Mountlake Terrace City Council
Work Session Agenda
Thursday, January 8, 2026, 7:00 PM
City Hall and via Telephone or Teleconference

AGENDA

1. Call to Order
2. Attendance Roll Call
3. General Public Comment
4. Swearing-In Ceremony for Newly Elected Councilmembers
5. Elections of Mayor and Mayor Pro Tem
6. Selections and Vote on Councilmember Intergovernmental Boards
7. Review and Vote on Agreement Amendment with Baker Tilly for Long-Range Financial Sustainability Plan
8. City Manager's Report
9. Review January 22, 2026 Work Session (Action Taken) Agenda
10. Council Comments
11. Adjournment

To listen to the meeting via telephone, call 1-253-215-8782. To watch the meeting online: 1) Go to https://zoom.us/join; 2) Enter meeting ID 810 1113 9518 and click "join". No passcode needed.

To make a public comment remotely (Zoom or telephone), in person, or in writing, please refer to the Public Comment and Public Hearing Testimony Protocol on the city website https://www.cityofmlt.com/129/Agendas-and-Minutes.

No person shall make personal attacks, or threatening remarks while addressing the Council which disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting. All hate speech will be construed as threatening remarks.

Item: 5.

STAFF REPORT

To: Mountlake Terrace City Council
From: Jeff Niten, City Manager
Meeting Date: January 8, 2026
Subject: Elections of Mayor and Mayor Pro Tem

Required Reviews:

Jennifer Joki	Created/Initiated - 12/31/2025
Carolyn Hope	Approved - 12/31/2025
Sirke Salminen	Approved - 12/31/2025
Hillary Evans	Final Approval - 01/07/2026

Council Goal(s):
Responsible Governance to Ensure Desired Level of Service

Legislative History:
Biennially in even numbered years, at the first meeting of the new Council, the Members shall choose a Mayor from their number. Annually at the first meeting of the new Council, the Council shall decide by majority of those present whether to appoint a Mayor Pro Tem, as provided in RCW 35A.13.035. If the Council chooses to appoint a Mayor Pro Tem, they shall be selected using the same process for selecting the Mayor.

Subject Summary:
The City Clerk will conduct the election for Mayor. The City Clerk will call for nominations. Each Councilmember will be permitted to nominate one (1) person, and nominations will not require a second. Any Councilmember may nominate him or herself, and Councilmembers may decline their nominations. After all nominations are received, the City Clerk shall ask each Councilmember one-by-one to state his or her vote via voice.

The order of voting will be determined by number, with the lowest number voting first through the last, highest number. Councilmembers will blindly draw numbers for each election, with the highest seniority councilmember drawing first, and drawing continued through the lowest seniority member.
The current seniority is:

Laura Sonmore (2000)

Kyoko Matsumoto Wright (2008)
Bryan Wahl (2012)
Steve Woodard (2019)
Erin Murray (2020)
William Paige (2025)
Sam Doyle (2026)

The first nominee to receive a majority vote of members present shall be appointed the Mayor.

If the Council has determined to appoint a Mayor Pro Tem, the Mayor will conduct the election for Mayor Pro Tem in the same manner described for the election of the Mayor. If, on the first voice vote, no Councilmember garners a majority vote of members present, the nominee receiving the lowest vote total shall be dropped and a revote conducted. In the event of a tie, run-off elections shall be held.

Financial/Budget Impacts:

Budget Amendment Required? No

Budget and Sources:	N/A
Expenditure:	N/A
New Appropriation Required + Sources:	N/A

Additional Financial Information:
N/A

Community Notifications:
City Council Agenda

If "Other," please specify:

Board/Commission Recommendation:
N/A

Staff Recommendation:
N/A

Council Motion:
N/A

Attachments:
None

Item: 6.

STAFF REPORT

To: Mountlake Terrace City Council
From: Jeff Niten, City Manager
Meeting Date: January 8, 2026
Subject: Selections and Vote on Councilmember Intergovernmental Boards

Required Reviews:

Jennifer Joki	Created/Initiated - 12/31/2025
Carolyn Hope	Approved - 12/31/2025
Sirke Salminen	Approved - 12/31/2025
Hillary Evans	Final Approval - 01/07/2026

Council Goal(s):
Responsible Governance to Ensure Desired Level of Service

Legislative History:
This item occurs annually on the council agenda.

Subject Summary:
Part of the City Council's role is to represent the City of Mountlake Terrace on city, county and regional boards and commissions. Traditionally, Council members share this responsibility as much as possible given their work schedules and outside commitments.

Because the dates and/or times of these assignments may conflict with Council members' other obligations, the Council reviews and adjusts appointments to these boards and commissions at the beginning of each calendar year.

Please refer to the attached list of city boards and commissions and intergovernmental boards and commissions that include the meeting days, times and locations.

The City Councils' past practice has been to make selections based on seniority, with each Council member making one board or commission selection in sequence, then rotating through the group again for as needed. The current seniority is:

Laura Sonmore (2000)
Kyoko Matsumoto Wright (2008)

Bryan Wahl (2012)
Steve Woodard (2019)
Erin Murray (2020)
William Paige (2025)
Sam Doyle (2026)

For reference, the following agencies and organizations have opportunities available at various times that involve their own selection/election process:

- Puget Sound Regional Council (PSRC) - PSRC develops policies and coordinates decisions about regional growth, transportation and economic development planning within King, Pierce, Snohomish, and Kitsap counties. PSRC is composed of over 80 jurisdictions, including all four counties, cities and towns, ports, state and local transportation agencies and tribal governments within the region. Some of PSRC's boards and committees, assignments to which are determined through Snohomish County Cities (below) include:
    1. Executive Board
    2. Operations Committee
    3. Growth Management Policy Board
    4. Transportation Policy Board
    5. Central Puget Sound Economic Development District Board

- Sno911: Board members of the county-wide emergency dispatch agency are selected through a 'caucus' process. Mountlake Terrace is in a caucus of cities that provide police services and have populations up to approximately 33,000.

- Snohomish County Cities (SCC) - Snohomish County Cities was founded in 1998 as a nonprofit organization comprised of mayors and councilmembers from cities within the county. Members of SCC meet monthly (excluding June and December) to discuss current issues relating to local cities and to hear guest speakers regarding relevant topics. SCC monthly dinner meetings are held in cities around the county on the third Thursday of the month. Members participate in annual elections (held at the first meeting of the year) to appoint representatives to several SCC and countywide boards and committees, which include:
    1. SCC Executive Board
    2. SCC Finance Committee
    3. Snohomish County Housing & Community Development Urban County Consortium Policy Advisory Board
    4. Snohomish County Conservation Futures Program
    5. Snohomish County Law & Justice Council
    6. Snohomish County Transportation Coalition (SnoTrac)

Financial/Budget Impacts:

Budget Amendment Required?	No

Budget and Sources:	N/A
Expenditure:	N/A
New Appropriation Required + Sources:	N/A

Additional Financial Information:
N/A

Community Notifications:
City Council Agenda

If "Other," please specify:

Board/Commission Recommendation:
N/A

Staff Recommendation:
Staff recommends the council selects board, commission, and committee assignments in rotation by seniority. At the end, the city council votes for all the appointments in one motion.

Council Motion:
Move to approve the 2026 Council representatives to boards, commissions, and committees.

Attachments:
1. 2024-2026 Councilmember Intergovernmental Boards

City Council Intergovernmental Boards and Commissions

BOARD/COMMITTEE	2024 REPRESENTATIVES	2025 REPRESENTATIVES	2026 REPRESENTATIVES	MEETING TIME/LOCATION	SITE LINKS
MLT Arts Advisory Commission (1) (1-Year Term)	Rick Ryan	Rick Ryan		Monthly, 3rd Tuesday, 5:30pm City Hall	https://www.cityofmlt.com/451/Arts-Advisory-Commission
MLT Board and Commission Interview Subcommittee (3) (1-Year Term)	Kyoko Matsumoto Wright Erin Murray Bryan Wahl	Kyoko Matsumoto Wright Erin Murray Bryan Wahl		Annually in June, and as needed City Hall	
MLT Diversity, Equity & Inclusion Commission (1) (1-Year Term)	Erin Murray	Erin Murray		Monthly, 3rd Wednesday, 7:00pm City Hall	https://www.cityofmlt.com/2084/Diversity-Equity-and-Inclusion-Commissio
MLT Finance Committee (2) (1-Year Term)	1. Laura Sonmore 2. Bryan Wahl	1. Steve Woodard 2. Bryan Wahl	1. 2.	Before Regular Council Meetings City Hall	
MLT LEOFF 1 Disability Board (2) (2-Year Staggered Terms, Mayor Appoints)	1. Laura Sonmore (appt'd 1/12/23) 2. Rick Ryan (appt'd 12/31/2022)	1. Laura Sonmore (appt'd 1/2/2025) 2. Rick Ryan (appt'd 1/2/2025)	1. Laura Sonmore (appt'd 1/2/2025) 2.	Monthly, 2nd Tuesday, 4:30pm City Hall	https://www.cityofmlt.com/2239/LEOFF-1-Disability-Board
MLT Lodging Tax Advisory Committee (1) (1-Year Term)	Laura Sonmore	Laura Sonmore		As needed City Hall	https://www.cityofmlt.com/2232/Lodging-Tax-Advisory-Committee
MLT Personnel (City Manager) Review Subcommittee (2) (1-Year Term)		Erin Murray Steve Woodard		Annually City Hall	
MLT Recreation and Park Advisory Commission (1) (1-Year Term)	Laura Sonmore	Laura Sonmore		Monthly, 2nd Tuesday, 7:00pm City Hall	https://www.cityofmlt.com/459/Recreation-and-Park-Advisory-Commission
Alliance for Housing Affordability (AHA) Board (1-Year Term)	Primary: Kyoko Matsumoto Wright Alt: Rory Paine-Donovan	Primary: Kyoko Matsumoto Wright Alt: Erin Murray	Primary: Alt:	Monthly, 4th Wednesday, 4:30pm Sno Co Admin Building E, 6A04	https://housingallies.org/
Lake Ballinger/McAleer Creek Watershed Forum (1-Year Term)	Primary: Rory Paine-Donovan Alt: Steve Woodard	Primary: Erin Murray Alt: Steve Woodard	Primary: Alt:	Monthly, 4th Tuesday, 2:00pm Location rotates	https://www.cityofmlt.com/488/Lake-Ballinger-McAleer-Creek-Watershed-F
SeaShore Transportation Forum (1-Year Term)	Primary: Erin Murray Alt: Kyoko Matsumoto Wright	Primary: Kyoko Matsumoto Wright Alt:	Primary: Alt:	Monthly, 1st Friday, 7:30am Shoreline City Hall	https://kingcounty.gov/en/dept/metro/about/transportation-boards/seashore-transportation-forum
Snohomish County Tomorrow (SCT) Steering Committee (1-Year Term)	Primary: Bryan Wahl Alt: Steve Woodard	Primary: Bryan Wahl Alt: Steve Woodard	Primary: Alt:	Monthly, 4th Wednesday, 4:00pm Everett Senior Center	https://snohomishcountywa.gov/168/Snohomish-County-Tomorrow
WRIA 8 Salmon Recovery Council	Rory Paine-Donovan	William Paige		Jan, Mar, May, July, Sept, Nov, 3rd Thursday, 2pm, held virtually and in-person	https://www.govlink.org/watersheds/8/committees/mtgschedule.aspx#src
Community Transit, Board of Directors (2-Year Term)	Kyoko Matsumoto Wright	Kyoko Matsumoto Wright		Monthly, 1st Thursday, 3:00pm Community Transit, Everett	https://www.communitytransit.org/board-of-directors
Puget Sound Regional Council (PSRC) Economic Development District Board				Mar, June, Sept, Dec, 1st Wednesday, 10am – 1201 Third Avenue, Suite 500, Seattle	https://www.psrc.org/board/economic-development-district-board
Puget Sound Regional Council (PSRC) Executive Board	Bryan Wahl	Bryan Wahl		Monthly, 4th Thursday, 10am Hybrid Meeting – PSRC Board Room: 1201 Third Avenue, Suite 500, Seattle	https://www.psrc.org/board/executive-board
Puget Sound Regional Council (PSRC) Growth Management Policy Board				Monthlyl, 3rd Thursday, 10am Hybrid Meeting – PSRC Conf. Room: 1201 Third Avenue, Suite 500, Seattle	https://www.psrc.org/board/growth-management-policy-board
Puget Sound Regional Council (PSRC) Operations Committee	Bryan Wahl	Bryan Wahl		Monthly, 4th Thursday, 9am Hybrid Meeting – PSRC Conf. Room: 1201 Third Avenue, Suite 500, Seattle	https://www.psrc.org/board/operations-committee
Puget Sound Regional Council (PSRC) Transportation Policy Board				Monthly 2nd Thursday, 9:30am Hybrid Meeting – PSRC Conf. Room: 1201 Third Avenue, Suite 500, Seattle	https://www.psrc.org/board/transportation-policy-board
Snohomish County 911 Board				Monthly	https://sno911.org/public-records/board-meetings/
Snohomish County Cities & Towns (SCC) Executive Board	Bryan Wahl	Bryan Wahl		Quarterly, and as needed.	https://www.snococities.org/
Snohomish County Cities & Towns (SCC) Finance Committee		Bryan Wahl		Quarterly, and as needed.	https://www.snococities.org/
Snohomish County Conservation Futures		Kyoko Matsumoto Wright		Typically a spring and fall meeting, in evenings, virtual.	https://snohomishcountywa.gov/141/Conservation-Futures-Program-Advisory-Bo
Snohomish County Tomorrow (SCT) Executive Committee		Bryan Wahl		Monthly, 1st Wednesday, 12pm (noon). Currently held virtually.	https://snohomishcountywa.gov/168/Snohomish-County-Tomorrow
Snohomish County Tomorrow (SCT) Exploratory Committee		Bryan Wahl		Monthly, 2nd Tuesday, 1pm	
Snohomish County Tomorrow (SCT) Exploratory Leadership Team		Bryan Wahl		Monthly, and as needed	
		City Council Appointed	Board/Committee Appointed		

Item: 7.

STAFF REPORT

To: Mountlake Terrace City Council
From: Carolyn Hope, Deputy City Manager
Meeting Date: January 8, 2026
Subject: Review and Vote on Agreement Amendment with Baker Tilly for Long-Range Financial Sustainability Plan

Required Reviews:

Jennifer Joki	Created/Initiated - 12/31/2025
Carolyn Hope	Approved - 12/31/2025
Sirke Salminen	Approved - 12/31/2025
Hillary Evans	Final Approval - 01/08/2026

Council Goal(s):
Responsible Governance to Ensure Desired Level of Service

Legislative History:
On February 20, 2025, the City Council approved a contract with Baker Tilly for Long-Range Financial Sustainability Planning.

Subject Summary:
The original contract scope of work included developing a long-range financial forecast and model, facilitating six meetings with the Fiscal Sustainability Taskforce, presenting the fiscal sustainability plan project report to City Council, and preparing a draft implementation action plan for the city. The fiscal sustainability taskforce needed more time to deliberate the budget strategies and packages, and the project team added one more meeting to the calendar. Additionally, with updates to the 2023 and 2024 end of year reports, the long-range forecast and models required updating.

Financial/Budget Impacts:

Budget Amendment Required?	No

Budget and Sources:	City Manager's Budget (011)
Expenditure:	$107,500

New Appropriation Required + Sources:	$8,000

Additional Financial Information:
The original budget was $99,500 and Baker Tilly requests $8,000 to cover these additional expenses, which brings the total contract amount to $107,500. This additional $8,000 is available in the 2026 City Manager's Professional Services budget and a budget amendment will not be needed.

Community Notifications:
City Council Agenda

If "Other," please specify:

Board/Commission Recommendation:
N/A

Staff Recommendation:
Staff recommends that city council approve the contract amendment for Baker Tilly, for additional work at the cost of $8,000. The advantage of this proposal is that the Fiscal Sustainability Taskforce receives continued support through January from the Baker Tilly team in preparing their final recommendation to city council and the the data presented to city council is updated reflected on the final year-end reports from 2023 and 2024. This contract amendment will not require a budget amendment. The disadvantage is that this work costs $8,000 and the city is looking for budget savings.

Council Motion:
Move to authorize the city manager to amend the contract with Baker Tilly to expand the scope of work and add $8,000 to the contract, not to exceed $107,500.

Attachments:
1. Baker Tilly Long-Range Fiscal Sustainability Task Force Agreement 2025 Amendment 1
2. Baker Tilly Long-Range Fiscal Sustainability Task Force Agreement 2025

FIRST AMENDMENT TO THE AGREEMENT FOR SERVICES BETWEEN THE CITY OF MOUNTLAKE TERRACE AND BAKER TILLY ADVISORY GROUP, LLC

This First Amendment amends the various agreements between the City of Mountlake Terrace, a municipal corporation ("City") and Baker Tilley Advisory Group, LLC ("Contractor"), collectively the "Parties."

WHEREAS, the Parties entered into an Agreement on February 7, 2025; and

WHEREAS, the Parties seek to extend the necessary for Contractor to complete the Agreement work;

NOW, THEREFORE, in consideration of the mutual benefits and conditions set forth below, and for other good and valuable consideration, the parties agree to modify the Agreement as follows:

1. Amending Term. The Parties wish to extend the term of this Agreement, contained in Section 2, as follows:

> **Term**. The term of this agreement shall commence on the effective date of this Agreement and shall expire on June 30, 2026.

2. Amending the Scope of Work. The Parties wish to amend the scope of work, as described in Attachment A of the Agreement, to include one more taskforce meeting and update the forecast and model with the revised 2023 and 2024 year end numbers. A new Attachment A is attached hereto.

3. Amending Compensation. The parties wish to amend total compensation due, contained in Section 4.1, as follows:

> Total Compensation. In consideration of the Contractor performing the Services, the City agrees to pay the Contractor on a fixed fee basis, with an amount not to exceed a maximum sum of $107,500.00, according to a rate or method as delineated in Exhibit A.

Full Force and Effect. All other terms and conditions in the Agreements remain in full force and effect as provided therein.

By: Baker Tilley Advisory Group, LLC		By: City of Mountlake Terrace	
______________________	__________	______________________	__________
Caitlin Humrickhouse Principal	Date	Jeff Niten, City Manager	Date

PROFESSIONAL SERVICES AGREEMENT

This Agreement ("Agreement") is dated effective this ____ day of _______________, ___. This Agreement is by and between the City of Mountlake Terrace, a Washington municipal corporation ("City"), and Baker Tilly Advisory Group, LP ("Contractor"), collectively known as the parties ("Parties").

A. The City seeks the professional services of a consultant with expertise in municipal finance, facilitation, and strategic communications related to municipal finance to support a Long-Range Financial Sustainability Plan and facilitation of community task force.

B. The Contractor, by entering into the Agreement, represents that it has the requisite skills and experience necessary to perform and provide such services in a competent and professional manner.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Parties agree to the following terms and conditions:

1. Services.

1.1 Services. Contractor shall provide the services and equipment as specified pursuant to the terms more specifically described in "Exhibit A – Scope of Services," and "Exhibit B – Request for Proposal with Amendments", attached hereto and incorporated by this reference ("Services"), in a manner consistent with the accepted practices and standards for other similar services, performed to the City's satisfaction, within the time-period prescribed by the City and pursuant to the direction of the City Manager or his or her designee. To the extent terms of an Exhibit contradict the terms of this Agreement, the terms of this Agreement shall prevail.

1.2 Compliance with Laws. Contractor shall comply with and perform the Services in accordance with all applicable federal, state, and City laws, including, but not limited to, the City of Mountlake Terrace's Municipal Code, and all other City resolutions, standards or policies, as now existing or hereafter adopted or amended.

1.3 Performance Standard. In the performance of services under this Agreement, Contractor and its employees or designees, promise to exercise the degree of skill and care required by customary and generally accepted practices, standards, and procedures adopted by Contractors' rendering the same or similar type of service. All duties shall be performed in the manner consistent with those customary and generally accepted practices, and the Contractor shall be responsible for the professional and technical soundness and accuracy of all work and services furnished pursuant to this Agreement.

2. Term. The term of this Agreement shall commence upon the effective date of this Agreement and shall expire on March 31, 2026.

3. Termination. Prior to the expiration of the Term, this Agreement may be terminated immediately, with or without cause by the City upon prior written notice to the Contractor. If the Agreement is terminated after partial performance, the City will be obligated to pay only for that portion of the total work authorized under this Agreement that is satisfactorily completed. The Contractor may terminate this Agreement only upon sixty (60) days prior written notice to the City.

4. Compensation.

4.1 Total Compensation. In consideration of the Contractor performing the Services, the City agrees to pay the Contractor on an fixed fee basis, with an amount not to exceed a maximum sum of $99,500.00 according to a rate or method as delineated in Exhibit A.

4.2 Method of Payment. City will be billed when each task is complete, per the proposed tasks in the "Fee" section of Exhibit A. Invoices shall contain an itemized breakdown of the services performed on a project basis during the time covered by the invoice. City will pay Contractor by warrant or check within thirty (30) days of the receipt of an invoice. A finance charge of one percent (1%) per month [twelve percent (12%) per annum] will accrue on any unpaid balance outstanding for more than forty-five (45) days.

4.3 Contractor Responsible for Taxes. The Contractor shall be solely responsible for the payment of any taxes imposed by any lawful jurisdiction as a result of the performance and payment of this Agreement.

4.4 Reimbursement of Expenses. The City of Mountlake Terrace is not liable to Contractor for any expenses paid or incurred by Contractor unless otherwise agreed in writing.

5. Contractor to Direct Work. Contractor shall control and direct the performance of the work or project of Contractor pursuant to this Agreement, subject to the City of Mountlake Terrace oversight. The City of Mountlake Terrace reserves the right to inspect, review, and approve of the work or project of Contractor to assure that it has been completed as specified, before payment.

6. Warranty. The Contractor warrants that it has the requisite training, skill, and experience necessary to provide the Services and is appropriately accredited and licensed by all applicable agencies and governmental entities, including but not limited to being registered to do business in the City of Mountlake Terrace by obtaining a City of Mountlake Terrace business registration if required by municipal code.

7. Security and Damages. The Contractor shall be responsible for security of its equipment and assumes all risk of damage, theft or loss to Contractor's equipment and supplies occurring from any nature whatsoever. Additionally, Contractor shall be responsible for any maintenance costs and repair costs resulting from any damage or loss from any source whatsoever to its equipment or supplies. Contractor agrees that neither damage to or loss of its equipment shall be applied to or claimed against City property, City liability insurance or commission revenues owed to the City.

8. Independent Contractor/Conflict of Interest.

8.1 Independent Contractor. It is the intention and understanding of the Parties that the Contractor shall be an independent contractor and that the City shall neither be liable for nor obligated to pay sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax, which may arise as an incident of employment. The Contractor shall pay all income and other taxes as due. Industrial or any other insurance, which is purchased for the benefit of the Contractor, shall not be deemed to convert this Agreement to an employment contract.

8.2 City's Right of Supervision and Inspection. Even though Contractor is an independent Contractor with the authority to control and direct the performance and details of the work authorized under this Agreement, the work must meet the approval of the City and shall be subject to the City's general right of inspection and supervision to secure the satisfactory completion thereof.

8.3 Work Performed at Contractor's Risk. Contractor shall take all precautions reasonably necessary and shall be responsible for the safety of its employees, agents and subcontractors in the performance of the work hereunder and shall utilize all protections reasonably necessary for that purpose. All work shall be done at Contractor's own risk, and Contractor shall be responsible for any loss or damage to materials, tools, or other articles used or held for use in connection with the work.

8.4 Conflict of Interest. It is recognized that the Contractor may or will be performing professional services during the term for other parties and that the City is not the exclusive user of the Services the Contractor will provide, provided, however, that such performance of other Services shall not conflict with or interfere with Contractor's ability to perform the Services. Contractor agrees to resolve any such conflicts of interest in favor of the City.

9. Indemnification.

9.1 Contractor Indemnification. Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from claims, injuries, damages, losses or suits including attorney fees, arising out of, in connection with, or incident to any negligent or intentional acts, errors or omissions, or conduct of the Contractor (or its employees, agents, representatives, subcontractors/ subconsultants) in performance of this Agreement, whether such claims sound in contract, tort, or other legal theory, except for injuries and damages caused by the sole negligence of the City. The Contractor's duty to defend and indemnify pursuant to this Section 9 is not in any way limited to, or by the extent of, insurance obtained by, obtainable by, or required of the Contractor. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of indemnification. This waiver has been mutually negotiated by the Parties. As used in this Section 9, "City" includes the City, the City officers, employees, agents, and representatives. If, and to the extent, Contractor employs or engages subcontractors or subconsultants then Contractor shall ensure that each such subcontractor and subconsultant (and subsequent tiers of subcontractors and subconsultants) shall expressly agree to defend and indemnify the City to the extent and on the same terms and conditions as the Contractor pursuant to this Section 9.

9.2 Records Request. When the City provides the Contractor with notice of a Public Records Request, Contractor agrees to save, hold harmless, indemnify and defend the City, its officers, agents, employees and elected officials from and against claims, lawsuits, fees, penalties and costs resulting from the Contractor's violation of the Public Records Act RCW 42.56, or Contractor's failure to produce public records as required under the Public Records Act. Records shall be retained until all litigation, claims or audit findings have been resolved even though such litigation, claim or audit continues past any formal retention period imposed by Washington State Archives, grant or other applicable law or regulation.

9.3 Survival. The provisions of this Section shall survive the expiration or termination of this Agreement with respect to any event occurring prior to such expiration or termination.

10. Discrimination Prohibited and Compliance with Equal Opportunity Legislation. In all Contractor services, programs or activities, and all Contractor hiring and employment made possible by or resulting from this Agreement, there shall be no discrimination by the Contractor or by Contractor's employees, agents, subcontractors or representatives against any person because of sex, age, (except minimum age and retirement provisions), race, color, creed, national origin, marital status, religion, sexual orientation or the presence of any disability, including sensory, mental, or physical handicaps, based upon a bona fide occupational qualification in relationship to hiring and employment. This requirement shall apply, but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor shall not violate any of the terms of Chapter 49.60 RCW, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973 or any other applicable federal, state or local law or regulation regarding non-discrimination. Any material violation of this provision shall be grounds for termination of this Agreement by the City and, in the case of the Contractor's breach, may result in ineligibility for further City agreements.

11. Confidentiality.

11.1 Safeguarding of Information. All information regarding the City obtained by the Contractor in performance of this Agreement shall be considered confidential. The Contractor shall safeguard all written information submitted by the City to the Contractor in connection with the services performed by the Contractor under this Agreement to at least the same extent as the Contractor safeguards like information relating to its own business or profession. Breach of confidentiality by the Contractor will be grounds for immediate termination.

11.2 Disclosure of Information. Contractor shall not, without the prior written consent of the City of Mountlake Terrace, disclose to third parties information that is not otherwise subject to public disclosure unless:

a. The information is known to Contractor prior to receiving the same directly or indirectly in connection with the work or project;

b. The information is in the public domain at the time of disclosure by Contractor; or

c. The information is received by Contractor from a third party who does not have an obligation to keep the same confidential.

12. Work Product and Ownership of Records and Documents.

12.1 Return of Work Product. All originals and copies of work product, including records, files, documents, reports, plans, sketches, layouts, designs, design specifications, computer disks, magnetic media or material which may be produced or modified by the Contractor while performing the services shall belong to the City. At the termination or cancellation of this Agreement, all copies of any such work product remaining in the possession of the Contractor shall be delivered to the City and shall become the property of the City. Files containing the written record of the Contractor's services shall be delivered to the City.

12.2 Use of Work Product. The City acknowledges that the documents and records prepared by the Contractor are prepared specific to the work or project described herein. If the City modifies or uses any of the documents for other projects or purposes without the written approval of the Contractor, the City releases the Contractor from all responsibility for any errors or omissions therein with respect to such modification or use.

13. Insurance.

13.1 Insurance Term. The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of work hereunder by the Contractor, its agents, representatives, or employees. Contractor shall comply with the following conditions and procure and keep in force during the term of this Agreement, at Contractor's own cost and expense, the following policies of insurance with companies authorized to do business in the State of Washington, which are rated at least "A" or better and with a numerical rating of no less than seven (7), by A.M. Best Company and which are acceptable by the City. Contractor's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

13.2 Minimum Scope of Insurance. Contractor shall obtain insurance of the types described below:

a. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.

b. Commercial General Liability insurance shall be written at least as broad on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap, independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

c. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

d. Professional Errors and Omissions Insurance. If both parties agree that the Services do not warrant Contractor providing Professional Errors and Omissions Insurance, Section 13.3.d. may be stricken if this section is initialed by both Parties: ______ ______

13.3 Minimum Insurance Limits. Contractor shall maintain the following insurance limits:

a. Comprehensive General Liability. $2,000,000 combined single limit per occurrence for bodily injury personal injury and property damage; $2,000,000 general aggregate.

b. Automobile Liability. $1,000,000 combined single limit per accident for bodily injury and property damage.

c. Workers' Compensation. Workers' compensation limits as required by the Workers' Compensation Act of Washington.

d. Professional Liability/Contractor's Errors and Omissions Liability. $2,000,000 per claim and $2,000,000 as an annual aggregate. Such coverage, with City approval, may be written on a claims-made basis. If the Professional Errors and Omissions Insurance is on a claims-made policy form, the retroactive date on the policy shall be the effective date of this Agreement or prior. The retroactive date of any subsequent renewal of such policy shall be the same as the original policy provided. The extended reporting or discovery period on a claims-made policy form shall not be less than 36 months following expiration of the policy. (This paragraph shall not apply if Section 13.2.d above is initialed.)

13.4 Notice of Cancellation. In the event that the Contractor receives notice (written, electronic or otherwise) that any of the above required insurance coverage is being cancelled and/or terminated, the Contractor shall immediately (within forty-eight (48) hours) provide written notification of such cancellation/ termination to the City.

13.5 Verification of Coverage. In signing this Agreement, the Contractor is acknowledging and representing that required insurance is active and current. Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work. Further, throughout the term of this Agreement, the Contractor shall provide the City with proof of insurance upon request by the City.

13.6 Insurance Shall be Primary - Other Insurance Provision. The Contractor's insurance coverage shall be primary insurance as respect to the City. The Contractor's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect to the City. Any Insurance, self-insurance, or self-insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

13.7 Claims-made Basis. Unless approved by the City all insurance policies shall be written on an "Occurrence" policy as opposed to a "Claims-made" policy.

13.8 Failure to Maintain Insurance. Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

13.9 Full Availability of Contractor Limits. If the Contractor maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Contractor, irrespective of whether such limits maintained by the Contractor are greater than those required by this contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Contractor.

14. Maintenance/Inspection of Records.

14.1 Maintenance and Inspection. The Contractor agrees to maintain books, records, and documents which sufficiently and properly reflect all direct and indirect costs and expenses allowable under this Agreement related to the performance of the Services and maintain such accounting procedures and practices as may be deemed necessary by the City to assure proper accounting of all funds paid pursuant to this Agreement. These records shall be subject, at all reasonable times, to inspection, review or audit by the City, its authorized representative, the State Auditor, or other governmental officials authorized by law to monitor this Agreement. If any litigation, claim or audit is commenced, the contractor shall cooperate with the City and assist in the production of all such documents.

14.2 Public Records. The Parties agree that this Agreement and records related to the performance of the Agreement are, with limited exception, public records subject to disclosure under the Public Records Act RCW 42.56. Contractor acknowledges that any record, document, work product or correspondence created by contractor may be subject to the Public Records Act.

Further, in the event of a Public Records Request to the City, the City may provide the Contractor with a copy of the Records Request and the Contractor shall provide copies of any City records in Contractor's possession, necessary to fulfill that Public Records Request. If the Public Records Request is large the Contractor will provide the City with an estimate of reasonable time needed to fulfill the records request.

The Contractor shall include this Section 14, "Maintenance/Inspection of Records", in every subcontract it enters into in relation to this Agreement and bind the sub-contractor to its terms, unless expressly agreed to otherwise in writing by the City prior to the execution of such subcontract. The "Maintenance/Inspection of Records" Section of the Agreement shall confer third party beneficiary status on the City.

15. Non-Appropriation of Funds. If sufficient funds are not appropriated or allocated for payment under this Agreement for any future fiscal period, the City will not be obligated to make payments for Services or amounts incurred after the end of the current fiscal period, and this Agreement will terminate upon the completion of all remaining Services for which funds are allocated. No penalty or expense shall accrue to the City in the event this provision applies.

16. Compliance with Grant Terms and Conditions. Contractor shall comply with any and all conditions, terms and requirements of any federal, state or other grant that wholly or partially funds Contractor's work hereunder.

17. General Provisions.

18.1 Entire Agreement. This Agreement contains all of the agreements of the Parties with respect to any matter covered or mentioned in this Agreement and no prior agreements shall be effective for any purpose. All attachments and addendum are incorporated herein by this reference, and shall be a part of this Agreement.

18.2 Modification. No provisions of this Agreement may be amended, modified or an additional obligation assumed by either Party except by written agreement signed by the Parties.

18.3 Full Force and Effect. Any section or provision of this Agreement which is adjudicated invalid or illegal shall in no way affect or invalidate any other section or provision hereof and such other sections or provisions shall remain in full force and effect.

18.4 Subletting/Assignment. Neither the Contractor nor the City shall have the right to sublet, transfer or assign, in whole or in part, any or all of its obligations and rights hereunder without the prior written consent of the other party.

18.5 Attorney Fees. In the event either party brings a lawsuit to enforce the terms of this Agreement, or arising from a breach of this Agreement, the prevailing party shall be entitled to its costs and attorneys' fees for bringing or defending against the action.

18.6 No Waiver. Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.

18.7 Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington.

18.8 Authority. Each individual executing this Agreement on behalf of the City and the Contractor represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Contractor or the City.

18.9 Performance. Time is of the essence of this Agreement in each and all of its provisions in which performance is a factor.

18.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute the same instrument and, collectively, constitute the entire Agreement.

18.11 No Third Party Beneficiary. It is the specific intent of the Parties, and all Parties agree, that this Agreement shall not confer third party beneficiary status on any non-party.

18.12 No Joint Venture. This Agreement does not create a partnership or joint venture, and in carrying out this Agreement, the Parties shall act in their individual capacities and not as agents, employees, or partners of one another.

18.13 Force Majeure. Notwithstanding any other provision of this Agreement, no party to the Agreement shall be deemed in default or breach of this Agreement or liable for any loss or damages or for any delay or failure in performance due to a cause beyond its reasonable control. The Parties shall promptly resume performance hereunder after the force majeure event has passed.

18.14 Survivability. The obligation of Contractor under all provisions of this Agreement, which may reasonably be interpreted or construed as surviving the completion, termination, or cancellation of this Agreement shall survive the completion, termination, or cancellation of this Agreement.

18.15 Contractor Payments. In the event the Contractor fails to pay any taxes, assessments, penalties, or fees imposed by any governmental body, including a court of law, then the City shall have the right but not the obligation and the Contractor authorizes the City to deduct and withhold or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. It is agreed that this provision shall apply to taxes and fees imposed by City ordinance. Any such payments shall be deducted from the Contractor’s total compensation.

Executed on the dates written below.

CONTRACTOR	CITY OF MOUNTLAKE TERRACE
By:	By:
Carol Jacobs	
Carol Jacobs, Managing Director	Jeff Niten, City Manager
Address: Baker Tilly Advisory Group, LP 1000 Second Ave Suite 3400 Seattle, WA 98104-1022	23204 58th Avenue W Mountlake Terrace, WA 98043
Date: 02/07/2025	Date:
	Approved as to form:
	Hillary J. Evans, City Attorney

EXHIBIT A

Scope of Services

January 22, 2025

City of Mountlake Terrace

Proposal to provide consulting services for the City's long-range financial sustainability task force

Contents

APPROACH......1
ORGANIZATIONAL EXPERIENCE......6
KEY PERSONNEL......8
FEE......9
SCHEDULE......10
APPENDIX A: RESUMES......11
APPENDIX B: FISCAL SUSTAINABILITY AND COMMUNITY ENGAGEMENT CLIENTS......16

“

I was not convinced we would be able to pull community members together to develop a fiscal sustainability plan. I was dead wrong and mesmerized by your meetings and your outcomes.

Washington state city councilmember | Baker Tilly client

bakertilly

January 22, 2025

Baker Tilly Advisory Group, LP
1000 Second Ave
Suite 3400
Seattle, WA 98104-1022
+1 (206) 621 1900
bakertilly.com

Carolyn Hope, Deputy City Manager
City of Mountlake Terrace
58th Avenue West Mountlake Terrace, WA 98043
Delivered electronically

Dear Ms. Hope:

The City of Mountlake Terrace is taking steps to ensure it can provide the services community members value within realistic and sustainable budgets. This includes development of a long-range financial plan. The City plans to form a Long-Range Financial Sustainability Task Force composed of community members to advise the City on a long-term financial plan. Task force members will:

- **Gather community input** to understand values, challenges and opportunities from residents' perspectives.
- **Analyze data** through a review of Council's Strategic Plan, community survey results, financial trends, and budget projections.
- **Learn about revenue and services** by studying revenue sources, limitations, service levels and future impacts.
- **Develop recommendations** on service levels, cost reductions, new revenue options and key messages.
- **Engage with community** by testing recommendations in forums and finalizing suggestions for the City Council.

Baker Tilly is uniquely qualified to assist the City of Mountlake Terrace with these important services. Below are the highlights of everything we'll bring to the City.

WE UNDERSTAND THE CITY OF MOUNTLAKE TERRACE

We have been assisting the City to develop an understanding of its current financial situation and future scenarios through interim Chief Financial Officer services and other related services.

WE UNDERSTAND THE ENGAGEMENT FROM PREVIOUS WORK

We have helped many cities, including the Washington cities of Kenmore, Sammamish and Newcastle, with similar services.

OUR TEAM MEMBERS SPECIALIZE IN A RANGE OF RELEVANT SERVICES

Our public-sector advisory team includes specialists in municipal finance, facilitation and strategic communication who will bring multiple perspectives to ensure the best possible outcome for the City.

The approach and ideas shared in our proposal show how important your needs continue to be to us. We are committed to work with City officials to forge new paths for success. If you have questions or need additional information, please let us know how we can help support your decision-making process.

Sincerely,

Carol Jacobs

Carol Jacobs, Managing Director
+1 (949) 809 5588 | carol.jacobs@bakertilly.com

Approach

Understanding the engagement

The City of Mountlake Terrace, a general law city under Title 35A of state law, operates with a Council-Manager governance structure. It serves nearly 24,000 residents and businesses with law enforcement, public works, parks and recreation, planning/zoning, library, and administrative services. Its $21 million General Fund relies on property, sales, utility, and gambling taxes, including a levy lid lift for Recreation and Parks and a broad utility tax. While General Fund reserves are projected at 35% of annual operating expenditures by FY 2026, a $2.7 million long-range deficit could deplete reserves by FY 2029 without corrective action. Service costs are rising faster than property tax revenues, which are capped at 1% annual growth by Council action. Sales tax, the City's largest and most volatile revenue source, poses risks, as losing key producers, even temporarily, could significantly impact service funding.

To address fiscal sustainability, the City plans to form a taskforce to advise on budget strategies and develop a fiscal sustainability plan. This taskforce will require guidance, facilitation, and an independent analysis of the City's fiscal outlook to provide informed recommendations to City leaders. With extensive experience in strategic planning and fiscal sustainability, we are prepared to support the City in achieving its goals.

Proposed plan of work

The City's request for proposal focused primarily on providing facilitation services to the City's fiscal sustainability taskforce (FST). However, after receiving responses to our questions and those of other consulting firms, we learned that the City is desiring a broader set of services, including an independent assessment of the City's existing long-range General Fund financial forecast, and identifying budget strategies for the FST and City's consideration. This understanding has framed our response to your proposal, combining our breadth of experience in municipal financial and budget management, fiscal sustainability planning, and facilitation and strategic communication to accomplish the City's goals that we describe below. We have developed a three-phased approach to addressing the City's fiscal sustainability needs as detailed below. This framework is amenable to refinement based on your input.

Phase 1 – Conduct an independent review of the City's long-range financial forecast

Activity 1 – Start project

Baker Tilly will begin this project with a launch meeting with you and others designated as the City's project leadership team. During this meeting, we will refine the schedule, discuss project objectives, and review the tasks to be completed. After this initial launch meeting, we will submit a document and data request to the City's project team.

Activity 2 – Gather information and data

Next, we will initiate a careful learning phase to understand the City's current fiscal status. Key tasks include:

- Gathering data to be used throughout the analytical phase of the project. This will include budgets, budgetary recommendations, long-range capital improvement plans, enterprise fund rate studies, budget vs. actual revenue and expenditure data, financial reports, reserve policies, analytical work, interagency agreements, labor agreements and other pertinent information.
- Reviewing multi-year budget information, including revenue sources and amounts, expenditure allocations, reserves and other funds, budgetary reductions and cost shifts that have been made to date.
- Deepening our learning about the local community served, the City's labor environment, and other relevant factors that have changed over the past five years.
- Reviewing previous budgets and any short- to long-range financial planning that has been performed in recent years to understand the key drivers of financial decisions made by City staff.

- Reviewing budgeting approaches and testing budget assumptions against actual experience and reviewing and factoring in the City's inventory of unmet or deferred infrastructure and maintenance needs to the extent the information is available.
- Speaking with City leaders and budget/finance staff to learn about key economic/demographic drivers and assumptions in the development of the fiscal model.

Activity 3 – Conduct high-level analysis of unfunded/underfunded needs

In developing the agency's long-range forecast, it is essential for decision-makers to understand the impact of unmet needs that pose future financial risks to the City's sustainability. These include facility infrastructure, fleet replacement, information technology reinvestment, and other core service needs. For some agencies, these may also include unfunded pension or post-employment benefits (OPEB) obligations. This evaluation should be part of the long-range financial forecast process.

We will analyze these unfunded/underfunded needs by reviewing documents such as fee schedules, capital improvement plans, facilities master plans, maintenance project plans, equipment inventories, and actuarial analyses of pension and OPEB obligations. Interviews with City finance, engineering, and facilities staff, as well as analyses from other consultants, will further inform our review.

Using this information, we will perform a high-level fiscal gap analysis to estimate funding requirements for capital projects and post-retirement obligations, comparing them with available and projected resources. These needs will be assessed to determine if they should be included in the City's General Fund forecast when other funding sources are unavailable. Including these needs as estimates will provide officials with a clearer view of future costs, enabling informed decisions about maintenance standards, service delivery, and fiscal gaps.

Activity 4 – Analyze financial forecast

During this activity, we will analyze the data we have gathered through documents and interviews. We will identify any significant historical trends that may inform the forecast of revenues and expenditures and determine if the forecast incorporates a comprehensive set of assumptions affecting the financial capacity of the General Fund. This analysis will provide a sound basis for understanding the City's financial ability to fund services during the long-range forecast period.

As part of this phase, we will leverage the City's existing fiscal model to create a dashboard spreadsheet that will allow staff and Council members the opportunity to see the impacts of changes to forecast assumptions and the necessary revenue and expenditure adjustments that would be required to allow for fiscal sustainability for the General Fund.

We will discuss the results of our analysis with you and the project team to solicit your feedback and determine if additional analysis or information is required to substantiate the City's financial forecast.

Activity 5 – Present model and provide support

Once we have received feedback about the recommendations and improvement opportunities, we will prepare a draft slide deck of our analysis and recommendations for improving the fiscal model. The slide deck will include a presentation of the revised financial forecast that incorporates our recommendations and will provide an informative section on fiscal sustainability planning as we commence Phase 2 of this project. We will review the draft slide deck with you and the project team. After receiving comments, we will finalize the slide deck and will present our observations, recommendations and the revised model to the City Council and the FST.

Phase 2 – Evaluate and identify budget strategies for consideration

Activity 6 – Analyze data and prepare initial matrix of strategies

Leveraging the work conducted in Phase 1, we will analyze the data gathered, including the historical trends and the fiscal gap, if any, identified in the long-range forecast to understand a comprehensive perspective of the factors affecting the financial capacity of the City. It will serve as a starting point for understanding the revenue/expenditure gap that will need to be solved in the fiscal sustainability plan.

We will identify budget optimization opportunities for the fiscal sustainability plan. As part of this analysis, we will:

- Assess the strategies employed to date to ascertain which have been most effective in reducing costs and increasing revenues
- Identify budget-balancing approaches used by other municipalities in Washington state and in other agencies throughout the United States that may be appropriate for Mountlake Terrace

Since we work with many cities, we have a robust knowledge base of alternative approaches that are being applied successfully in the current economic environment.

Evaluate and identify budget strategies for consideration

We will review the budget strategies that have been identified to date by the City, including supporting documentation or analyses that informed the City's development of those strategies. We will consider the fiscal impact, implementation timelines, short- vs. long-term nature of identified strategies, and the City's initial thoughts regarding implementation feasibility and requirements.

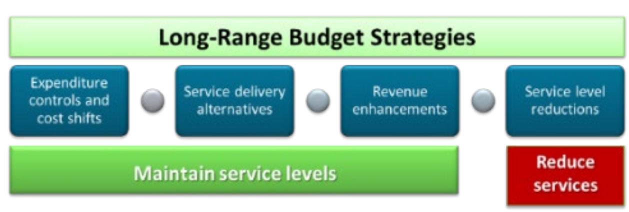
Next, we will leverage the work conducted in Phase 1 and our experience with other agencies in Washington state to identify other budget strategies that were either not considered or passed over. We will consider fiscal impact, implementation timeline and feasibility. While our focus is primarily on the General Fund, we will consider budget strategies that may affect the total cost of service delivery to the community, including enterprise fund operations and other tax-based funding sources upon which property owners/ratepayers evaluate the total price of government services provided by the City.

We will place all identified strategies in four dimensions which, taken together, comprise a range of alternatives for closing the deficit gap and creating a stabilized and sustainable budget.

- **Expenditure controls and cost shifts.** This refers to strategies that cap or reduce expenditures either through operating efficiencies or by shifting costs to other funds or service providers to reduce the cost of services borne by the General Fund.
- **Service delivery alternatives.** This includes looking at alternative, lower-cost service delivery approaches such as shared services, outsourcing or insourcing with other agencies, public/private partnerships, and contracting for services with private sector service providers.
- **Revenue enhancements.** This involves identifying new revenue sources or enhancing/ increasing existing revenue sources, based on best practices, and comparisons with neighboring communities.
- **Service delivery reductions.** This involves reductions based on prioritizing core services and reducing non-core services. Since we assume that preserving services is a priority, this is typically a fallback strategy when other approaches to restoring the balance between revenues and expenditures are not possible.

Gather comparative data from other agencies

While we evaluate and identify budget strategies, we will gather comparative data from up to six other agencies to which Mountlake Terrace compares itself. The data we gather will include such things as population and geographic area served, services funded by their respective General Funds, tax rates (e.g., property, sales, utility, gambling, admission), tax revenues by type and in total on a per capita basis, staffing levels funded by the General Fund, and expenditures per capita. We will rely on publicly available data from the identified agencies. To the extent that critical data are not available from agency websites, we will seek assistance from City staff to obtain such data from those agencies to provide a full set of data upon which to analyze and evaluate. We will summarize the results of this comparative data for future City Council and FST meetings, but at this phase we will use this data to inform the development of budget strategies for consideration.



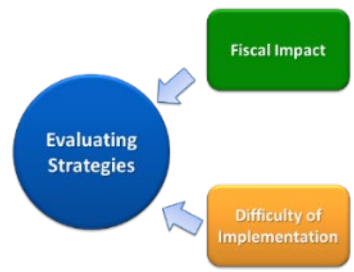
Prepare matrix

Following our analysis of the data, we will develop a preliminary matrix of short- and long-term strategies to eliminate the City's structural deficit. The initial matrix will be organized into the categories established above. It will include estimated timeframes (short- vs. long-term) and expected order of magnitude financial results. We will meet with the project leadership team to present our preliminary matrix of strategies to obtain feedback. During this meeting, we will receive feedback and answer questions that will assist in identifying strategies to be analyzed in greater detail.

Activity 7 – Prepare draft budget strategies and analysis slide deck

Budget strategies assessment

Incorporating the feedback received, we will perform a high-level analysis of strategies offering the greatest potential for reducing the fiscal challenges documented in the previous activities in the form of a memorandum that will serve as the basis for a draft fiscal sustainability plan. We will consider the following factors and information for each strategy:



- Estimated fiscal impact
- Potential impacts on total cost of government services and equitable service delivery
- Potential for success using an evaluation matrix based on fiscal impact and implementation factors
- Impact on achieving the priorities established through the priority-based budget process
- Implementation schedule (short- vs. long-term)
- Any one-time costs for implementation.

We will take care to qualitatively weigh the importance of various implementation barriers using the evaluation matrix indicated in the figure shown here. Such barriers could range from relatively simple changes in policies or procedures to more complex contract, organizational or policy changes. The differences in barriers are likely to dictate both.

Scenario packages

The strategies will then be grouped into sample scenario packages for consideration, ranging from revenue-centric to expenditure-focused packages and various combinations in between. This will assist City leaders and FST members in considering and deciding on the right blend of revenue and expenditure options for the City to be exercised as part of a fiscal sustainability plan.

Budget strategies slide deck

We will present a draft budget strategies and scenario packages slide deck to you and the project team for feedback. If additional analysis is needed, we will conduct it following that meeting. We will then finalize the slide deck for presentation at separate FST and City Council meetings as indicated below.

City staff meeting

Baker Tilly will present by videoconference the draft analysis of budget strategies and scenario packages to City staff at a meeting to be determined by the project team. The purpose would be to provide employees with the opportunity to understand the mix of strategies being presented and answer questions. Many of our clients prefer this meeting to take place after the agenda has been published but before the FST and/or Council workshop. The timing of this meeting will be at your discretion.

Phase 3 – Facilitate the Fiscal Sustainability Taskforce

Activity 8 – Support creation of the Fiscal Sustainability Taskforce

We understand that the City has started the process for creating the FST. Depending on where the City is in establishing the FST, we will support the creation of the FST by conducting the following tasks:

- Develop an FST charter and membership plan.

- Develop a communication and marketing plan to recruit taskforce members and share updates to the community from start to finish that staff will implement.
- Develop a curriculum and timeline for FST meetings.
- Develop workshop materials as the FST begins to meet.

Activity 9 – Facilitate Fiscal Sustainability Taskforce meetings

Baker Tilly will serve as independent facilitator and subject-matter specialist in these meetings to provide independent perspective and insights to the FST regarding the City's projected fiscal gap and present the fiscal sustainability project report to the taskforce. To the extent that other speakers are necessary to support the curriculum that is developed in the previous activity, we will leverage existing City relationships and our connections in Washington state to identify others to inform the FST's meeting and deliberations.

We would propose conducting up to six meetings with the FST to include the following topics (proposed number of meetings noted in parentheses):

- **Introduction and launch (1).** Welcome and introductions; review the taskforce charter; provide historical background and context; brief overview of City services and how they are funded.
- **Mountlake Terrace financial context (1).** Review municipal finance and budgeting in Mountlake Terrace and for Washington municipalities; define the fiscal problem and review the financial forecast; review public engagement plan.
- **Review budget strategies (2).** Review budget strategies and the included comparative research; review budget strategies identified; discuss budget scenario packages.
- **Formulate FST recommendations (2).** Review public engagement results; obtain FST feedback; facilitate discussions towards building a consensus recommendation from the FST on the approach(es) to address the fiscal gap.

We will prepare slide decks and/or information from our project report in support of the presentations we will provide during these meetings. We assume that all these meetings will require our participation in person. Should the FST decide it needs to conduct more meetings to accomplish its work, we will participate in those meetings as necessary until the FST formulates its recommendations. We recognize how critical this project is to the City, and we are committed to supporting the City and the FST as it finalizes its work in this phase of the project.

Activity 10 – Present the fiscal sustainability plan project report

Once the FST finalizes its recommendations, we will prepare a slide deck presentation that summarizes the options identified and the consensus recommendation from the FST and present them to the City Council in person during a Council meeting. The FST would have an opportunity during the meeting to reflect on its recommendations. If the FST is reporting directly to the City Manager rather than the City Council, the City Manager would take the recommendations from the FST to inform the City Manager's recommendation to the Council and present the recommendations to them. We suggest that the meeting be in the form of a study session workshop where Council, FST and City leadership team members can engage with one another as part of the presentation of options.

The goal of the workshop is for Councilmembers to understand the various strategies identified and their impact on resolving the fiscal gap, and to provide direction to the City Manager on what strategies to include in the City's fiscal sustainability plan. Upon conclusion of the workshop, the combination of budget strategies selected to be pursued and/or explored further by the Council will form the basis for the draft fiscal sustainability plan.

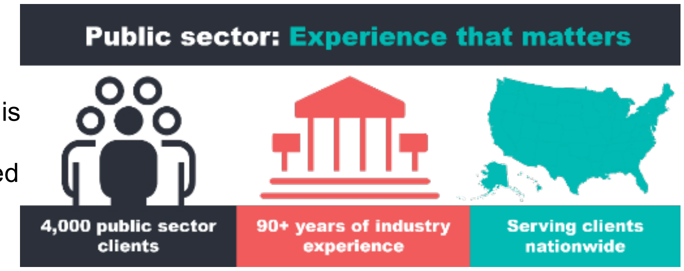
Activity 11 – Prepare draft implementation action plan

Baker Tilly has a strong bias for action. The budget strategies selected by the Council as part of the City's fiscal sustainability plan will become tools for setting priorities and developing work plans. After the City Council has selected a set of strategies, we will prepare a draft Implementation Action Plan (IAP). The draft IAP includes each strategy, proposed timing for implementation, assignment of an owner of the strategy's implementation, tasks that will require completion for the strategy, and a list of resources required to achieve its completion.

The action plan is prepared as a draft and becomes final once you and your staff integrate the action steps into the City's work plan and refine dates for planned completion. The action plan offers an important management tool for actual implementation of the strategies reflected in the fiscal sustainability plan.

Organizational experience

Delivering specialized expertise to our public sector clients



State and local government is a complex, unique environment shaped by fiscal, regulatory and operational considerations not found in other industries/sectors. Recognizing this complexity and eager to serve as a true valued advisor to the public sector, Baker Tilly formalized its dedicated public sector specialization more than 50 years ago. **Today, more than 350 Baker Tilly professionals — including nearly 30 principals** — focus directly on serving governments and provide hundreds of thousands of client service hours annually to organizations like the City of Mountlake Terrace.

Similar engagements with other government entities

Over the past 10 years, we have served over 60 clients across the United States in preparing long-range financial forecasts, over 20 of whom we have supported in developing fiscal stability plans. We have provided references clients with whom we have completed projects within the past two years and encourage you to connect with them to learn more about the value of their relationship with Baker Tilly. We have also included a list of former clients in the Appendix.

CITY OF SAMMAMISH, WASHINGTON			
Name	Scott MacColl	**Title**	City Manager
Phone	425-295-0500	**Email**	smaccoll@sammamish.us
Dates	2022-2023	**Engagement partner**	Steve Toler
Description	Baker Tilly was engaged for a two-phased project with the City: 1) to develop a new long-term financial forecast for the City's General Fund, and 2) develop a fiscal sustainability plan. The comprehensive fiscal model allowed for a dynamic dashboard to test various assumptions and provide a better storytelling model to help elected officials, staff and community members better understand the City's fiscal health. The model, using realistic assumptions, identified a long-range fiscal gap that would deplete General Fund reserves within the ten-year forecast if left unabated. In Phase 2, we identified 25 budget strategies including revenue enhancements, expenditure controls/cost shifts, service delivery changes, and service level reductions that would eliminate the structural deficit and packaged them into various scenarios for Council to consider. We, then facilitated meetings with the City's appointed fiscal sustainability taskforce to review budget strategies and provide input into recommendations with the goal of developing a consensus recommendation from the taskforce. Unanimous consensus was achieved and a separate report from the taskforce was presented to the Council along with Baker Tilly's independent report Council members reviewed the taskforce's recommendations and requested that the City Manager prepare a recommended implementation action plan for Council's consideration in late 2023.		

CITY OF KENMORE, WASHINGTON			
Name	Rob Karlinsey	**Title**	City Manager
Phone	425-984-6170	**Email**	rkarlinsey@kenmorewa.gov
Dates	2019-2020	**Engagement partner**	Steve Toler
Description	We were engaged by the City of Kenmore to analyze its six-year General Fund financial forecast, including the Streets Operating Fund. Our analysis improved forecast methods and assumptions for sales tax, development fees, salary and benefits, and recession impacts. We recommended updated reserve policies and developed a "what if" dashboard to show how revenue, expenditure, and recessionary changes would affect the fiscal gap and reserves. The baseline forecast revealed structural deficits exceeding 10% of annual expenditures, with reserves projected to deplete within four years without action. We developed a fiscal sustainability plan with nearly 30 strategies for Council consideration and worked with the resident fiscal stability committee to review options and provide input. A separate report on the committee's work was presented with the City Manager's recommendations. The Council adopted 10 strategies, and we created an implementation plan to support staff. Kenmore received the 2021 Association of Washington Cities Municipal Excellence Award for its financial stability plan.		

CITY OF SANTA CRUZ, CALIFORNIA			
Name	Elizabeth Cabell	**Title**	Finance Director
Phone	831-420-5050	**Email**	ECabell@santacruzca.gov
Dates	2022	**Engagement partner**	Steve Toler
Description	Baker Tilly undertook a two-phase project for the City. In Phase 1, we enhanced the City's long-range forecast, which we had supported for nearly a decade, to include all operating funds and a capital investment model. This model assessed the impact of $400 million in underfunded or unfunded capital projects and offered funding strategy options (e.g., grants, debt, pay-as-you-go). The updated fiscal model revealed an $11 million annual General Fund gap that would deplete reserves in three years if unaddressed. We also reviewed the City's financial and reserve policies, recommending improvements to address the fiscal gap. In Phase 2, we developed $32 million in ongoing budget strategies and presented budget scenarios to address the gap and deferred capital needs. Our analysis led the City Council to recognize the urgency of the issue and approve placing a sales tax revenue measure on the March 2024 ballot		

CITY OF SCOTTS VALLEY, CALIFORNIA			
Name	Mali LaGoe	**Title**	City Manager
Phone	831-440-5600	**Email**	mlagoe@scottsvalley.gov
Dates	2019-present	**Engagement partner**	Steve Toler
Description	Over the past eight years, we have conducted multiple budget, financial forecasting, and fiscal stability projects for Scotts Valley. In 2017, we assisted with budget development		

and implemented the City's first long-range financial forecast, revealing a structural General Fund deficit that would deplete reserves within three years.

We developed a fiscal stability plan that included interviews, focus groups, an employee survey, and two Council workshops. Budget strategies such as revenue enhancements, cost shifts, service delivery changes, and service level reductions were analyzed and presented in scenarios for Council consideration. The Council adopted several strategies, including tax measures and service delivery changes, to achieve long-term fiscal stability. Our work led to a sales tax measure approved by voters in March 2020 after securing legislative support to exceed the 1% cap, resolving the City's fiscal gap. We continue to support the City with revenue measures, including the transition to a gross receipts model for its business license tax, approved by voters in November 2024.

Key personnel

Aligning key engagement team members with your goals

Your handpicked team of professionals offers a collaborative focus supported by the breadth and depth of our firm's national resources. We believe in strong personal relationships, and this means a personal interest in the City of Mountlake Terrace from some of our most experienced team members. Engagement team members are introduced below. Complete resumes are available upon request.

INTENTIONALLY SELECTED ENGAGEMENT TEAM FOR THE CITY OF MOUNTLAKE TERRACE

Steve Toler — Director

Project role: Project director

Steve has vast experience in budgeting and revenue forecasting, financial management and reporting, accounting, purchasing, information technology management, water and wastewater rate modeling, regional shared services planning, organizational development and training, labor relations and negotiations, business continuity planning, risk management, economic development and redevelopment, tax ballot measures, and public engagement. He spent nearly 20 years in local government public service working for the cities of Cupertino, Foster City and Millbrae, California.

As a consultant he has led over a dozen fiscal planning efforts for cities and special districts. These have all involved the construction of interactive fiscal models. The models include a dashboard that quickly displays key fiscal indicators such as fund balance, annual deficit or surplus and where all key assumptions are displayed and can be varied.

As budget director of Foster City, he implemented collaborative approaches with departments to prepare their operating budgets and five-year financial plans and capital improvement plans. He performed the personnel, services and supplies, and capital outlay analyses required to ensure a more realistic need for budgeted resources to help departments achieve the City Council's goals.

Steve serves clients across the United States, including recent fiscal model and fiscal sustainability engagements for the Washington cities of Newcastle, Kenmore and Sammamish; the Oregon cities of Beaverton and Tigard; and the California cities of Santa Cruz, Scotts Valley, Belmont, East Palo Alto, El Cerrito, Pleasanton, San Leandro, St. Helena, Tracy, Union City and the Town of Windsor.

Christopher Bigham, CPA – Senior Manager

Role: Project manager

Christopher has over 30 years of municipal experience specializing in budget development, financial reporting, decision making, process improvement and relationship building to effectively get the job done. Christopher takes a proactive and positive approach to decision making, impacting others around him to excel. He leads by example with a tone at the top style of management. Christopher served as the assistant city manager and budget director in a dual role responsible for an all-funds budget of $1.4 billion. He has extensive experience in strategic planning, process improvement, and community engagement.

Don Rhoads, CPA – Special Advisor

Role: Subject-matter specialist

Don is a credentialed CPA, with more than 29 years of public sector experience including serving as finance director for the City of Monterey and chief financial officer for the City of Beverly Hills. Don is experienced in operational and capital budgeting, strategic financial planning, accounting and financial reporting, capital improvement planning, analysis and strategies related to unfunded liabilities, as well as staff development and teambuilding. He is well regarded by city councils, managers, and community members as a person who takes complex financial information and presents it in a way that is understandable and relevant. In Beverly Hills, he led the Mayor's Financing Task Force to successfully develop a financing plan for major upcoming capital projects and established an innovative Conference Center Financing District in Monterey to provide funding for the renovation and expansion of the Monterey Conference Center.

Fee

Baker Tilly proposes to complete the **task force facilitation and fiscal model** as described herein for a fixed professional services fee of **$99,500**. If our project plan and budget do not align with your expectations, we will be happy to review and adjust both to achieve an appropriate balance between your desired results and consulting fees.

SERVICES	FEE ESTIMATE
Phase 1 – Conduct an independent review of the City's long-range financial forecast	$25,000
Phase 2 – Evaluate and identify budget strategies for consideration	$24,000
Phase 3 – Facilitate the Fiscal Sustainability Taskforce	$50,500
TOTAL	**$99,500**

Our bid is conditioned upon being afforded the opportunity to propose additional terms and negotiate mutually agreeable revisions to the City's professional services contract prior to executing a final contract.

Schedule

Meeting or beating the City of Mountlake Terrace's deadlines
The chart below represents our customized approach to deliver services to the City of Mountlake Terrace on time and well within the City's projected timeline of 9 to 12 months. Specifically, we anticipate that the FST would being meeting in June 2025 and its report will be presented to the City Council in September 2025. This allows time for Council to provide direction to staff as the City reviews the end of the first-year of the biennium budget period and allow for any course correction necessary based on the outcomes.

PROJECT ACTIVITY	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Phase 1 – Conduct an independent review of the city's long-range financial forecast									
1 – Start project	■								
2 – Gather information and data	■								
3 – Analyze unfunded/ underfunded obligations	■								
4 – Analyze financial forecast	■	■							
5 – Present results		■	■						
Phase 2 – Evaluate and identify budget strategies for consideration									
6 – Analyze data and prepare initial matrix of strategies		■	■						
7 – Prepare draft budget strategies and analysis report			■	■					
Phase 3 – Facilitate the Fiscal Sustainability Taskforce									
8 – Support creation of Fiscal Sustainability Taskforce	■	■	■	■	■	■			
9 – Facilitate Fiscal Sustainability Taskforce meetings			■	■	■	■			
10 – Present the fiscal sustainability plan report						■	■		
11 – Prepare draft implementation action plan							■	■	■

Appendix A: Resumes

DIRECTOR

Steve Toler

Steve Toler is a director with Baker Tilly's public sector advisory practice.

Baker Tilly Advisory Group, LP

1000 Second Ave
Suite 3400
Seattle, WA 98104-1022
United States

T: +1 (408) 437 5400
steve.toler@bakertilly.com

bakertilly.com

Education

Master of Public Administration
Bachelor of science in business administration
California State University, East Bay

Steve joined the firm after spending nearly 20 years in local government public service working for the California cities of Cupertino, Foster City and Millbrae. He has served in management positions ranging from assistant city manager to information technology manager. Steve has skills and knowledge in a wide range of areas including budgeting and revenue forecasting, financial management and reporting, accounting, purchasing, information technology management, water and wastewater rate modeling, regional shared services planning, organizational development and training, labor relations and negotiations, business continuity planning, risk management, economic development and redevelopment, tax ballot measures and public engagement.

As a consultant he has led over a dozen fiscal planning efforts for cities and special districts. These have all involved the construction of interactive fiscal models. The models include a dashboard that quickly displays key fiscal indicators such as fund balance, annual deficit or surplus and where all key assumptions are displayed and can be varied.

As budget director of Foster City, he implemented collaborative approaches with departments to prepare their operating budgets and five-year financial plans and capital improvement plans. He performed the personnel, services and supplies, and capital outlay analyses required to ensure a more realistic need for budgeted resources to help departments achieve the City Council's goals. He spent nearly 20 years in local government public service working for the cities of Cupertino, Foster City and Millbrae, California.

Steve serves clients across the United States, including recent fiscal model and fiscal sustainability engagements for the Washington cities of Newcastle, Kenmore and Sammamish; the Oregon cities of Beaverton and Tigard; and the California cities of Santa Cruz, Scotts Valley, Belmont, East Palo Alto, El Cerrito, Pleasanton, San Leandro, St. Helena, Tracy, Union City and the Town of Windsor.

SENIOR MANAGER

Christopher A. Bigham, CPA

Christopher Bigham is a senior manager with Baker Tilly's public sector advisory practice.

Baker Tilly Advisory Group, LP

205 N Michigan Ave
28th Floor
Chicago, IL 60601
United States

T: +1 (513) 861 5400
chris.bigham@bakertilly.com

bakertilly.com

Education

Bachelor of Science in accounting
University of Cincinnati

Christopher has more than 30 years of municipal experience specializing in budget development, financial reporting, decision making, process improvement and relationship building. He has experience serving as an assistant city manager and budget director in a dual role responsible for an all-funds budget of $1.4 billion. He has extensive experience in strategic planning, process improvement and community engagement.

Specific experience

- Experience specializing in the management of support and financial services, including budget, finance, internal audit, pension, human resources, information technology and data analytics
- Former assistant city manager for the City of Cincinnati, responsible for an all-funds budget of $1.4 billion
- As budget director for seven years, worked directly with the city manager and elected officials to get the annual budget adopted
- Led Cincinnati's Recreation Department, gaining valuable perspective on front-line operations
- As finance manager, was responsible for estimating annual revenues for all City funds and reviewing and adjusting estimates during the fiscal year

SPECIAL ADVISOR

Don Rhoads, CPA

Don is a special advisor with Baker Tilly's public sector practice.

Baker Tilly US, LLP

don.rhoads@bakertilly.com

bakertilly.com

Education

Master of Liberal Arts
Harvard University

Bachelor of Science, Business Administration/Accounting
California State University, Fresno

Don is experienced in operational and capital budgeting, strategic financial planning, accounting and financial reporting, capital improvement planning, analysis and strategies related to unfunded liabilities, as well as staff development and teambuilding. He is well regarded by city councils, managers and community members as a person who takes complex financial information and presents it in a way that is understandable and relevant.

Specific experience

- Has consulted on financial projects with Baker Tilly in Arroyo Grande, Garden Grove, Palo Alto, Manteca and Perris, California; Silicon Valley Clean Energy; Mercer Island and Newcastle, Washington; Brighton, Colorado; and Dallas, Texas.
- He is a credentialed CPA, with more than 29 years of public sector experience including serving as finance director for the City of Monterey and chief financial officer for the City of Beverly Hills.
- In Beverly Hills, he led the Mayor's Financing Task Force to successfully develop a financing plan for major upcoming capital projects and established an innovative Conference Center Financing District in Monterey to provide funding for the renovation and expansion of the Monterey Conference Center.

In addition to our core project team, we have a deep bench of subject-matter specialists in all aspects of local government to call on as needed for this engagement, as detailed in the chart below.

SUBJECT-MATTER SPECIALISTS	CITY CLERK	CITY MANAGER	COMMUNITY DEVELOPMENT	FINANCE	FIRE	HUMAN RESOURCES	INFORMATION TECHNOLOGY	LIBRARY	PARKS AND RECREATION	POLICE	PUBLIC WORKS	UTILITIES
John Alita								X	X			
Andy Belknap				X							X	
Chris Bigham				X								
Craig Bronzan									X			
John Burks										X		
Shauna Clark	X											
Pete Gonda				X								
Liz Humrickhouse								X				
Carol Jacobs		X										
Bob Leland				X								
Steve Montano				X								
Jacquelyn McCray, PhD			X									
Steve Mermell		X										
Donna Peter						X						
Ned Pettus, PhD					X					X		
Peg Rowe						X						
Tyler Schenck						X	X					
Glenn Theriault										X		
Steve Toler				X								
Paul Woodard											X	X
Al Zelinka		X	X									

Appendix B: Fiscal sustainability and community engagement clients

Financial and business planning is an important part of our work, and we have a long history of developing fiscal models for our clients. The following list shows jurisdictions that we have assisted in the recent past with financial planning and budgeting. We have also provided a representative list of clients our firm has provided facilitation services to over the past few years. They include strategic planning, goal setting and other kinds of related services. This experience providing facilitation services to numerous public sector clients will translate into a broad perspective and meaningful insights for the City.

Fiscal sustainability and financial forecasting clients		
• **City of Kenmore, Washington** • **City of Newcastle, Washington** • **City of Sammamish, Washington** • City of Beaverton, Oregon • City of Cloverdale, California • City of Concord, California • City of Daly City, California • City of El Cerrito, California	• City of Garden Grove, California • Hayward Area Recreation and Park District, California • City of Healdsburg, California • City of Montgomery, Ohio • Town of Paradise, California • City of Richmond, California • City of Sacramento, California	• City of Santa Cruz, California • Santa Cruz Public Library, California • Scappoose Rural Fire District, Oregon • City of Scotts Valley, California • City of Tigard, Oregon • City of Union City, California • Town of Westlake, Texas • Town of Windsor, California
Facilitation clients		
• City of Anaheim, California • City of Ankeny, Iowa • City of Burlington, North Carolina • City of Hesperia, California • City of Seal Beach, California • City of Clearwater, Florida • City of Commerce City, Colorado • City of Corvalis, California • City of El Cerrito, California • City of Folsom, California • City of Fort Wayne Utilities, Indiana • City of Huntington Beach, California • City of La Mesa, California • City of Lake Worth, Texas • City of Palm Bay, Florida	• City of Pinole, California • City of Pleasanton, California • City of Santa Cruz, California • City of Scotts Valley, California • City of Sheboygan, Wisconsin • City of Suisun City, California • City of Union City, California • City of Vallejo, California • City of Victorville, California • City of Wauwatosa, Wisconsin • City of Wichita Falls, Texas • City of Windsor, California • Delaware County, Pennsylvania	• Economic Development Corporation of Lancaster County, Pennsylvania • Guadalupe-Blanco River Authority, Texas • Monterey County, California • Orange County, California • Parish of Baton Rouge, Louisiana • Richland County, South Carolina • Rock County, Wisconsin • Rockwall County, Texas • San Jacinto River Authority, Texas • Town of Kenneth City, Florida • Town of Northlake, Texas • Town of Westlake, Texas • Western Association of Schools and Colleges

As the lists above would suggest, the Baker Tilly team will bring a breadth of experience and expertise in many aspects of facilitating a task force, including stakeholder engagement. Whether helping clients develop strategic plans, launching new initiatives, or assessing their effectiveness over time, stakeholder engagement is a frequent priority in our work with our clients. We are practiced in engaging stakeholders in a variety of forms and formats, be it interviews, focus groups, surveys, town hall-style meetings, or participation in existing forums. We have the experience and ability to do all, in both virtual and in-person formats, whether the objective is soliciting input, generating insights or delivering information to external audiences.

EXHIBIT B

Request for Proposal with Amendments

City of Mountlake Terrace
23204 58th Avenue W
Mountlake Terrace, WA 98043
425-776-1161
www.cityofmlt.com

Request for Proposals:

Consulting Services for Long Range Financial Sustainability Task Force

January 3, 2025

1 Purpose

The Mountlake Terrace City Council is planning to form a Long-Range Financial Sustainability Task Force consisting of interested community members who will provide recommendations to city council on a long-range financial plan. As the city ages and grows, it needs a long-range financial plan to ensure that staff can provide the type of services that the community priorities at costs community members can afford. The city seeks a facilitator, strategic communications consultant, and a municipal finance expert to support this work. The consultants should have experience supporting local governments with similar efforts.

The city's expenditures are expected to be higher than operating revenues. Currently, the city has sufficient fund balance to cover the difference and continue to contribute to reserves. However, there will be time in the next few years when this will not be sustainable. This is a result of several factors including but not limited to:

- State law that limits governmental agencies from increasing taxes more than one percent without a vote of constituents,
- Inflation rates that are much higher than one percent,
- The city has not always taken the one percent tax increase, so it has banked capacity for property taxes,
- Construction costs that are higher than inflation rates,
- Our region's demand for workers is creating a very competitive job market including the costs to employ people,
- Increases in insurance, litigation, jail services, public defense, and prosecution,
- The regional cost of living being one of the highest in the country, and
- Our city has aging infrastructure that requires replacement and is seeing significant growth, mandated by the state, that will require further infrastructure improvements.

If there continues to be a revenue shortfall after evaluating the impact of new residents, businesses, fees, and more, then the city will need to determine how to right-size the budget through reducing services, increasing revenues, identifying other economic or revenue generating opportunities, or a combination of those actions.

These types of actions have a direct impact on our community members who use city services, who pay fees and may directly or indirectly pay property and sales tax. Therefore, the city is inviting a group of community members to learn more about these issues and make recommendations to the City Council about long-range financial strategies to support the city's vision and goals.

The goal of the committee will be to learn about city operations and finances, understand challenges and opportunities, consider options for reducing expenditures and increasing revenues, work with the consultant and city team to seek community input on their draft proposal or options, and making a final recommendation on long-range financial strategies to city council.

The committee will:

- Inform the city of what they value about the City of Mountlake Terrace, and challenges and opportunities living in the city.
- Review the Council's Strategic Plan, community survey results, and other data as a way to understand the broader community values.
- Learn about the budget and Long-Range Financial Projections, including trends in cost of services, goods, insurance, labor, construction, and more.
- Learn about city revenue sources and limitations of them.
- Hear presentations by directors and other city leaders about the services the city provides, levels of service, have discussions about how the task force feels about the current level of service and how future growth may impact service delivery and costs.
- Review comparative city data.
- Develop recommendations for future levels of service, cost reductions, new revenue options, combinations thereof, and help craft key messages to deliver to the community.
- Host community forums to test recommendations.
- Make a final recommendation to City Council.

2 Scope of Work

The City of Mountlake Terrace is seeking professional consultant support for the following tasks:

1. Project Kickoff: Scoping with staff, review of documents, attendance at Council retreat on a Saturday in late March for about 2-4 hours to discuss process.
2. Develop a communications and marketing plan to recruit the task force and share updates with the community throughout the process. The consultant will need expertise in communicating financial information to the community in an understandable way.
3. Potentially assist the staff in recruiting task force members.
4. Assist the city in developing a curriculum and conversation guide for the task force.
5. Develop the syllabus, agendas, and work with staff on any meeting materials or notes.
6. Coordinate with staff on arranging for guest speakers.
7. Facilitate the task force.
8. Create strategies and presentation materials for citywide community engagement activities and city council briefings related to long-range financial strategies and planning. Participate in these meetings.
9. Prepare a long-range financial plan that includes the task force's recommendations. Make recommendations for implementation steps to be taken by staff and city council. This report will be prepared in coordination with city staff to include:
    - Projected revenues and expenses (staff can provide the baseline)
    - At least three potential expenditure reductions
    - At least three potential revenue increases
    - Impact of these proposals
    - Description of public and City Council engagement process
    - Final Recommendations

3 Background

Mountlake Terrace is located in Snohomish County, at the county line with King County. The city is approximately 14 miles north of downtown Seattle and 15 miles from downtown Everett. Mountlake Terrace is primarily a residential community and has a few larger employers including Premera followed by Umpqua Bank, Edmonds School District and the City of Mountlake Terrace.

The city has a residential population of 23,810. This historically small town is growing quickly and projected by 2044 to reach a population of 34,413. This year, a light rail station opened at the Mountlake Terrace Transit Center that will spur increased development in the Town Center subarea. As we grow, the city is becoming more diverse, and the cost of living is increasing.

In addition, like many cities, Mountlake Terrace has aging infrastructure, with water and sewer distribution systems that are about 70 years old and an underfunded street, park, and facilities capital program. There are many operational stressors to the budget including increasing wages, inflation, and insurance costs.

4 Estimated Budget

The city will enter into a professional services agreement, as provided in Attachment A which will address compensation. The available budget for this work is $100,000. The final fee, scope, and methodology for this work will be negotiated after selection of the consultant.

The City shall not be responsible for any costs incurred by the consultant for preparing or submitting its response to this Request for Qualifications (RFQ).

5 Project Schedule

This project is estimated to take approximately 9-12 months, including planning. The detailed milestones will be negotiated between the Consultant and City.

6 RFP Coordinator & Communications

All proposer communications/questions concerning this Request for Proposals (RFP) should be directed in writing to the RFP Coordinator listed below. Any oral communications will be considered unofficial and non-binding on the city.

Name:	Carolyn Hope, Deputy City Manager
Address:	City of Mountlake Terrace 23204 – 58th Avenue West Mountlake Terrace, WA 98043
Telephone:	(425) 774-6209
E-mail:	chope@mltwa.gov

To reply to this RFP, please submit the following items and inquiries to Carolyn Hope, Deputy City Manager, at chope@mltwa.gov with the subject line "*RFP for LRFSTF*."

7 Selection Process & Schedule

The following dates are for informational purposes and may be adjusted by the city as needed. All times are in Pacific Standard Time. Proposers are encouraged to be available for interviews on the proposed date below.

Event	**Date**
Release RFP	Friday January 3, 2025
Questions due to city	Friday, January 10, noon
Responses to be posted on bid webpage	Wednesday, January 15, noon
Proposal Responses Due	Wednesday, January 22, at noon
Review RFPs through	Thursday, January 23
Notify finalists of potential interviews by	Friday, January 24
Potential Interviews	Thursday, January 30
Selection and Negotiation of Contract	Feb 1- Feb 14
City Council vote on contract	Thursday, February 20
Work Begins	Monday, February 24

8 Eligibility

Minority, women, and veteran owned businesses are encouraged to apply. Proposers (individual or firm) must meet the following minimum requirements:

- Minimum of five (5) years of experience in:
    - Facilitation of community members, elected officials, boards, and/or management teams, with a preference for teams with direct experience working for local governments. Experience in assisting groups in learning, debating, and coming to a consensus on final recommendations. Ability to encourage positive discussion and debate.
    - Experience in strategic communications in explaining complex financial information in understandable ways, evaluating the timing of messages, forms of communication and similar strategies to ensure the community is well informed and engaged on this topic.
    - Developing long-range financial plans for public agencies.
- Ability to attend critical meetings in person, including the facilitated task force meetings and community meetings, as described in the scope of work.
- Available by phone or video call for project management check-ins.
- If selected, the consultant will be required to obtain a City of Mountlake Terrace business license.

9 Submittal Requirements

Proposals should be limited to 10 pages in length and submitted to Carolyn Hope, Deputy City Manager according to the schedule in Section 7, at chope@mltwa.gov with the subject line "*RFP for LRFSTF*."

- Approach: Describe your approach to this project. What methods do you use to assist the task force in learning, seeking information, prioritizing ideas and coming to a consensus? Describe how you could assist in strategic communications and engaging the city council and the broader community in the work of the task force.
- Organizational Experience: Describe you/your firm's qualifications/capabilities. Specifically, include your experience working with governments and their boards, commissions; or small nonprofits and/or philanthropic entities, and your ability to provide each with desired deliverables.
    - Please provide three references for similar projects that these key staff worked on in the last five years, preferably for governmental agencies, including:
        - Project name, timeframe, budget
        - Client organization name
        - Client project manager and contact information (email, phone)
        - Summary of project, key successes and challenges
- Key Personnel: Provide a summary of the key staff that would be assigned to this project, their roles, and their resume(s).
- Fee: Provide your proposed fee by task.
- Schedule: Provide a proposed schedule for the work and confirm that your team has the capacity to work on this project within the given timeframe.

Please be sure to describe any conflicts of interest (real or perceived) that may be incurred, if selected, and how you propose to address or mitigate them. Lastly, feel free to include any additional information you deem pertinent to consultant selection.

10 Review Process & Criteria

Evaluation of the qualifications will be made by the City Manager, Deputy City Manager, Finance Director, and Communications and Community Engagement Manager. The evaluation panel may request interviews of one or more proposers. Upon completion of the evaluation process, the city will determine the most qualified organization based on all materials and information presented. The City will then begin the negotiations for an agreement with the selected consultant. After selection, the successful proposer and the City will enter into a professional services agreement.

The City may also decide not to award a contract. The City shall not be bound or in any way obligated until both parties have executed the Contract. The City reserves the right to award the contract to the next most qualified proposer if the successful proposer does not execute a contract within thirty (30) days after notification of the award of the bid.

Qualifications will be evaluated to receive up to 100 points based on the criteria below:

Selection Criteria

Factor	Score
Approach	0-25
Organization Experience, including references	0-25
Key Personnel	0-25
Fee	0-15
Ability to meet schedule	0-10

11 General Conditions

a) Evaluation of the qualifications will be made by an Evaluation Committee. The Committee may request proposals and/or interviews of one or more proposers. Upon completion of the evaluation process, the Committee will determine the most qualified organization based on all materials and information presented. The City will then begin the negotiations for an agreement with the selected consultant.

b) Any proposer failing to submit information following the procedures provided in the RFP may be disqualified.

c) The City reserves the right to: Request clarification of information submitted and request additional information from the proposer.

   i. To change the solicitation schedule, issue addenda to the solicitation, or cancel the solicitation at any time before the submittal deadline.
   ii. To award the contract for services addressed by this RFP to one or more proposer, or to reject all the qualifications, at any time, without penalty.
   iii. To waive immaterial irregularities contained in the solicitation. The City will notify proposers eliminated from further consideration by mail or email.
   iv. To award any contract to the next most qualified firm if the selected consultant does not execute the contract within thirty (30) calendar days after the contract was awarded.

d) Qualifications remain confidential until closing deadline after which qualifications are considered a public record subject to public disclosure under RCW 42.56, the Public Records Act. Proposing firms shall mark as “proprietary” any information that the proposer believes meets the exemption under RCW 42.56.270(1). The city will consider this designation in response to public records requests.

e) Any qualification submission may be withdrawn, either personally or by written request, at any time before the time set for the submittal deadline.

f) The City of Mountlake Terrace, under Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation, issued under such Act, hereby notifies all bidders that it will confirm that in any contract entered into under this advertisement, disadvantaged business enterprises as defined at 49 CFR Part 26 will have an opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of color, ethnicity, gender, national origin, race, or religion in consideration for an award.

g) The consultant shall comply with all applicable federal, state, and local laws, Executive Orders, guidelines, rules, and regulations affecting its performance. The firm shall comply with the applicable provisions of the Federal Occupational Safety and Health Administration (OSHA) and, if manufactured or stored in the State of Washington, the Washington Industrial Safety and Health Act (WISHA) and the standards and regulations issued thereunder and certifies that all items furnished and purchased shall conform to and comply with said law, standards and regulations. The firm shall certify that it has complied and shall continue to comply during the duration of this contract, with the United States Immigration and Control Act of 1986 in that every employee of the firm is eligible for employment in the United States.

h) Proof of application or receipt of a City of Mountlake Terrace business license will be required prior to receipt of a fully executed contract. Consultants may obtain information for licensing on the City of Mountlake Terrace website.

i) Attachment A includes the Professional Services Contract, which will be used to engage the selected consultant with the City for the work outlined in this RFP. Please review the language, including the insurance requirements.

ATTACHMENT A

PROFESSIONAL SERVICES AGREEMENT

This Agreement ("Agreement") is dated effective this ____ day of _______________, ____. This Agreement is by and between the City of Mountlake Terrace, a Washington municipal corporation ("City"), and ____________________ ("Contractor"), collectively known as the parties ("Parties").

A. The City seeks the professional services of a skilled independent contractor capable of working without direct supervision in the capacity of a ______________________ and is familiar with the City's municipal code, resolutions, regulations, and policies.

B. The Contractor, by entering into the Agreement, represents that it has the requisite skills and experience necessary to perform and provide such services in a competent and professional manner.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Parties agree to the following terms and conditions:

1. <u>Services</u>.

1.1 <u>Services</u>. Contractor shall provide the services and equipment as specified pursuant to the terms more specifically described in "Exhibit A – Scope of Services," attached hereto and incorporated by this reference ("Services"), in a manner consistent with the accepted practices and standards for other similar services, performed to the City's satisfaction, within the time-period prescribed by the City and pursuant to the direction of the City Manager or his or her designee.

1.2 <u>Compliance with Laws</u>. Contractor shall comply with and perform the Services in accordance with all applicable federal, state, and City laws, including, but not limited to, the City of Mountlake Terrace's Municipal Code, and all other City resolutions, standards or policies, as now existing or hereafter adopted or amended.

1.3 <u>Performance Standard</u>. In the performance of services under this Agreement, Contractor and its employees or designees, promise to exercise the degree of skill and care required by customary and generally accepted practices, standards, and procedures adopted by Contractors' rendering the same or similar type of service. All duties shall be performed in the manner consistent with those customary and generally accepted practices, and the Contractor shall be responsible for the professional and technical soundness and accuracy of all work and services furnished pursuant to this Agreement.

2. <u>Term</u>. The term of this Agreement shall commence upon the effective date of this Agreement and shall expire on ___________________ 20_____.

3. <u>Termination</u>. Prior to the expiration of the Term, this Agreement may be terminated immediately, with or without cause by the City upon prior written notice to the Contractor. If the Agreement is terminated after partial performance, the City will be obligated to pay only for that portion of the total work authorized under this Agreement that is satisfactorily completed. The Contractor may terminate this Agreement only upon sixty (60) days prior written notice to the City.

4. Compensation.

4.1 Total Compensation. In consideration of the Contractor performing the Services, the City agrees to pay the Contractor a fixed-fee cost of $___________ or in the alternative in an amount not to exceed a maximum sum of $______________ according to a rate or method as delineated in Exhibit A.

4.2 Method of Payment. City will be billed no more often than monthly. Invoices shall contain an itemized breakdown of the services performed on a project basis during the time covered by the invoice. City will pay Contractor by warrant or check within thirty (30) days of the receipt of an invoice. A finance charge of one percent (1%) per month [twelve percent (12%) per annum] will accrue on any unpaid balance outstanding for more than forty-five (45) days.

4.3 Contractor Responsible for Taxes. The Contractor shall be solely responsible for the payment of any taxes imposed by any lawful jurisdiction as a result of the performance and payment of this Agreement.

4.4 Reimbursement of Expenses. The City of Mountlake Terrace is not liable to Contractor for any expenses paid or incurred by Contractor unless otherwise agreed in writing.

5. Contractor to Direct Work. Contractor shall control and direct the performance of the work or project of Contractor pursuant to this Agreement, subject to the City of Mountlake Terrace oversight. The City of Mountlake Terrace reserves the right to inspect, review, and approve of the work or project of Contractor to assure that it has been completed as specified, before payment.

6. Warranty. The Contractor warrants that it has the requisite training, skill, and experience necessary to provide the Services and is appropriately accredited and licensed by all applicable agencies and governmental entities, including but not limited to being registered to do business in the City of Mountlake Terrace by obtaining a City of Mountlake Terrace business registration if required by municipal code.

7. Security and Damages. The Contractor shall be responsible for security of its equipment and assumes all risk of damage, theft or loss to Contractor’s equipment and supplies occurring from any nature whatsoever. Additionally, Contractor shall be responsible for any maintenance costs and repair costs resulting from any damage or loss from any source whatsoever to its equipment or supplies. Contractor agrees that neither damage to or loss of its equipment shall be applied to or claimed against City property, City liability insurance or commission revenues owed to the City.

8. Independent Contractor/Conflict of Interest.

8.1 Independent Contractor. It is the intention and understanding of the Parties that the Contractor shall be an independent contractor and that the City shall neither be liable for nor obligated to pay sick leave, vacation pay or any other benefit of employment, nor to pay any social security or other tax, which may arise as an incident of employment. The Contractor shall pay all income and other taxes as due. Industrial or any other insurance, which is purchased for the benefit of the Contractor, shall not be deemed to convert this Agreement to an employment contract.

8.2 City's Right of Supervision and Inspection. Even though Contractor is an independent Contractor with the authority to control and direct the performance and details of the work authorized under this Agreement, the work must meet the approval of the City and shall be subject to the City's general right of inspection and supervision to secure the satisfactory completion thereof.

8.3 Work Performed at Contractor's Risk. Contractor shall take all precautions reasonably necessary and shall be responsible for the safety of its employees, agents and subcontractors in the performance of the work hereunder and shall utilize all protections reasonably necessary for that purpose. All work shall be done at Contractor's own risk, and Contractor shall be responsible for any loss or damage to materials, tools, or other articles used or held for use in connection with the work.

8.4 Conflict of Interest. It is recognized that the Contractor may or will be performing professional services during the term for other parties and that the City is not the exclusive user of the Services the Contractor will provide, provided, however, that such performance of other Services shall not conflict with or interfere with Contractor's ability to perform the Services. Contractor agrees to resolve any such conflicts of interest in favor of the City.

9. Indemnification.

9.1 Contractor Indemnification. Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from claims, injuries, damages, losses or suits including attorney fees, arising out of, in connection with, or incident to any negligent or intentional acts, errors or omissions, or conduct of the Contractor (or its employees, agents, representatives, subcontractors/ subconsultants) in performance of this Agreement, whether such claims sound in contract, tort, or other legal theory, except for injuries and damages caused by the sole negligence of the City. The Contractor's duty to defend and indemnify pursuant to this Section 9 is not in any way limited to, or by the extent of, insurance obtained by, obtainable by, or required of the Contractor. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of indemnification. This waiver has been mutually negotiated by the Parties. As used in this Section 9, "City" includes the City, the City officers, employees, agents, and representatives. If, and to the extent, Contractor employs or engages subcontractors or subconsultants then Contractor shall ensure that each such subcontractor and subconsultant (and subsequent tiers of subcontractors and subconsultants) shall expressly agree to defend and indemnify the City to the extent and on the same terms and conditions as the Contractor pursuant to this Section 9.

9.2 Records Request. When the City provides the Contractor with notice of a Public Records Request, Contractor agrees to save, hold harmless, indemnify and defend the City, its officers, agents, employees and elected officials from and against claims, lawsuits, fees, penalties and costs resulting from the Contractor's violation of the Public Records Act RCW 42.56, or Contractor's failure to produce public records as required under the Public Records Act. Records shall be retained until all litigation, claims or audit findings have been resolved even though such litigation, claim or audit continues past any formal retention period imposed by Washington State Archives, grant or other applicable law or regulation.

9.3 Survival. The provisions of this Section shall survive the expiration or termination of this Agreement with respect to any event occurring prior to such expiration or termination.

10. Discrimination Prohibited and Compliance with Equal Opportunity Legislation. In all Contractor services, programs or activities, and all Contractor hiring and employment made possible by or resulting from this Agreement, there shall be no discrimination by the Contractor or by Contractor's employees, agents, subcontractors or representatives against any person because of sex, age, (except minimum age and retirement provisions), race, color, creed, national origin, marital status, religion, sexual orientation or the presence of any disability, including sensory, mental, or physical handicaps, based upon a bona fide occupational qualification in relationship to hiring and employment. This requirement shall apply, but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor shall not violate any of the terms of Chapter 49.60 RCW, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973 or any other applicable federal, state or local law or regulation regarding non-discrimination. Any material violation of this provision shall be grounds for termination of this Agreement by the City and, in the case of the Contractor's breach, may result in ineligibility for further City agreements.

11. Confidentiality.

11.1 Safeguarding of Information. All information regarding the City obtained by the Contractor in performance of this Agreement shall be considered confidential. The Contractor shall safeguard all written information submitted by the City to the Contractor in connection with the services performed by the Contractor under this Agreement to at least the same extent as the Contractor safeguards like information relating to its own business or profession. Breach of confidentiality by the Contractor will be grounds for immediate termination.

11.2 Disclosure of Information. Contractor shall not, without the prior written consent of the City of Mountlake Terrace, disclose to third parties information that is not otherwise subject to public disclosure unless:

a. The information is known to Contractor prior to receiving the same directly or indirectly in connection with the work or project;

b. The information is in the public domain at the time of disclosure by Contractor; or

c. The information is received by Contractor from a third party who does not have an obligation to keep the same confidential.

12. Work Product and Ownership of Records and Documents.

12.1 Return of Work Product. All originals and copies of work product, including records, files, documents, reports, plans, sketches, layouts, designs, design specifications, computer disks, magnetic media or material which may be produced or modified by the Contractor while performing the services shall belong to the City. At the termination or cancellation of this Agreement, all copies of any such work product remaining in the possession of the Contractor shall be delivered to the City and shall become the property of the City. Files containing the written record of the Contractor's services shall be delivered to the City.

12.2 Use of Work Product. The City acknowledges that the documents and records prepared by the Contractor are prepared specific to the work or project described herein. If the City modifies or uses any of the documents for other projects or purposes without the written approval of the Contractor, the City releases the Contractor from all responsibility for any errors or omissions therein with respect to such modification or use.

13. Insurance.

13.1 Insurance Term. The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of work hereunder by the Contractor, its agents, representatives, or employees. Contractor shall comply with the following conditions and procure and keep in force during the term of this Agreement, at Contractor's own cost and expense, the following policies of insurance with companies authorized to do business in the State of Washington, which are rated at least "A" or better and with a numerical rating of no less than seven (7), by A.M. Best Company and which are acceptable by the City. Contractor's maintenance of insurance as required by the Agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

13.2 Minimum Scope of Insurance. Contractor shall obtain insurance of the types described below:

a. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage.

b. Commercial General Liability insurance shall be written at least as broad on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap, independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

c. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

d. Professional Errors and Omissions Insurance. If both parties agree that the Services do not warrant Contractor providing Professional Errors and Omissions Insurance, Section 13.3.d. may be stricken if this section is initialed by both Parties: ______ ______

13.3 Minimum Insurance Limits. Contractor shall maintain the following insurance limits:

a. Comprehensive General Liability. $2,000,000 combined single limit per occurrence for bodily injury personal injury and property damage; $2,000,000 general aggregate.

b. Automobile Liability. $1,000,000 combined single limit per accident for bodily injury and property damage.

c. Workers' Compensation. Workers' compensation limits as required by the Workers' Compensation Act of Washington.

d. Professional Liability/Contractor's Errors and Omissions Liability. $2,000,000 per claim and $2,000,000 as an annual aggregate. Such coverage, with City approval, may be written on a claims-made basis. If the Professional Errors and Omissions Insurance is on a claims-made policy form, the retroactive date on the policy shall be the effective date of this Agreement or prior. The retroactive date of any subsequent renewal of such policy shall be the same as the original policy provided. The extended reporting or discovery period on a claims-made policy form shall not be less than 36 months following expiration of the policy. (This paragraph shall not apply if Section 13.2.d above is initialed.)

13.4 Notice of Cancellation. In the event that the Contractor receives notice (written, electronic or otherwise) that any of the above required insurance coverage is being cancelled and/or terminated, the Contractor shall immediately (within forty-eight (48) hours) provide written notification of such cancellation/ termination to the City.

13.5 Verification of Coverage. In signing this Agreement, the Contractor is acknowledging and representing that required insurance is active and current. Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work. Further, throughout the term of this Agreement, the Contractor shall provide the City with proof of insurance upon request by the City.

13.6 Insurance Shall be Primary - Other Insurance Provision. The Contractor's insurance coverage shall be primary insurance as respect to the City. The Contractor's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect to the City. Any Insurance, self-insurance, or self-insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

13.7 Claims-made Basis. Unless approved by the City all insurance policies shall be written on an "Occurrence" policy as opposed to a "Claims-made" policy.

13.8 Failure to Maintain Insurance. Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

13.9 Full Availability of Contractor Limits. If the Contractor maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Contractor, irrespective of whether such limits maintained by the Contractor are greater than those required by this contract or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Contractor.

14. Maintenance/Inspection of Records.

14.1 Maintenance and Inspection. The Contractor agrees to maintain books, records, and documents which sufficiently and properly reflect all direct and indirect costs and expenses allowable under this Agreement related to the performance of the Services and maintain such accounting procedures and practices as may be deemed necessary by the City to assure proper accounting of all funds paid pursuant to this Agreement. These records shall be subject, at all reasonable times, to inspection, review or audit by the City, its authorized representative, the State Auditor, or other governmental officials authorized by law to monitor this Agreement. If any litigation, claim or audit is commenced, the contractor shall cooperate with the City and assist in the production of all such documents.

14.2 Public Records. The Parties agree that this Agreement and records related to the performance of the Agreement are, with limited exception, public records subject to disclosure under the Public Records Act RCW 42.56. Contractor acknowledges that any record, document, work product or correspondence created by contractor may be subject to the Public Records Act.

Further, in the event of a Public Records Request to the City, the City may provide the Contractor with a copy of the Records Request and the Contractor shall provide copies of any City records in Contractor's possession, necessary to fulfill that Public Records Request. If the Public Records Request is large the Contractor will provide the City with an estimate of reasonable time needed to fulfill the records request.

For purposes of this agreement, records means every writing or record of every type and description, including electronically stored information (ESI), that is in the possession, control, or custody of the contractor, including, without limitation, any and all correspondences, contracts, agreements, appraisals, plans, designs, data, surveys, maps, spreadsheets, memoranda, stenographic or handwritten notes, reports, records, telegrams, schedules, diaries, notebooks, logbooks, invoices, accounting records, work sheets, charts, notes, drafts, scribblings, recordings, visual displays, photographs, minutes of meetings, tabulations, computations, summaries, inventories, and writings regarding conferences, conversations or telephone conversations, and any and all other taped, recorded, written, printed or typed matters of any kind or description; every copy of the foregoing whether or not the original is in the possession, custody, or control of the contractor, and every copy of any of the foregoing, whether or not such copy is a copy identical to an original, or whether or not such copy contains any commentary or notation whatsoever that does not appear on the original.

"ESI" means any and all computer data or electronic recorded media of any kind, including "Native Files", that are stored in any medium from which it can be retrieved and examined, either directly or after translation into a reasonably useable form. City of Mountlake Terrace Public Records Policy Page 6 of 57 ESI may include information and/or documentation stored in various software programs such as: Email, Outlook, Word, Excel, Access, Publisher, PowerPoint, Adobe Acrobat, SQL databases, or any other software or electronic communication programs or databases that the contractor may use in the performance of its operations. ESI may be located on network servers, backup tapes, smart phones, thumb drives, CDs, DVDs, floppy disks, work computers, cell phones, laptops or any other electronic device that contractor uses in the performance of its work or services hereunder, including any personal devices used by the contractor or any sub-contractor at home. "Native files" are a subset of ESI and refer to the electronic format of the application in which such ESI is normally created, viewed, and /or modified.

The Contractor shall include this Section 14, "Maintenance/Inspection of Records", in every subcontract it enters into in relation to this Agreement and bind the sub-contractor to its terms, unless expressly agreed to otherwise in writing by the City prior to the execution of such subcontract. The "Maintenance/Inspection of Records" Section of the Agreement shall confer third party beneficiary status on the City.

15. <u>Non-Appropriation of Funds</u>. If sufficient funds are not appropriated or allocated for payment under this Agreement for any future fiscal period, the City will not be obligated to make payments for Services or amounts incurred after the end of the current fiscal period, and this Agreement will terminate upon the completion of all remaining Services for which funds are allocated. No penalty or expense shall accrue to the City in the event this provision applies.

16. Dispute Resolution. All disputes or claims arising under this Agreement ("Disputes") shall be resolved as set forth in this Section 16.

16.1 Informal Resolution. In the event of a Dispute, a party shall notify the other party of the Dispute with as much detail as possible. The City of Mountlake Terrace and Contractor shall use good faith efforts to resolve the Dispute within ten (10) business days after receipt of a Dispute notice. If the Parties' business representatives are unable to resolve the Dispute, or agree upon the appropriate corrective action to be taken, within such ten (10) business days, then either party may initiate mediation as a condition precedent to Formal Resolution. Pending resolution of the Dispute, both Parties will continue without delay to carry out all their respective responsibilities under this Agreement.

If such matter relates to or is the subject of a lien arising out of the Contractor's services, the Contractor may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation or by Formal Resolution.

If the Parties are unable to resolve the dispute through initial informal resolution above, the City and Contractor may endeavor to resolve claims, disputes and other matters in question between them by mediation which, unless the Parties mutually agree otherwise, shall be administered by the American Arbitration Association in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. Mediation shall proceed in advance of Formal Resolution.

The Parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the place where the mediator is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

16.2 Formal Resolution. If the Parties hereto are unable to resolve a dispute pursuant to the procedure set forth above, the method of dispute resolution shall be litigation in a court of competent jurisdiction. Venue for any action under this Agreement shall be Snohomish County, Washington.

16.3 Injunctive Relief. Nothing contained in this Section shall limit or delay the right of either party to seek injunctive relief from a court of competent jurisdiction, whether or not such party has pursued informal resolution in accordance with this Section.

17. Compliance with Grant Terms and Conditions. Contractor shall comply with any and all conditions, terms and requirements of any federal, state or other grant that wholly or partially funds Contractor's work hereunder.

18. General Provisions.

18.1 Entire Agreement. This Agreement contains all of the agreements of the Parties with respect to any matter covered or mentioned in this Agreement and no prior agreements shall be effective for any purpose. All attachments and addendum are incorporated herein by this reference, and shall be a part of this Agreement.

18.2 Modification. No provisions of this Agreement may be amended, modified or an additional obligation assumed by either Party except by written agreement signed by the Parties.

18.3 Full Force and Effect. Any section or provision of this Agreement which is adjudicated invalid or illegal shall in no way affect or invalidate any other section or provision hereof and such other sections or provisions shall remain in full force and effect.

18.4 Subletting/Assignment. Neither the Contractor nor the City shall have the right to sublet, transfer or assign, in whole or in part, any or all of its obligations and rights hereunder without the prior written consent of the other party.

18.5 Successors in Interest. Subject to the foregoing Subsection, the rights and obligations of the Parties shall inure to the benefit of and be binding upon their respective representatives, successors in interest, heirs and assigns.

18.6 Attorney Fees. In the event either party brings a lawsuit to enforce the terms of this Agreement, or arising from a breach of this Agreement, the prevailing party shall be entitled to its costs and attorneys' fees for bringing or defending against the action.

18.7 No Waiver. Failure or delay of the City to declare any breach or default immediately upon occurrence shall not waive such breach or default. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default.

18.8 Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington.

18.9 Authority. Each individual executing this Agreement on behalf of the City and the Contractor represents and warrants that such individuals are duly authorized to execute and deliver this Agreement on behalf of the Contractor or the City.

18.10 Notices. Any notices required to be given by the Parties shall be delivered at the addresses set forth below. Any notices may be delivered personally or may be deposited in the United States mail, postage prepaid, to the address set forth below. Any notice so posted in the United States mail shall be deemed received three (3) days after the date of mailing.

18.11 Performance. Time is of the essence of this Agreement in each and all of its provisions in which performance is a factor.

18.12 Remedies Cumulative. Any remedies provided for under the terms of this Agreement are not intended to be exclusive, but shall be cumulative with all other remedies available to the City at law or in equity.

18.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute the same instrument and, collectively, constitute the entire Agreement.

18.14 Captions. The respective captions of the Sections/Titles of this Agreement are inserted for convenience of the Parties for reference only and shall not be deemed to modify, explain, simplify, or aid in the interpretation of the provisions or otherwise affect any of the provisions of this Agreement.

18.15 No Third Party Beneficiary. It is the specific intent of the Parties, and all Parties agree, that this Agreement shall not confer third party beneficiary status on any non-party.

18.16 No Joint Venture. This Agreement does not create a partnership or joint venture, and in carrying out this Agreement, the Parties shall act in their individual capacities and not as agents, employees, or partners of one another.

18.17 Force Majeure. Notwithstanding any other provision of this Agreement, no party to the Agreement shall be deemed in default or breach of this Agreement or liable for any loss or damages or for any delay or failure in performance due to a cause beyond its reasonable control. The Parties shall promptly resume performance hereunder after the force majeure event has passed.

18.18 Survivability. The obligation of Contractor under all provisions of this Agreement, which may reasonably be interpreted or construed as surviving the completion, termination, or cancellation of this Agreement shall survive the completion, termination, or cancellation of this Agreement.

18.19 Contractor Payments. In the event the Contractor fails to pay any taxes, assessments, penalties, or fees imposed by any governmental body, including a court of law, then the City shall have the right but not the obligation and the Contractor authorizes the City to deduct and withhold or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. It is agreed that this provision shall apply to taxes and fees imposed by City ordinance. Any such payments shall be deducted from the Contractor's total compensation.

18.20 Facsimile Transmission. Facsimile transmission of any signed original agreement, and re-transmission of any signed facsimile transmission, shall be the same as delivery of an original. At the request of either party, the Parties will confirm facsimile transmitted signatures by signing an original document.

18.21 Ambiguities. Each party and its counsel, if any, have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

Executed on the dates written below.

CONTRACTOR	CITY OF MOUNTLAKE TERRACE
By:	By:
Name, Title	Stephen Clifton, Interim City Manager
Address:	23204 58th Avenue W Mountlake Terrace, WA 98043
Date:	Date:
	Approved as to form:
	Hillary J. Evans, City Attorney

City of Mountlake Terrace
23204 58th Avenue W
Mountlake Terrace, WA 98043
425-776-1161
www.cityofmlt.com

<u>Responses to Questions</u> related to the Request for Proposals:

Consulting Services for
Long Range Financial Sustainability Task Force

Updated January 10, 2025

1 Responses to Questions

1. **Long-Range Financial Forecast** – Item #9 alludes to "projected revenues and expenses (staff can provide the baseline)." The City has posted on its website a 2021-2026 financial forecast.

    a. Is there a more current version of the long-range financial forecast? There is an updated forecast in the adopted budget on page 2-12. We may be able to update this further as we continue year end close outs.

    b. Can the latest forecast (or at least a summary thereof) be shared in advance of the proposal submittal date? See above.

    c. Is the consultant being asked to independently weigh in on and/or evaluate the long-range forecast? Yes.

2. **Budget Strategies Development** – the RFP appears to seek services for helping the City assemble, facilitate and engage community members that will serve on the FST.

    a. Is the consultant being asked to weigh in on and/or develop the budget strategies that the FST will consider in formulating their recommendations? Yes, we are asking the consultant to work with city staff to develop budget strategies to share with the task force and vet. There also may be ideas generated from the task force that the consultant can review and vet with staff and the task force. The goal is for this to be a consultative long-range financial plan, where staff and the consultant provide expertise on the topic and facilitate the conversation and ideas from the community via the task force and related forms of community engagement.

    In the beginning, I anticipate that there would be a significant amount of information sharing from the city/consultant to the task force and vice-versa. We can explain what we do and the general cost of those things. We also identify was services are essential or note. It would be ideal to learn from the task force what their expectations are for levels of service, what they consider essential services, and where they would accept reductions in service or pay more to maintain or improve service.

    Then, there would be more specific data shared about revenue options. This is where the consultant and staff would coordinate on strategies to share and approaches for gaining feedback and direction on favored revenue sources and reductions in expenditures. We would want to ensure the task force understands which revenue options that are councilmanic vs voter approved, the pros/cons of them, how they impact tax or rate payers, the overall difference in net revenues it would make, and if there are ways to phase revenue increases over time. Then there would be a facilitated discussion to share these options with the task force and get their feedback. For reductions, this would be a coordinated conversation – ensuring that the task force members help the city understand what levels of service they expect, that we explain the cost of those things, and that together we can identify potential reductions in expenditures, and there is clarity about who would be impacted by these reductions. These conversations can be supported by history of MLT growth, financial conditions, needs; other local jurisdiction data and actions; and the risks of going to the ballot and how to prepare for that if needed.

   b. Or is the City and FST developing those, and the consultant is merely being asked to facilitate discussion to reach a consensus recommendation?

3. **Peer/Comparative Research** – Items #4, 5, 8 and 9 seek the consultant's assistance in developing materials to inform the FST's recommendations. One of those items that is typically helpful in that process is peer data from comparable agencies relative to revenues, expenditures, and other factors.

   a. Will the consultant be asked to conduct such peer research, or will the City conduct that and provide that information to the consultant for inclusion in FST informational materials? That would be helpful and something you can include in your project approach.

4. Would the cover, cover letter, table of contents, exceptions to the contract (if any), or resumes included in an Appendix count toward the page limit?
   - Ten pages is the limit inclusive of all the text, except resumes of the key personnel. You don't have to count the cover page if it is limited to a graphic and title.

5. Given a projected project schedule of 9-12 months, at what frequency and for how long does the City anticipate the task force meeting during this period?
   - We would appreciate your proposed approach on this. There are educational, debate, recommendation components to the task force's work.

6. The RFP mentions coordinating with staff on
   arranging guest speakers. Does the City already know which guest speakers will be utilized (e.g., certain city staff, other consultants working with the City, etc.)? If not, will the consultant be expected to identify these speakers and if so what topics are they expected to cover?
   Again, this can be a collaboration and may depend on the expertise within your team. Outside speakers may be used to build trust and provide other perspectives or examples in how to achieve our goals.

7. The RFP mentions citywide community engagement activities. Is the consultant expected to participate in all meetings or only certain meetings for which materials are prepared?
   The city expects the consultant to participate in community engagement meetings related to the long-range financial sustainability plan. The scope and frequency of these meetings can be part of your proposed approach.

8. How many community meetings are anticipated in which the consultant will participate and over what period of time (i.e., would they be held on several days during the same week around the City or over a period of weeks or months)?
   See above.

9. At what frequency does the City anticipate briefing the City Council on project progress?
   We anticipate at least two meetings with city council throughout this process, you can include a proposal in your approach.

10. Are all City Council briefings intended to be in person?
    City Council meetings can be in-person or consultants may participate remotely.

11. Is the long-term financial plan to be developed by the consultant intended to only be a document or is an Excel-based model also expected to be delivered for the City's future use?
    The plan should be a document with text and tables that addresses the requested data in section 2 (Scope of Work), subsection 9 of the RFP.

12. The RFP briefly discusses infrastructure replacement as one of the long-term financial concerns. Is the long-term financial plan intended to be focused on the City's General Fund or will other funds such as utility enterprise funds need to be included? If so, please provide a list of the funds to be included.
    The primary concern is the general fund. We are not requesting the consultant for this project to provide an analysis of other funds, just to take that data into consideration

when making recommendation. For example, we wouldn't want to propose a certain revenue increase for the general fund without understanding other needs from enterprise or special funds. We will be able to share information about needs from other funds with the consultant through this process.

13. Are there any specific channels or platforms that the City prefers for community engagement and updates?
    The city has a website, we can use ERSI's story map through the website too. The city has Facebook and Instagram channels. There is a local newspaper, MLT News. Our Communications and Community Engagement Manager will be part of the team and work closely with the consultant on this project.

14. The RFP mentions potentially assisting with recruiting task force members. What may this assistance include?
    This would be a very minor task in making recommendations on the application process, if the timing works out (e.g. the consultant is under contract before we start recruiting).

15. What criteria will be used to recruit community task force members, and how many members are expected to be recruited on the task force?
    We are looking for a broad range of people to serve on the task force, with diversity in demographics, income, rent/own property, views on budgeting, etc.. We may have one or more high-school aged members. Experience in finance or budgeting is not required. We are anticipating the group to be 20 or less people.

MOUNTLAKE TERRACE CITY COUNCIL
WORK SESSION AGENDA (ACTION TAKEN)

January 22, 2026
7:00 p.m.

Mountlake Terrace City Hall and
via Telephone or Teleconference

1. Call to Order

2. Attendance Roll Call

3. General Public Comment *(Public Comment and Public Hearing Testimony Protocol on second page)*

4. Presentation on Chamber of Commerce Update

5. Review Ordinance Adopting Comprehensive Emergency Management Plan with Snohomish County

6. Presentation on 3rd Quarter PD Report

7. Review Contract Amendment with Consor for the Wastewater Comprehensive Plan

8. Review Contract Amendment with RH2 for the Water Comprehensive Plan

9. Review and Vote on Construction Management Agreement for Pedestrian Plaza

10. Review and Vote on January 2026 Claims

11. City Manager's Report

12. Review February 5, 2026 Meeting Agenda

13. Council Comments

14. Adjournment

To listen to the meeting via telephone, call 1-253-215-8782. To watch the meeting online: 1) Go to https://zoom.us/join; 2) Enter meeting ID 810 1113 9518 and click "join" (you will be prompted to install the Zoom application if you do not already have it). No passcode needed.

Public Comment and Public Hearing Testimony Protocol

Public comments and public hearing testimony are permitted at meetings remotely, in-person, and in writing. All remarks shall be made to the Council as a body and not to any individual member.

No person shall make personal attacks, or threatening remarks while addressing the Council which disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting. Any person who is engaging in conduct that disturbs, disrupts, or impedes the business of the council or whose comments have been ruled out of order by the presiding officer, shall immediately cease and refrain from further improper comments or inappropriate conduct. All hate speech will be construed as threatening remarks.

To make a public comment/give public hearing testimony **remotely** (via Zoom or telephone), complete the Remote Public Comment Request Form (link on City Council Agendas and Minutes web page) at least 24 hours before the meeting. You will then be contacted via email to confirm your participation. Your reply to the confirmation email must be received by 4 p.m. on the day of meeting to be acknowledged that same evening. If you're using Zoom during the meeting, use the hand raise tool to be recognized to speak or press *9 if using a telephone. Speakers shall limit their presentations to five minutes.

To make a public comment/give public hearing testimony at a meeting **in-person**, please sign up at the meeting (no 24-hour notice required).

To submit a **written** public comment/public hearing testimony email remarks to cityhall@mltwa.gov or mail to/drop off at City Hall (23204 58th Avenue W., Mountlake Terrace, WA 98043) no later than 4 p.m. on the meeting/public hearing date.