

Current Licensee: RCN Telecom Services, Inc.
FROM: RCN Telecom Services, Inc.

T O: Astound Broadband, LLC

Application consent to assign certain telecommunications assets from RCN Telecom Services, Inc. (RCN) to Astound Broadband, L.L.C. (Astound). Pursuant to an Asset Purchase Agreement dated August 17, 2006, Astound will acquire from RCN the customer accounts, networks, and telecommunications switch located in the San Francisco and San Mateo counties of Northern California (Affected Service Area). After the acquisition RCN will continue to provide services outside the affected service area pursuant to its international section 214 authorization, ITC-214-19970723-00430. Astound will provide service pursuant to its existing section 214 authorization, ITC-214-20050701-00565 (see ITC-ASG-20050701-00241, DA 05-2397 dated sept 1, 2005),

Astound is a Washington limited liability company and wholly-owned subsidiary of WaveDivision Holdings, LLC (Wave). The limited liability company agreement pursuant to which Wave is organized authorizes the issuance of three classes of units (A, B, and C) for purposes of distribution of proceeds of the company. The following U.S. entities hold 10 percent or greater Class A Units in Wave: WaveDivision Capital, LLC (11 members, all U.S. citizens) (10 percent), Sandler Capital Partners V, L.P. (Sandler Capital Partners) (60.19 percent), and SCP V FTE WaveDivision Holdings, L.P. (SCP V FTE WaveDivision) (27.01 percent). Sandler Investment Partners, L.P. (Sandler Investment Partners), U.S. entity, is general partner of both Sandler Capital Partners and SCP V FTE, WaveDivision. Sandler Capital Management, L.L.C. entity, is general partner of Sandler Investment Partners, Five Individuals, all U.S. citizens, hold 10 percent or greater ownership or controlling interest in Sandler Capital Management. The following U.S. entities or individuals hold 10 percent or greater Class B and C Units in Wave: WaveDivision Networks, LLC (sole member Steven Weed, U.S. citizen) (85 percent); Steve Friedman (15 percent). Upon consummation, no Other person or entity will hold 10 percent or greater direct or indirect interest in Astound. This authorization is without prejudice to the Commission's action on any other related pending application(s).

PUBLIC NOTICE

Federal Communications Commission

0500 445 12th st., S.W. Internet: <http://www.fcc.gov>
Washington, D.C. 20554

News Media Information 202 / 418-

TTY: 1-888-835-5322

DA 06-2580

Released: December 26, 2006

NOTICE OF DOMESTIC SECTION 214 AUTHORIZATIONS GRANTED

WC Docket No. 06-209

WC Docket No. 06-202

The applications listed in this notice have been granted pursuant to the Commission's streamlined procedures for domestic section 214 transfer of control applications, 47 C.F.R. ss 63.03. The Wireline Competition Bureau has determined that grant of these applications serves the public interest.¹ For purposes of computation of time for filing a petition for reconsideration or application for review, or for judicial review of the Commission's decision, the date of "public notice" shall be the release date of this notice.

Domestic Section 214 Application Filed for the Acquisition of Certain Assets of RCN Telecom Services, Inc. by Astound Broadband, LLC, WC Docket No. 06-209, DA 06-2363 (rel. Nov. 22, 2006).

Effective Date of Grant: December 23, 2006

Domestic Section 214 Application Filed for the Transfer of Control of Corona Holdings, Inc. to SSF Partners, LLC, WC Docket No. 06-202, DA 06-2359 (rel. Nov. 22, 2006).

Effective Date of Grant: December 23, 2006

For further information, please contact Alex Johns at 202-418-1 167, Competition Policy Division, Wireline Competition Bureau.

- FCC -

¹ Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations, Report and order, 17 FCC Rcd 5517, 5529, para. 22 (2002).

² Id.; see 47 C.F.R. SS 1.4 (Computation of time).

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REGISTRATION
OF

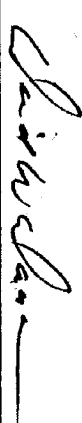
Astound Broadband, LLC

AS A COMPETITIVE
TELECOMMUNICATIONS COMPANY

Docket Number UT-090160

February 28, 2009
Effective Date





DAVID W. DANNER
Executive Director and Secretary



Lacey, WA
City of Lacey
Finance Department 420 College Street SE Lacey WA 98503

August 6, 2024

Dear Sir or Madam:

Please find enclosed our Telecom Utility Tax remittance and the schedule of supporting calculations for Astound Broadband.

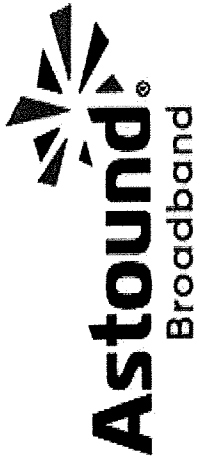
The computation is prepared in compliance with the provisions of the franchise agreement.

Should you have any questions or require any additional information, please feel free to contact our office at tax.dept@astound.com or 425-217-4000.

Sincerely,

A handwritten signature in black ink, appearing to read "moo", written over a horizontal line.

Michael O'Day
Senior Vice President, Tax



**Summary of Revenues
Subject to Telecom Utility Tax**

Lacey, WA

Franchise: Lacey
Payment Frequency: Monthly

Reporting Year: 2024

	Jan	Feb	Mar	Apr	May	Jun
Telephone Revenue subject to Fee	\$ 3,908.83	\$ 3,908.83	\$ 3,907.83	\$ 5,078.83	\$ 4,582.17	\$ 4,591.67
Phone Utility tax rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Utility Tax Due	\$ 234.53	\$ 234.53	\$ 234.47	\$ 304.73	\$ 274.93	\$ 275.50

Astound Broadband LLC

Telecommunications Franchise Renewal

11.19.2024



Recommendation

Review Astound Broadband, LLC telecommunication franchise application and draft agreement.

Final action is tentatively scheduled for December 3, 2024 (resolution)

Attachments:

1. Renewal Application
2. Draft Agreement

Prior Review:

None



Background

Telecommunications Act of 1996

Public Law 104–104
104th Congress

An Act

Feb. 8, 1996
[S. 652]

To promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.

OF THE TELECOMMUNICATIONS ACT OF 1996.
“(48) TELECOMMUNICATIONS.—The term ‘telecommunications’ means the transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received.

Telecommunications ordinances are required to comply with the federal **Telecommunications Act of 1996**.

Local government regulations may not prohibit or have the effect of prohibiting the provision of telecommunications services.



Background

Lacey Municipal Code, Chapter 5.60, Telecommunications

5.60.010 Purpose.



The purpose of this chapter is to:

- i** A. Permit and manage reasonable, fair, and equitable access to the public rights of way of the city for telecommunications purposes on a competitively neutral basis;
- B. Establish predictable, enforceable, clear and nondiscriminatory local regulations, guidelines, standards and time frames for the exercise of local authority with respect to the regulation of telecommunications carriers and cable operators;
- C. Conserve the limited physical capacity of the public rights of way held in public trust by the city;
- D. Assure that the city's current and ongoing costs of granting and regulating private access to and use of the public rights of way and/or public property are fully compensated by the persons seeking such access and causing such costs;
- E. Assure that the city can continue to fairly and responsibly protect the public health, safety and welfare; and
- F. Enable the city to discharge its public trust consistent with rapidly evolving federal and state regulatory policies, industry competition and technological development. (Ord. 1114 §1, 1999).



Background

Lacey Municipal Code, Chapter 5.60, Telecommunications

5.60.070 License or franchise application.



To the extent permitted by law, any telecommunications carrier or cable operator who currently occupies or desires in the future to occupy any rights of way with any facilities for the purpose of providing telecommunications or cable services shall file an application on a form provided by the city manager for one or more of the following:

A. *License*. Required if the telecommunications carrier or cable operator provides or intends to provide services exclusively to persons or areas outside the city.

B. *Telecommunications Franchise/Master Permit*. Required if the telecommunications carrier provides or intends to provide service to any person or area within the city.

C. *Cable Franchise*. Required if the cable operator provides or intends to provide cable services to any person or area in the city. Services similar to cable service, such as open video systems, shall also be subject to this chapter, and subject to substantially similar terms and conditions as those contained in franchise agreement(s) issued to cable operator(s) in the city with respect to franchise fee obligations, public, educational, and governmental access programming obligations, and all other franchise obligations to the extent provided by law. (Ord. 1546 §3, 2019; Ord. 1114 §1, 1999).



Astound Application

Renewal application: August 29, 2024, including the required \$1,500 application.

Previous franchise agreements:

- February 2, 2015
- January 16, 2020

Purpose: Install and operate facilities to provide telecommunications, internet access, and private line services to potential customers, including mobile backhaul services to existing cell phone towers, within the City.

Plan: No new infrastructure is proposed

Review: CM, PW, CED | 120 days to make a determination



Astound Application

Criteria to determine whether to grant or deny:

- **Legal ability to provide services:** Business Registration, Washington Utilities and Transportation Commission (WUTC) registration
- **Capacity to accommodate/alternatives:** Hierarchy of physical locations
- **Mitigate and/or repair damages:** required by 5.60
- **Serve the community interest:** provides additional data service options within Lacey
- Follow applicable federal, state, and local laws



Astound Application

City must make determinations that are:

“reasonable, fair, and equitable access to the public rights of way of the city for telecommunications purposes on a competitively neutral basis.”

Draft renewal agreement is consistent with other City franchise agreements (e.g., Ziply, Mashell Telecom dba Rainier Connect)



Astound Application

Other Requirements:

- Must apply for and receive all applicable rights-of-way and development permits.
- Carry a minimum of \$2 million in liability insurance during the term of the franchise.
- Acquire a performance bond prior to any construction in the rights-of-way.
- Follow hierarchy of physical locations of telecommunications facilities in Lacey. This includes underground requirements (current or future)



Astound Application

Other Requirements:

- Pay all fees generally applicable to persons doing business within the City.
 - Pursuant to the Internet Tax Freedom Act, internet services may not be taxed (47 U.S.C. §151).
 - State law prohibits imposing franchise fees for any “telephone business” or “service provider”, except for administrative expenses related to receiving and approving permits, licenses, franchises, etc. (or any tax authorized by RCW 35.21.865).
- Term = five (5) years from the date of execution.



Recommendation

Review Astound Broadband, LLC telecommunication franchise application and draft agreement.

Final action is tentatively scheduled for December 3, 2024

