

**CITY OF PACIFIC ~ REGULAR COUNCIL MEETING
AGENDA FOR MARCH 25, 2013 ~6:30 P.M.
100 3RD AVE SE, PACIFIC ~ CITY HALL ~ COUNCIL CHAMBERS**

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

2. ROLL CALL

3. APPROVAL OF AGENDA

4. AUDIENCE COMMENT

(Please limit your comments to 3 minutes for items not up for Public Hearing. When recognized by the Mayor, please state your name and address for the official record. It is asked that you do not speak on the same matter twice.)

5. REPORTS

- a. Mayor
- b. Finance
- c. Court
- d. Public Safety Department
- e. Public Works/Community Development
- f. Community/Senior/Youth Services
- g. City Council
- h. Personnel
- i. Committee Boards
 - i. Park Board
 - ii. Public Works
 - iii. Civil Service
 - iv. Planning Commission
 - v. South King County Transportation Board (SKTBD)
 - vi. Pierce County Regional Council (PCRC)
 - vii. SCA
 - viii. VRFA

6. PUBLIC HEARING

7. OLD BUSINESS

- a. Amending PMC re: Business & Occupational Tax and Administrative Provisions

8. NEW BUSINESS

- a. Yates Property Utility Bill
- b. Waiver of Penalty Fees for Lloyd Enterprises
- c. Confirmation of appointment of Interim City Clerk
- d. Investigative Services for Whistleblower Complaint from August

9. CONSENT AGENDA *(The Mayor shall place matters on the consent agenda, which are routine in nature and passage is likely)*

- a. Approval of Payroll and Claim Vouchers
- b. Approval of Minutes for October 30, 2012 and March 18, 2013 Workshop and March 18, 2013 Special Meeting

10. EXECUTIVE SESSION

11. ADJOURN

Please turn off cell phones during meeting and hold your questions for staff until the meeting has been adjourned.

The Council may consider other ordinances and matters not listed on the Agenda, unless specific notification period is required.

Meeting materials are available on the City's website at: www.cityofpacific.com or by contacting the City Clerk's office at (253) 929-1105.

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12. COMMITTEE MEETINGS

Finance Committee	March 26, 2013 6:30 p.m.	City Hall
Change to Council/Manager Form of Government Committee	TBD 4:00 p.m.	City Hall
Park Board	April 9, 2013 6:00 p.m.	City Hall
Public Works Committee	April 3, 2013 7:00 p.m.	City Hall
Planning Commission	March 26, 2013 6:00 p.m.	City Hall
Technology Committee	TBD 6:30 p.m.	City Hall

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CITY OF PACIFIC

Agenda Staff Report

Agenda Item No.	<u>7.a</u>	Meeting Date:	<u>March 25, 2013</u>
	<u>Ordinance amending Municipal Code for Business & Occupational Tax and Administrative Provisions</u>	Prepared by:	<u>Betty J. Garrison, CPFA, MMC, Finance Director</u>
Subject:			

Summary: This will update Pacific Municipal Code 3.02 and 3.03 to bring the City into compliance with the Washington State Model Rules and Regulations. Council accepted the first reading at the Regular Council meeting on 3/11/13

Recommendation: Adopt the Ordinance.

Motion for consideration: Move to accept this as the second reading and adopt Ordinance No. 2013-1844 Amending Pacific Municipal Code Chapter 3.02 – Business and Occupation Tax and Chapter 3.03 - Administrative Provisions for Business and Occupation Tax.

Budget:

Attachments:

- Ordinance No. 2013-1844
- Exhibit A
- Exhibit B

CITY OF PACIFIC, WASHINGTON

ORDINANCE NO. 2013-1844

AN ORDINANCE OF THE CITY OF PACIFIC, WASHINGTON, TO AMEND, PACIFIC MUNICIPAL CODE CHAPTER 3.02 BUSINESS AND OCCUPATION TAX AND TO AMEND CHAPTER 3.03 ADMINISTRATIVE PROVISIONS FOR BUSINESS AND OCCUPATION TAXES

WHEREAS, the City of Pacific adopted Ordinance No. 1280 in 1995 establishing a Business and Occupation (B&O) tax for revenue purposes and to govern the privilege of engaging in business in the City; and

WHEREAS, the City of Pacific adopted Ordinance No. 1598 in accord with the AWC model B&O Tax Ordinance on December 13, 2004; and

WHEREAS, the City of Pacific adopted Ordinance No. 1682 in accord with a second AWC model B&O Tax Ordinance on December 10, 2007 to enact the apportionment provisions of EHB 2030; and

WHEREAS, mandatory changes have been made in the Model Ordinance and all cities with local B&O taxes must adopt the revised Model Ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PACIFIC, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Pacific Municipal Code (PMC) Chapter 3.02 is amended to read in the form attached hereto as Exhibit A.

Section 2. PMC Chapter 3.03 entitled "Administrative Provisions of Taxes" is hereby amended to read in the form attached hereto as Exhibit B.

Section 3. This ordinance shall be in full force and effect after its passage, approval and publication as required by law. A summary of this Ordinance may be published in lieu of publishing the ordinance in its entirety.

Section 5. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON
THE 25th DAY OF MARCH, 2013.**

CITY OF PACIFIC

Cy Sun, Mayor

ATTEST/AUTHENTICATED:

Sandy Paul, MMC, City Clerk

APPROVED AS TO FORM:

City Attorney

1st Reading: March 11, 2013

2nd Reading: March 25, 2013

EXHIBIT A

BUSINESS AND OCCUPATION TAX CHAPTER 3.02

.010 Purpose. The provisions of this chapter are an exercise of the police and taxation powers of the city to license for revenue purposes and to govern the privilege of engaging in business in the city. (Ord. 1280 § 2, 1995).

.020 Exercise of revenue license power. The provisions of this chapter shall be deemed an exercise of the power of the City to license for revenue. The provisions of this chapter are subject to periodic statutory or administrative rule changes or judicial interpretations of the ordinances or rules. The responsibility rests with the licensee or taxpayer to reconfirm tax computation procedures and remain in compliance with the City code.

.028 Administrative Provisions. The administrative provisions contained in chapter 3.03 shall be fully applicable to the provisions of this chapter except as expressly stated to the contrary herein.

.030 Definitions. In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

"Business" "Business" includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.

"Business and occupation tax." "Business and occupation tax" or "gross receipts tax" means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business.

"Commercial or industrial use." "Commercial or industrial use" means the following uses of products, including by-products, by the extractor or manufacturer thereof:

- (1) Any use as a consumer; and
- (2) The manufacturing of articles, substances or commodities;

"Delivery." means the transfer of possession of tangible personal property between the seller and the buyer or the buyer's representative. Delivery to an employee of a buyer is considered delivery to the buyer. Transfer of possession of tangible personal property occurs when the buyer or the buyer's representative first takes physical control of the property or exercises dominion and control over the property. Dominion and control means the buyer has the ability to put the property to the buyer's own purposes. It means the buyer or the buyer's representative has made the final decision to accept or reject the property, and the seller has no further right to possession of the property and the buyer has no right to return the property to the seller, other than under a warranty contract. A buyer does not exercise dominion and control over tangible personal property merely by arranging for shipment of the property from the seller to itself. A buyer's representative is a person, other than an employee of the buyer, who is authorized in writing by the buyer to receive tangible personal property and take dominion and control by making the final decision to accept or reject the property.

Neither a shipping company nor a seller can serve as a buyer's representative. It is immaterial where the contract of sale is negotiated or where the buyer obtains title to the property. Delivery terms and other provisions of the Uniform Commercial Code (Title 62A RCW) do not determine when or where delivery of tangible personal property occurs for purposes of taxation.

"Digital automated service", "digital code", and "digital goods" have the same meaning as in RCW 82.04.192.

"Digital products" means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(g) and (6) (b).

"Director." "Director" means the Finance Director of the City or any officer, agent or employee of the City designated to act on the Director's behalf.

"Eligible gross receipts tax." The term "eligible gross receipts tax" means a tax which:

(1) Is imposed on the act or privilege of engaging in business activities within section .050; and

(2) Is measured by the gross volume of business, in terms of gross receipts and is not an income tax or value added tax; and

(3) Is not, pursuant to law or custom, separately stated from the sales price; and

(4) Is not a sales or use tax, business license fee, franchise fee, royalty or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right or a privilege; and

(5) Is a tax imposed by a local jurisdiction, whether within or without the State of Washington, and not by a Country, State, Province, or any other non-local jurisdiction above the County level.

"Engaging in business" - (1) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(2) This section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to register and obtain a business license or pay City business and occupation taxes. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (1). If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.

(3) Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license.

(a) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City.

(b) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.

(c) Soliciting sales.

(d) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.

- (e) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.
 - (f) Installing, constructing, or supervising installation or construction of, real or tangible personal property.
 - (g) Soliciting, negotiating, or approving franchise, license, or other similar agreements.
 - (h) Collecting current or delinquent accounts.
 - (l) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.
 - (j) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.
 - (k) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.
 - (l) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.
 - (m) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.
 - (n) Investigating, resolving, or otherwise assisting in resolving customer complaints.
 - (o) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.
 - (p) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.
 - (q) Accepting or executing a contract with the City, irrespective of whether goods or services are delivered within or without the City, or whether the person's office or place of business is within or without the City.
- (4) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a business license and pay tax.
- (a) Meeting with suppliers of goods and services as a customer.
 - (b) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.
 - (c) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.
 - (d) Renting tangible or intangible property as a customer when the property is not used in the City.
 - (e) Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.

(f) Conducting advertising through the mail.

(g) Soliciting sales by phone from a location outside the City.

(5) A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a business license, provided that it engages in no other business activities in the City. Such activities do not include those in subsection (4).

The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the tax under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.

"Extracting." "Extracting" is the activity engaged in by an extractor and is reportable under the extracting classification.

"Extractor." "Extractor" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for commercial or industrial use, mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product; or fells, cuts or takes timber, Christmas trees, other than plantation Christmas trees, or other natural products; or takes fish, shellfish, or other sea or inland water foods or products. "Extractor" does not include persons performing under contract the necessary labor or mechanical services for others; or persons meeting the definition of farmer.

"Extractor for Hire" "Extractor for hire" means a person who performs under contract necessary labor or mechanical services for an extractor.

"Gross income of the business." "Gross income of the business" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

"Gross proceeds of sales." "Gross proceeds of sales" means the value proceeding or accruing from the sale of tangible personal property, digital goods, digital codes, digital automated services or for other services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

"Manufacturing." "Manufacturing" means the activity conducted by a manufacturer and is reported under the manufacturing classification.

"Manufacturer," "to manufacture." (1) "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from the person's own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to less than twenty percent (20%) of the total value of all materials or ingredients that become a part of the finished product, the owner of the equipment or facilities will be

deemed to be a processor for hire, and not a manufacturer. (A business not located in this City that is the owner of materials or ingredients processed for it in this City by a processor for hire shall be deemed to be engaged in business as a manufacturer in this City.)

(2) "To manufacture" means all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials or ingredients so that as a result thereof a new, different or useful product is produced for sale or commercial or industrial use, and shall include:

- (a) The production of special made or custom made articles;
- (b) The production of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician;
- (c) Crushing and/or blending of rock, sand, stone, gravel, or ore; and
- (d) The producing of articles for sale, or for commercial or industrial use from raw materials or prepared materials by giving such materials, articles, and substances of trade or commerce new forms, qualities, properties or combinations including, but not limited to, such activities as making, fabricating, processing, refining, mixing, slaughtering, packing, aging, curing, mild curing, preserving, canning, and the preparing and freezing of fresh fruits and vegetables.

"To manufacture" shall not include the production of digital goods or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

"Person." "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the State of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, non-profit, or otherwise and the United States or any instrumentality thereof.

"Retailing." "Retailing" means the activity of engaging in making sales at retail and is reported under the retailing classification.

"Retail Service." "Retail service" shall include the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(1) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquet ball, handball, squash, tennis, batting cages, day trips for sightseeing purposes, and others, when provided to consumers. "Amusement and recreation services" also include the provision of related facilities such as basketball courts, tennis courts, handball courts, swimming pools, and charges made for providing the opportunity to dance. The term "amusement and recreation services" does not include instructional lessons to learn a particular activity such as tennis lessons, swimming lessons, or archery lessons.

- (2) Abstract, title insurance, and escrow services;
- (3) Credit bureau services;
- (4) Automobile parking and storage garage services;

(5) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(6) Service charges associated with tickets to professional sporting events; and

(7) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(8) The term shall also include the renting or leasing of tangible personal property to consumers and the rental of equipment with an operator.

"Sale," "casual or isolated sale." (1) "Sale" means any transfer of the ownership of, title to, or possession of, property for a valuable consideration and includes any activity classified as a "sale at retail," "retail sale," or "retail service." It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.

(2) "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved on a routine or continuous basis.

"Sale at retail," "retail sale." (1) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

(a) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or

(b) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(c) Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(d) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (a), (b), (c), (d), or (e) of this subsection following such use.

- (f) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.
- (2) "Sale at retail" or "retail sale" also means every sale of tangible personal property to persons engaged in any business activity which is taxable under .050(1)(g).
- (3) "Sale at retail" or "retail sale" shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:
- (a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;
 - (b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;
 - (c) The charge for labor and services rendered in respect to constructing, repairing, or improving any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;
 - (d) The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;
 - (e) The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;
 - (f) The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous

period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) The sale of or charge made for tangible personal property, labor and services to persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection shall be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section shall be construed to modify this subsection.

(4) "Sale at retail" or "retail sale" shall also include the providing of competitive telephone service to consumers.

(5) (a) "Sale at retail" or "retail sale" shall also include the sale of prewritten software other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user. For purposes of this subsection (5)(a) the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term "sale at retail" or "retail sale" does not include the sale of or charge made for:

(i) Custom software; or

(ii) The customization of prewritten software.

(b)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in (b)(i) of this subsection 5 includes the right to access and use prewritten software to perform data processing.

(B) For the purposes of this subsection (b)(ii) "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information.

Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(6) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state, the State of Washington, or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(7) "Sale at retail" or "retail sale" shall also include the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not mean an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.

(8) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation (government contracting).

(9) "Sale at retail" or "retail sale" shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other byproducts of weapons production and nuclear research and development. (This should be reported under the service and other classification.)

(10) "Sale at retail" or "retail sale" shall not include the sale of or charge made for labor and services rendered for environmental remedial action. (This should be reported under the service and other classification.)

(11) "Sale at retail" or "retail sale" shall also include the following sales to consumers of digital goods, digital codes, and digital automated services:

(a) Sales in which the seller has granted the purchaser the right of permanent use;

(b) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(c) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(d) Sales in which the purchaser is obligated to make continued payment as a condition of the sale. A retail sale of digital goods, digital codes, or digital automated services under this subsection 5(11) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services. For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(12) "Sale at retail" or "retail sale" shall also include the installing, repairing, altering, or improving of digital goods for consumers.

"Sale at wholesale," "wholesale sale." "Sale at wholesale" or "wholesale sale" means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, or services described in 5(b)(i), which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property and retail services, if such charge is expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715.

"Services." "Services" includes those activities that do not fall within one of the other tax classifications.

"Taxpayer." "Taxpayer" means any "person", as herein defined, required to have a business license under this chapter or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.

"Value proceeding or accruing." "Value proceeding or accruing" means the consideration, whether money, credits, rights, or other property expressed in terms of money, a person is entitled to receive or which is actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer.

"Value of products." (1) The value of products, including by-products, extracted or manufactured, shall be determined by the gross proceeds derived from the sale thereof whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the purchaser or from any other person with respect to the extraction, manufacture, or sale of such products or by-products by the seller.

(2) Where such products, including by-products, are extracted or manufactured for commercial or industrial use; and where such products, including by-products, are shipped, transported or transferred out of the City, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sale are not indicative of the true value of the subject matter of the sale; the value shall correspond as nearly as possible to the gross proceeds from sales in this state of similar products of like quality and character, and in similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. In the absence of sales of similar products as a guide to value, such value may be determined upon a cost basis. In such cases, there shall be included every item of cost attributable to the particular article or article extracted or manufactured, including direct and indirect overhead costs. The Director may prescribe rules for the purpose of ascertaining such values. (3) Notwithstanding subsection (2) above, the value of a product manufactured or produced for purposes of serving as a prototype for the development of a new or improved product shall correspond to (a) the retail selling price of such new or improved product when first offered for sale; or (2) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

"Wholesaling." "Wholesaling" means engaging in the activity of making sales at wholesale, and is reported under the wholesaling classification.

.050 Imposition of the tax - tax or fee levied. (1) Except as provided in subsection (2) of this section, there is hereby levied upon and shall be collected from every person a tax for the act or privilege of engaging in business activities within the City, whether the person's office or place of business be within or without the City. The tax shall be in amounts to be determined by application of rates against gross proceeds of sale, gross income of business, or value of products, including by-products, as the case may be, as follows:

(a) Upon every person engaging within the City in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, extracted within the city for sale or for commercial or industrial use, multiplied by the rate of two-tenths of one percent (0.2%). The measure of the tax is the value of the products, including by-products, so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

(b) Upon every person engaging within the City in business as a manufacturer, as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured within the city, multiplied by the rate of two-tenths of one percent (0.2%). The measure of the tax is the value of the products, including by-products, so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

(c) Upon every person engaging within the City in the business of making sales at wholesale, except persons taxable under subsection ___ of this section; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of two-tenths of one percent (0.2%).

(d) Upon every person engaging within the City in the business of making sales at retail, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business, without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of two-tenths of one percent (0.2%).

(e) Upon every person engaging within the City in the business of (i) printing, (ii) both printing and publishing newspapers, magazines, periodicals, books, music, and other printed items, (iii) publishing newspapers, magazines and periodicals, (iv) extracting for hire, and (v) processing for hire; as to such persons, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of two-tenths of one percent (0.2%).

(f) Upon every person engaging within the City in the business of making sales of retail services; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales multiplied by the rate of two-tenths of one percent (0.2%).

(g) Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in the above subsections; as to such persons, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of two-tenths of one percent (0.2%). This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, merger or other than by outright sale), persons engaged in the business of developing,

or producing custom software or of customizing canned software, producing royalties or commissions, and persons engaged in the business of rendering any type of service which does not constitute a sale at retail, a sale at wholesale, or a retail service.

(2) The gross receipts tax imposed in this section shall not apply to any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the City during any calendar year is equal to or less than \$20,000, or is equal to or less than \$5,000 during any quarter if on a quarterly reporting basis.

.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.

(1) Persons who engage in business activities that are within the purview of two (2) or more subsections of .050 shall be taxable under each applicable subsection.

(2) Notwithstanding anything to the contrary herein, if imposition of the City's tax would place an undue burden upon interstate commerce or violate constitutional requirements, a taxpayer shall be allowed a credit to the extent necessary to preserve the validity of the City's tax, and still apply the City tax to as much of the taxpayer's activities as may be subject to the City's taxing authority.

(3) To take the credit authorized by this section, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied.

(4) Credit for persons that sell in the City products that they extract or manufacture. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid (a) with respect to the manufacturing of the products sold in the City, and (b) with respect to the extracting of the products, or the ingredients used in the products, sold in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

(5) Credit for persons that manufacture products in the City using ingredients they extract. Persons taxable under the manufacturing classification with respect to manufacturing products in this City shall be allowed a credit against those taxes for any eligible gross receipts tax paid with respect to extracting the ingredients of the products manufactured in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the manufacturing of those products.

(6) Credit for persons that sell within the City products that they print, or publish and print. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid with respect to the printing, or the printing and publishing, of the products sold within the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

.075 Deductions to prevent multiple taxation of manufacturing activities and prior to January 1, 2008, transactions involving more than one city with an eligible gross receipts tax.

(1) Amounts subject to an eligible gross receipts tax in another city that also maintains nexus over the same activity. For taxes due prior to January 1, 2008, a taxpayer that is subject to an eligible gross receipts tax on the same activity in more than one jurisdiction may be entitled to a deduction as follows:

(a) A taxpayer that has paid an eligible gross receipts tax, with respect to a sale of goods or services, to a jurisdiction in which the goods are delivered or the services are provided may deduct an amount equal to the gross receipts used to measure that tax from the measure of the tax owed to the City.

(b) Notwithstanding the above, a person that is subject to an eligible gross receipts tax in more than one jurisdiction on the gross income derived from intangibles such as royalties, trademarks, patents, or goodwill shall assign those gross receipts to the jurisdiction where the person is domiciled (its headquarters is located).

(c) A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a contract with another city may deduct an amount equal to the contract price used to measure the tax due to the other city from the measure of the tax owed to the City.

(2) Person manufacturing products within and without. A person manufacturing products within the City using products manufactured by the same person outside the City may deduct from the measure of the manufacturing tax the value of products manufactured outside the City and included in the measure of an eligible gross receipts tax paid to the other jurisdiction with respect to manufacturing such products.

.076 Assignment of gross income derived from intangibles.

Gross income derived from the sale of intangibles such as royalties, trademarks, patents, or goodwill shall be assigned to the jurisdiction where the person is domiciled (its headquarters is located).

.077 Allocation and apportionment of income when activities take place in more than one jurisdiction.

Effective January 1, 2008, gross income, other than persons subject to the provisions of chapter 82.14A RCW, shall be allocated and apportioned as follows:

(1) Gross income derived from all activities other than those taxed as service or royalties under **PMC 3.02.050 (1)** shall be allocated to the location where the activity takes place.

(2) In the case of sales of tangible personal property, the activity takes place where delivery to the buyer occurs.

(3) In the case of sales of digital products, the activity takes place where delivery to the buyer occurs. The delivery of digital products will be deemed to occur at:

(a) The seller's place of business if the purchaser receives the digital product at the seller's place of business;

(b) If not received at the seller's place of business, the location where the purchaser or the purchaser's donee, designated as such by the purchaser, receives the digital product, including the location indicated by instructions for delivery to the purchaser or one, known to the seller;

(c) If the location where the purchaser or the purchaser's donee receives the digital product is not known, the purchaser's address maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

(d) If no address for the purchaser is maintained in the ordinary course of the seller's business, the purchaser's address obtained during the consummation of the sale, including the address of the purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and

(e) If no address for the purchaser is obtained during the consummation of the sale, the address where the digital good or digital code is first made available for transmission by the seller or the address from which the digital automated service or service described in RCW 82.04.050 (2)(g) or (6)(b) was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.

(4) If none of the methods in subsection .077(3) for determining where the delivery of digital products occurs are available after a good faith effort by the taxpayer to apply the methods provided in subsection .077(3)(a) through .077(3)(e) then the city and the taxpayer may mutually agree to employ any other method to effectuate an equitable allocation of income from the sale of digital products. The taxpayer will be responsible for petitioning the city to use an alternative method under this subsection .077(D). The city may employ an alternative method for allocating the income from the sale of digital products if the methods provided in subsections .077(3)(a) through .077(3)(e) are not available and the taxpayer and the city are unable to mutually agree on an alternative method to effectuate an equitable allocation of income from the sale of digital products.

(5) For purposes of subsections .077(3)(a) through .077(3)(e), "Receive" has the same meaning as in RCW 82.32.730.

(6) Gross income derived from activities taxed as services and other activities taxed under **PMC 3.02.050 (1) g** shall be apportioned to the city by multiplying apportionable income by a fraction, the numerator of which is the payroll factor plus the service-income factor and the denominator of which is two.

(a) The payroll factor is a fraction, the numerator of which is the total amount paid in the city during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the city if:

(i) The individual is primarily assigned within the city;

(ii) The individual is not primarily assigned to any place of business for the tax period and the employee performs fifty percent or more of his or her service to the tax period in the city; or

(iii) The individual is not primarily assigned to any place of business for the tax period, the individual does not perform fifty percent or more of his or her service in any city and the employee resides in the city.

(b) The service income factor is a fraction, the numerator of which is the total service income of the taxpayer in the city during the tax period, and the denominator of which is the total service income of the taxpayer everywhere during the tax period.

Service income is in the city if:

(i) The customer location is in the city; or

(ii) The income-producing activity is performed in more than one location and a greater proportion of the service-income –producing activity is performed in the city than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or

(iii) The service-income –producing activity is performed within the city, and the taxpayer is not taxable in the customer location.

(c) If the allocation and apportionment provisions of this subsection do not fairly represent the extent of the taxpayer's business activity in the city or cities in which the taxpayer does business, the taxpayer may petition for or the tax administrators may jointly require, in respect to all or any part of the taxpayer's business activity, that one of the following methods be used jointly by the cities to allocate or apportion gross income, if reasonable:

- (i) Separate accounting
- (ii) The use of a single factor;
- (iii) The inclusion of one or more additional factors that will fairly represent the taxpayer's business activity in the city; or
- (iv) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(7) The definitions in this subsection apply throughout this section.

(a) "**Apportionable** income" means the gross income of the business taxable under the service classifications of a city's gross receipts tax, including income received from activities outside the city if the income would be taxable under the service classification if received from activities within the city, less any exemptions or deductions available.

(b) "**Compensation**" means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual's gross income under the federal internal revenue code.

(c) "**Individual**" means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.

(d) "**Customer location**" Means the city or unincorporated area of a county where the majority of the contacts between the taxpayer and the customer take place.

(e) "**Primarily assigned**" means the business location of the taxpayer where the individual performs his or her duties.

(f) "**Service-taxable income**" or "**service income**" means gross income of the business subject to tax under either the service or royalty classification.

(g) "**Tax period**" means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than one a year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.

(h) "**Taxable in the customer location**" means either that a taxpayer is subject to a gross receipts tax in the customer location for the privilege of doing business , or that the government where the customer is located has the authority to subject the taxpayer to gross receipts tax regardless of whether, in fact, the government does so.

(8) Assignment or apportionment of revenue under this Section shall be made in accordance with and in full compliance with the provisions of the interstate commerce clause of the United States Constitution where applicable.

.078 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction.

Notwithstanding RCW 35.102.130, effective January 1, 2008, gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, shall be allocated to the principal place in this state from which the taxpayer's business is directed or managed. As used in the section, the activities of printing, and of publishing newspapers, periodicals, or magazines, have the same meanings as attributed to those terms in RCW 82.04.280(1)

.090 Exemptions.

(1) Public utilities. This chapter shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of **Pacific Municipal Code Chapter 3.04.**

(2) Investments - dividends from subsidiary corporations. (a) This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.

(3) **Insurance business.** This chapter shall not apply to amounts received by any person who is an insurer or their appointed insurance producer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020, and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor.

(4) Employees.

(a) This chapter shall not apply to any person in respect to the person's employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined in the Internal Revenue Code, as hereafter amended.

(b) A booth renter is an independent contractor for purposes of this chapter.

(5) Amounts derived from sale of real estate. This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of thirty (30) days or longer.

(6) Mortgage brokers' third-party provider services trust accounts. This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.

(7) Amounts derived from manufacturing, selling or distributing motor vehicle fuel. This chapter shall not apply to the manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW 82.36.440, provided that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

(8) Amounts derived from liquor, and the sale or distribution of liquor. This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempt in RCW 66.08.120.

(9) Casual and isolated sales. This chapter shall not apply to the gross proceeds derived from casual or isolated sales.

(10) Accommodation sales. This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail sales of the type of property so sold to other persons similarly engaged in the business of selling such property where (1) the amount paid by the buyer does not exceed the amount paid by the seller to the vendor in the acquisition of the article and (2) the sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within fourteen days to reimburse in kind a previous accommodation sale by the buyer to the seller.

(11) Taxes collected as trust funds. This chapter shall not apply to amounts collected by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax, and admission tax.

.100 Deductions. In computing the license fee or tax, there may be deducted from the measure of tax the following items:

(1) Receipts from tangible personal property delivered outside the State. In computing tax, there may be deducted from the measure of tax under retailing or wholesaling amounts derived from the sale of tangible personal property that is delivered by the seller to the buyer or the buyer's representative at a location outside the State of Washington.

(2) Cash discount taken by purchaser. In computing tax, there may be deducted from the measure of tax the cash discount amounts actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extracting or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the "value of product" provisions.

(3) Credit losses of accrual basis taxpayers. In computing tax, there may be deducted from the measure of tax the amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.

(4) Constitutional prohibitions. In computing tax, there may be deducted from the measure of the tax amounts derived from business which the City is prohibited from taxing under the Constitution of the State of Washington or the Constitution of the United States.

(5) Receipts From the Sale of Tangible Personal Property and Retail Services Delivered Outside the City but Within Washington. Effective January 1, 2008, amounts included in the gross receipts reported on the tax return derived from the sale of tangible personal property delivered to the buyer or the buyer's representative outside the City but within the State of Washington may be deducted from the measure of tax under the retailing, retail services or wholesaling classification.

(6) Professional Employer Services. In computing the tax, a professional employer organization may deduct from the calculation of gross income the gross income of the business derived from performing professional employer services that is equal to the portion of the fee charged to a client that represents the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer agreement.

(7) Interest on investments or loans secured by mortgages or deeds of trust. In computing tax, to the extent permitted by Chapter 82.14A RCW, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on non-transient residential properties.

.120 Tax part of overhead.

It is not the intention of this chapter that the taxes or fees herein levied upon persons engaging in business be construed as taxes or fees upon the purchasers or customer, but that such taxes or fees shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes or fees shall constitute a part of the cost of doing business of such persons.

.130 Severability Clause.

If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

EXHIBIT B

CHAPTER 3.03

Administrative Provisions For Business and Occupation Taxes

.010 Purpose. The provisions of this chapter provide for the administration of the business and occupation tax levied in the city.

.015 Application of chapter stated. The provisions of this chapter shall apply with respect to the taxes imposed under chapters 3.02 and under other titles, chapters, and sections in such manner and to such extent as indicated in each such title, chapter or section.

.020 Definitions. For purposes of this chapter:

The definitions contained in chapter 3.02 shall apply equally to the provisions of this chapter unless the term is defined otherwise in this chapter. In addition, the following definitions will apply.

"Reporting period." "Reporting period" means:

- (1) A one-month period beginning the first day of each calendar month (monthly); or
- (2) A three-month period beginning the first day of January, April, July or October of each year (quarterly); or
- (3) A twelve-month period beginning the first day of January of each year (annual).

"Return." "Return" means any document a person is required by the City to file to satisfy or establish a tax or fee obligation that is administered or collected by the City and that has a statutorily defined due date.

"Successor." "Successor" means any person to whom a taxpayer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys, directly or indirectly, in bulk and not in the ordinary course of the taxpayer's business, any part of the materials, supplies, merchandise, inventory, fixtures, or equipment of the taxpayer. Any person obligated to fulfill the terms of a contract shall be deemed a successor to any contractor defaulting in the performance of any contract as to which such person is a surety or guarantor.

"Tax year," "taxable year." "Tax year" or "taxable year" means the calendar year.

.021 Definitions – References to Chapter 82.32 RCW

Where provisions of Chapter 82.32 RCW are incorporated in Pacific Municipal Code Chapter 3.03, of this title, "Department" as used in the RCW shall refer to the "Director" as defined in PMC 2.12 and "warrant" as used in the RCW shall mean "citation or criminal complaint.

.025 Registration/license requirements. Requirements for obtaining a general business license are found in Chapter 5.02.

.030 Registration/license certificates. Every business shall obtain a general business license from the city as required by Chapter 5.02.

.040 When due and payable - Reporting periods - Monthly, quarterly, and annual returns - Threshold provisions or Relief from filing requirements - Computing time periods - Failure to file returns.

(1) Other than any annual license fee or registration fee assessed under this chapter, the tax imposed by this chapter shall be due and payable in quarterly installments. At the Director's discretion, businesses may be assigned to a monthly or annual reporting period depending on the tax amount owing or type of tax. Tax payments are due on or before the last day of the next month following the end of the assigned reporting period covered by the return.

(2) Taxes shall be paid as provided in this chapter and accompanied by a return on forms as prescribed by the Director. The return shall be signed by the taxpayer personally or by a responsible officer or agent of the taxpayer. The individual signing the return shall swear or affirm that the information in the return is complete and true.

(3) Tax returns must be filed and returned by the due date whether or not any tax is owed.

(4) For purposes of the tax imposed by chapter 3.02, any person whose value of products, gross proceeds of sales, or gross income of the business, subject to tax after all allowable deductions, is equal to or less than Twenty Thousand Dollars (\$20,000) in the current calendar year, shall file a return, declare no tax due on their return, and submit the return to the Director. The gross receipts and deduction amounts shall be entered on the tax return even though no tax may be due.

(5) A taxpayer that commences to engage in business activity shall file a return and pay the tax or fee for the portion of the reporting period during which the taxpayer is engaged in business activity.

(6) Except as otherwise specifically provided by any other provision of this chapter, in computing any period of days prescribed by this chapter the day of the act or event from which the designated period of time runs shall not be included. The last day of the period shall be included unless it is a Saturday, Sunday, or City or Federal legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday, or City or Federal legal holiday.

(7) If any taxpayer fails, neglects or refuses to make a return as and when required in this chapter, the Director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the Director's estimate of the tax or fees due. Such assessment shall be deemed prima facie correct and shall be the amount of tax owed to the City by the taxpayer. The Director shall notify the taxpayer by mail of the amount of tax so determined, together with any penalty, interest, and fees due; the total of such amounts shall thereupon become immediately due and payable.

.050 Payment methods - Mailing returns or remittances - Time extension - Deposits - Recording payments - Payment must accompany return - NSF checks.

(1) Taxes shall be paid to the Director in United States currency by bank draft, certified check, cashier's check, personal check, money order, cash, or by wire transfer or electronic payment if such wire transfer or electronic payment is authorized by the Director. If payment so received is not paid by the bank on which it is drawn, the taxpayer, by whom such payment is tendered, shall remain liable for payment of the tax and for all legal penalties, the same as if such payment had not been tendered.

Acceptance of any sum by the Director shall not discharge the tax or fee due unless the amount paid is the full amount due.

(2) A return or remittance that is transmitted to the City by United States mail shall be deemed filed or received on the date shown by the cancellation mark stamped by the Post Office upon the envelope containing it. The Director may allow electronic filing of returns or remittances from any taxpayer. A return or remittance which is transmitted to the City electronically shall be deemed filed or received according to procedures set forth by the Director.

(3) If a written request is received prior to the due date, the Director, for good cause, may grant, in writing, additional time within which to make and file returns.

(4) The Director shall keep full and accurate records of all funds received or refunded. The Director shall apply payments first against all penalties and interest owing, and then upon the tax, without regard to any direction of the taxpayer.

(5) For any return not accompanied by a remittance of the tax shown to be due thereon, the taxpayer shall be deemed to have failed or refused to file a return and shall be subject to the penalties and interest provided in this chapter.

(6) Any payment made that is returned for lack of sufficient funds or for any other reason will not be considered received until payment by certified check, money order, or cash of the original amount due, plus a "non-sufficient funds" (NSF) charge of twenty dollars (\$20.00) is received by the Director. Any license issued upon payment with a NSF check will be considered void, and shall be returned to the Director. No license shall be reissued until payment (including the twenty dollars (\$20.00) NSF fee) is received.

(7) The Director is authorized, but not required, to mail tax return forms to taxpayers, but failure of the taxpayer to receive any such forms shall not excuse the taxpayer from filing returns and making payment of the taxes or fees, when and as due under this chapter.

.060 Records to be preserved - Examination - Estoppel to question assessment.

Every person liable for any fee or tax imposed by this chapter shall keep and preserve, for a period of five (5) years after filing a tax return, such records as may be necessary to determine the amount of any fee or tax for which the person may be liable; which records shall include copies of all federal income tax and state tax returns and reports made by the person. All books, records, papers, invoices, vendor lists, inventories, stocks of merchandise, and other data including federal income tax and state tax returns and reports shall be open for examination at any time by the Director or its duly authorized agent. Every person's business premises shall be open for inspection or examination by the Director or a duly authorized agent.

(1) If a person does not keep the necessary books and records within the City, it shall be sufficient if such person (a) produces within the City such books and records as may be required by the Director, or (b) bears the cost of examination by the Director's agent at the place where such books and records are kept; provided that the person electing to bear such cost shall pay in advance to the Director the estimated amount thereof including round-trip fare, lodging, meals and incidental expenses, subject to adjustment upon completion of the examination.

(2) Any person who fails, or refuses a Department request, to provide or make available records, or to allow inspection or examination of the business premises, shall be forever barred from questioning in any court action, the correctness of any assessment of taxes

made by the City for any period for which such records have not been provided, made available or kept and preserved, or in respect of which inspection or examination of the business premises has been denied. The Director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the estimate of the tax or fees due. Such fee or tax assessment shall be deemed prima facie correct and shall be the amount of tax owing the City by the taxpayer. The Director shall notify the taxpayer by mail the amount of tax so determined, together with any penalty, interest, and fees due; the total of such amounts shall thereupon become immediately due and payable.

.070 Accounting methods.

(1) A taxpayer may file tax returns in each reporting period with amounts based upon cash receipts only if the taxpayer's books of account are kept on a cash receipts basis. A taxpayer that does not regularly keep books of account on a cash receipts basis must file returns with amounts based on the accrual method.

(2) The taxes imposed and the returns required hereunder shall be upon a calendar year basis.

.080 Public work contracts - Payment of fee and tax before final payment for work.

The Director may, before issuing any final payment to any person performing any public work contract for the City, require such person to pay in full all license fees or taxes due under this title from such person on account of such contract or otherwise, and may require such taxpayer to file with the Director a verified list of all subcontractors supplying labor and/or materials to the person in connection with said public work.

.090 Underpayment of tax, interest, or penalty – Interest.

(1) If, upon examination of any returns, or from other information obtained by the Director, it appears that a tax or penalty less than that properly due has been paid, the Director shall assess the additional amount found to be due and shall add thereto interest on the tax only. The Director shall notify the person by mail of the additional amount, which shall become due and shall be paid within thirty (30) days from the date of the notice, or within such time as the Director may provide in writing.

(2) (a) Interest due for periods imposed prior to the effective date of this chapter, shall be ten percent (10%) of the delinquent tax plus any previously assessed and unpaid penalties or interest. For the purpose of calculating the interest, each month that the amounts are owed are due and unpaid shall be considered a separate violation subject to penalty. A fraction of a month shall be deemed a full month. In no event shall the interest for a tax delinquent for more than 90 days be less than \$50.00.

(b) For tax periods after December 31, 2004, the Director shall compute interest in accordance with RCW 82.32.050 as it now exists or as it may be amended.

(c) If PMC 3.03.090 2(b) is held to be invalid, then the provisions of RCW 82.32.050 existing at the effective date of this ordinance shall apply.

.095 Time in which assessment may be made.

The Director shall not assess, or correct an assessment for, additional taxes, penalties, or interest due more than four years after the close of the calendar year in which they were incurred, except that the Director may issue an assessment:

- (1) Against a person who is not currently registered or licensed or has not filed a tax return as required by this chapter for taxes due within the period commencing 10 years prior to the close of the calendar year in which the person was contacted in writing by the Director;
- (2) Against a person that has committed fraud or who misrepresented a material fact; or
- (3) Against a person that has executed a written waiver of such limitations.

.100 Over payment of tax, penalty, or interest - Credit or refund - Interest rate - Statute of limitations.

- (1) If, upon receipt of an application for a refund, or during an audit or examination of the taxpayer's records and tax returns, the Director determines that the amount of tax, penalty, or interest paid is in excess of that properly due, the excess amount shall be credited to the taxpayer's account or shall be refunded to the taxpayer. Except as provided in subsection (2) of this section, no refund or credit shall be made for taxes, penalties, or interest paid more than four (4) years prior to the beginning of the calendar year in which the refund application is made or examination of records is completed.
- (2) The execution of a written waiver shall extend the time for applying for, or making a refund or credit of any taxes paid during, or attributable to, the years covered by the waiver if, prior to the expiration of the waiver period, an application for refund of such taxes is made by the taxpayer or the Director discovers that a refund or credit is due.
- (3) Refunds shall be made by means of vouchers approved by the Director and by the issuance of a City check or warrants drawn upon and payable from such funds as the City may provide.
- (4) Any final judgment for which a recovery is granted by any court of competent jurisdiction for tax, penalties, interest, or costs paid by any person shall be paid in the same manner, as provided in subsection (3) of this section, upon the filing with the Director a certified copy of the order or judgment of the court.
- (5) (a) If any person makes an overpayment for periods prior to the effective date of this ordinance and within two years of the date of such overpayment applies for a refund or credit, the persons claim shall be allowed and a refund made by the city upon the determination by the Director that no other sums are owed by the person to the city.
(b) For tax periods after December 31, 2004, the Director shall compute interest on refunds or credits of amounts paid or other recovery allowed a taxpayer in accordance with RCW 82.32.060 as it now exists or as it may be amended.
(c) If PMC 3.03.100 (5)(b) is held to be invalid, then the provisions of RCW 82.32.060 existing at the effective date of this ordinance shall apply.

.110 Late payment - Disregard of written instructions - Evasion - Penalties.

- (1) If payment of any tax due on a return to be filed by a taxpayer is not received by the Director by the due date, the Director shall add a penalty in accordance with RCW 82.32.090(1), as it now exists or as it may be amended.
- (2) If the Director determines that any tax has been substantially underpaid as defined in RCW 82.32.090.(2), there shall be added a penalty in accordance with RCW 82.32.090(2), as it now exists or as it may be amended.
- (3) If a citation or criminal complaint is issued by the Director for the collection of taxes, fees, assessments, interest or penalties, there shall be added thereto a penalty in accordance with RCW 82.32.090 (3) as it now exists or as it may be amended

(4) If the Director finds that a person has engaged in any business or performed any act upon which a tax is imposed under this title and that person has not obtained from the Licensing Officer a license as required by chapter 5.02, the Licensing Officer shall impose a penalty in accordance with RCW 82.32.090 (4) as it now exists or as it may be amended. No penalty shall be imposed under this subsection (4) if the person who has engaged in business without a license obtains a license prior to being notified by the Licensing Officer of the need to be licensed.

(5) If the Director determines that all or any part of a deficiency resulted from the taxpayer's failure to follow specific written tax reporting instructions, there shall be assessed a penalty in accordance with RCW 82.32.090(5) as it now exists or as it may be amended

(6) If the Director finds that all or any part of the deficiency resulted from an intent to evade the tax payable, the Director shall assess a penalty in accordance with RCW 82.32.090(6) as it now exists or as it may be amended.

(7) The penalties imposed under subsections (1) through (5) above of this section can each be imposed on the same tax found to be due. This subsection does not prohibit or restrict the application of other penalties authorized by law.

(8) The Director shall not impose both the evasion penalty and the penalty for disregarding specific written instructions on the same tax found to be due.

(9) For the purposes of this section, "return" means any document a person is required by the City of Pacific to file to satisfy or establish a tax or fee obligation that is administered or collected by the City, and that has a statutorily defined due date.

(10) If incorporation into the City of Pacific code of future changes to RCW 82.32.090 is deemed invalid, then the provisions of RCW 82.32.090 existing at the time this ordinance is effective shall apply.

.120 Cancellation of penalties.

(1) The Director may cancel any penalties imposed under subsections .110 (1) if the taxpayer shows that its failure to timely file or pay the tax was due to reasonable cause and not willful neglect. Willful neglect is presumed unless the taxpayer shows that it exercised ordinary business care and prudence in making arrangements to file the return and pay the tax but was, nevertheless, due to circumstances beyond the taxpayer's control, unable to file or pay by the due date. The Director has no authority to cancel any other penalties or to cancel penalties for any other reason except as provided in subsection (3).

(2) A request for cancellation of penalties must be received by the Director within 30 days after the date the Department mails the notice that the penalties are due. The request must be in writing and contain competent proof of all pertinent facts supporting a reasonable cause determination. In all cases the burden of proving the facts rests upon the taxpayer.

(3) The Director may cancel the penalties in subsections .110 (1) one time if a person:

- (a) Is not currently licensed and filing returns,
- (b) Was unaware of its responsibility to file and pay tax, and
- (c) Obtained business licenses and filed past due tax returns within 30 days after being notified by the Department.

(4) The Director shall not cancel any interest charged upon amounts due.

.130 Taxpayer quitting business - Liability of successor.

(1) Whenever any taxpayer quits business, sells out, exchanges, or otherwise disposes of his business or his stock of goods, any tax payable hereunder shall become immediately due and payable. Such taxpayer shall, within ten (10) days thereafter, make a return and pay the tax due.

(2) Any person who becomes a successor shall become liable for the full amount of any tax owing. The successor shall withhold from the purchase price a sum sufficient to pay any tax due to the city from the taxpayer until such time as: a) the taxpayer shall produce a receipt from the City showing payment in full of any tax due or a certificate that no tax is due, or b) more than six (6) months has passed since the successor notified the Director of the acquisition and the Director has not issued and notified the successor of an assessment.

(3) Payment of the tax by the successor shall, to the extent thereof, be deemed a payment upon the purchase price. If such payment is greater in amount than the purchase price, the amount of the difference shall become a debt due such successor from the taxpayer.

(4) Notwithstanding the above, if a successor gives written notice to the Director of the acquisition, and the Department does not within six (6) months of the date it received the notice issue an assessment against the taxpayer and mail a copy of that assessment to the successor, the successor shall not be liable for the tax.

.140 Administrative Appeal.

Any person, except one who has failed to comply with section .060, aggrieved by the amount of the fee or tax determined by the Director to be required under the provisions of this chapter may appeal from such determination by filing a written notice of appeal with the City Clerk, within 20 days from the date written notice of such amount was mailed to the taxpayer. The City Council shall, as soon as practical, fix a time and place for the hearing of such appeal, and shall cause a notice of the time and place thereof to be delivered or mailed to the parties. The decision of the City Council shall indicate the correct amount of the fee or tax owing.

.150 Judicial Review of Administrative Appeal Decision The taxpayer or the City may obtain judicial review of the City Council's administrative decision by applying for a Writ of Review in either King County Superior Court within 21 days from the date of the City Council's decision in accordance with the procedure set forth in Chapter 7.16 RCW, other applicable law, and court rules. The City shall have the same right of review from the administrative decision as does a taxpayer.

.160 Director to make rules.

The Director shall have the power, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this chapter or with law for the purpose of carrying out the provisions of this chapter and it shall be unlawful to violate or fail to comply with, any such rule or regulation.

.170 Ancillary allocation authority of Director.

The Director is authorized to enter into agreements with other Washington cities which impose an "eligible gross receipts tax":

- (1) To conduct an audit or joint audit of a taxpayer by using an auditor employed by the City of Pacific another city, or a contract auditor, provided, that such contract auditor's pay is not in any way based upon the amount of tax assessed;
- (2) To allocate or apportion in a manner that fairly reflects the gross receipts earned from activities conducted within the respective cities the gross proceeds of sales, gross receipts, or gross income of the business, or taxes due from any person that is required to pay an eligible gross receipts tax to more than one Washington city.
- (3) To apply the City's tax prospectively where a taxpayer has no office or place of business within the City and has paid tax on all gross income to another Washington city where the taxpayer is located; provided that the other city maintains an eligible gross receipts tax, and the income was not derived from contracts with the City.

.180 Mailing of Notices.

Any notice required by this chapter to be mailed to any taxpayer or licensee shall be sent by ordinary mail, addressed to the address of the taxpayer or licensee as shown by the records of the Director. Failure of the taxpayer or licensee to receive any such mailed notice shall not release the taxpayer or licensee from any tax, fee, interest, or any penalties thereon, nor shall such failure operate to extend any time limit set by the provisions of this chapter. It is the responsibility of the taxpayer to inform the Director in writing about a change in the taxpayer's address.

.190 Tax declared additional.

The license fee and tax herein levied shall be additional to any license fee or tax imposed or levied under any law or any other ordinance of the City of Pacific except as herein otherwise expressly provided.

.200 Public disclosure - Confidentiality - Information sharing.

EACH CITY MAY ADOPT PROVISIONS OF 82.32.330 TO ADDRESS CONFIDENTIALITY OF TAX INFORMATION UNDER PUBLIC DISCLOSURE (RCW 35.102.145):

(1) For purposes of this section, defined terms shall be as set forth in City Code:

(a) "Disclose" means to make known to any person in any manner whatever a return or tax information.

(b) "Tax information" means:

(i) A taxpayer's identity;

(ii) The nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemption, credits, assets, liability, net worth, tax liability deficiencies, over assessments, or tax payments, whether taken from the taxpayer's books and records or any other source;

(iii) Whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing; or

(iv) Other data received by, recorded by, prepared by, or provided to the City with respect to the determination or the existence, or possible existence, or liability, or the amount thereof, of a person under PMC 3.02 for a tax, penalty, interest, fine, forfeiture, or other imposition, or offense. However, data, material, or documents that do not disclose information related to a specific or identifiable taxpayer do not constitute tax information under this section. Nothing in this chapter requires any person possessing

data, material, or documents made confidential and privileged by this section to delete information from such data, material or documents so as to permit its disclosure.

(c) "City agency" means every City office, department, division, bureau, board, commission, or other City agency.

(d) "Taxpayer identity" means the taxpayer's name, address telephone number, registration number, or any combination thereof, or any other information disclosing the identity of the taxpayer.

(2) Returns and tax information are confidential and privileged, and except as authorized by this section, neither the Director nor any other person may disclose any return or tax information.

(3) This section does not prohibit the Director from:

(a) Disclosing such return or tax information in a civil or criminal judicial proceeding or an administrative proceeding;

(i) In respect of any tax imposed under PMC 3.02 if the taxpayer or its officer or other person liable under this title is a party in a proceeding; or

(ii) In which the taxpayer about whom such return or tax information is sought and another state agency are adverse parties in the proceeding.

(b) Disclosing, subject to such requirements and conditions as the Director prescribes by rules adopted pursuant to PMC 3.03.160, such return or tax information regarding a taxpayer to such taxpayer or to such person or persons as that taxpayer may designate in a request for, or consent to, such disclosure, or to any other person, at the taxpayer's request, to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. However, tax information not received from the taxpayer must not be so disclosed if the Director determines that such disclosure would compromise any investigation or litigation by any federal, state or local government agency in connection with the civil or criminal liability of the taxpayer or another person, or that such disclosure would identify a confidential informant, or that such disclosure is contrary to any agreement entered into by the department that provides for the reciprocal exchange of information with other government agencies which agreement requires confidentiality with respect to such information unless such information is required to be disclosed to the taxpayer by the order of any court;

(c) Publishing statistics so classified as to prevent the identification of particular returns or reports or items thereof;

(d) Disclosing such return or tax information, for official purposes only, to the Mayor or City Attorney, or to any City agency, or to any member of the City Council or their authorized designees dealing with matters of taxation, revenue, trade, commerce, and the control of industry or the professions;

(e) Permitting the City's records to be audited and examined by the proper state officer, his or her agents and employees;

(f) Disclosing any such return or tax information to a peace officer as defined in RCW 9A.04.110 or county prosecuting attorney, for official purposes. The disclosure may be made only in response to a search warrant, subpoena, or other court order, unless the disclosure is for the purpose of criminal tax enforcement. A peace officer or county prosecuting attorney who receives the return or tax information may disclose that return or tax information only for use in the investigation in a related court proceeding for which the return or tax information originally was sought or where otherwise allowed to be disclosed under this Section;

- (g) Disclosing any such return or tax information to the proper officer of the internal revenue service of the United States, the Canadian government or provincial governments of Canada, or to the proper officer of the tax department of any state or city or town or county, for official purposes, but only if the statutes of the United States, Canada or its provincial governments, or of such other state or city or town or county, as the case may be, grants substantially similar privileges to the proper officers of the City;
- (h) Disclosing any such return or tax information to the United States department of justice, including the bureau of alcohol, tobacco, firearms and explosives, and the department of defense, the immigration and customs enforcement and the customs and border protection agencies of the United States department of homeland security, the United States coast guard, the alcohol and tobacco tax and trade bureau of the United States department of treasurer and the United States department of transportation, or any authorized representative of these federal agencies or their successors, for official purposes;
- (i) Publishing or otherwise disclosing the text of a written determination designated by the Director as a precedent pursuant to RCW 82.32.410;
- (j) Disclosing, in a manner that is not associated with other tax information, the taxpayer name, entity type, business address, mailing address, revenue tax registration numbers and the active/closed status of such registrations, state or local business license registration identification and the active/closed status and effective e dates of such licenses, reseller permit numbers and the expiration date and status of such permits, North American Industry classification system or standard industrial classification code of a taxpayer, and the dates of opening and closing of business. Except that this subsection may not be construed as giving authority to the City or any recipient to give, sell, or provide access to any list of taxpayers for any commercial purposes;
- (k) Disclosing such return or tax information that is also maintained by another Washington state or local governmental agency as a public record available for inspection and copying under the provisions of chapter 42.56 RCW or is a document maintained by a court of record and is not otherwise prohibited from disclosure;
- (l) Disclosing such return or tax information to the United States department of agriculture, or successor department or agency, for the limited purpose of investigating food stamp fraud by retailers;
- (m) Disclosing to a financial institution, escrow company, or title company, in connection with specific real property that is the subject of a real estate transaction, current amounts due the City for a filed tax warrant, judgment, or lien against the real property;
- (n) Disclosing to a person against whom the department has asserted liability as a successor under PMC 3.02.130 return or tax information pertaining to the specific business of the tax payer to which the person has succeeded;
- (o) Disclosing real estate excise tax affidavit forms filed under the City's real estate excise tax code in the possession of the City , including real estate excise tax affidavit forms for transactions exempt or otherwise not subject to tax;
- (p) Disclosing such return or tax information to the court or hearing examiner in respect to the City's application for a subpoena if there is probable cause to believe that the records in possession of a third party will aid the Director in connection with its official duties under this title or a civil or criminal investigation.
- (4) (a) The Director may disclose return or taxpayer information to a person under investigation or during any court or administrative proceeding against a person under investigation as provided in this subsection (4). The disclosure must be in connection

with the department's official duties under this Title, or a civil or criminal investigation. The disclosure may occur only when the person under investigation and the person in possession of data, materials, or documents are parties to the return or tax information to be disclosed. The department may disclose return or tax information such as invoices, contacts, bills, statements, resale or exemption certificates or checks. However, the department may not disclose general ledgers, sales or cash receipt journals, check registers, accounts receivable/payable ledgers, general journals, financial statements, experts, work papers, income tax returns, state tax returns, tax return work papers, or other similar data, materials or documents.

(b) Before disclosure of any tax return or tax information under this subsection (4), the Director must, through written correspondence, inform the person in possession of the data, materials, or documents to be disclosed. The correspondence must clearly identify the data, materials, or documents to be disclosed. The Director may not disclose any tax return or tax information under this subsection (4) until the time period allowed in (c) of this subsection has expired or until the court has ruled on any challenge brought under (c) of this subsection.

(c) The person in possession of the data, materials, or documents to be disclosed by the department has twenty days from the receipt of the written request required under (b) of this subsection to petition the superior court of the county in which the petitioner resides for injunctive relief. The court must limit or deny the request of the Director if the court determines that:

(i) The data, materials or documents sought for disclosure are cumulative or duplicative, or are obtainable from some other source that is more convenient, less burdensome or less expensive.

(ii) The production of the data, materials, or documents sought would be unduly burdensome or expensive, taking into account the needs of the department, the amount in controversy, limitations on the petitioner's resources, and the importance of the issues at stake; or

(iii) The data, materials, or documents sought for disclosure contain trade secret information that, if disclosed, could harm the petitioner.

(d) The Director must reimburse reasonable expenses for the production of data, materials, or documents incurred by the person in possession of the data, materials, or documents to be disclosed.

(e) Requesting information under (b) of this subsection that may indicate that a taxpayer is under investigation does not constitute a disclosure of tax return or tax information under this section.

(5) Service of a subpoena issued by the court of under PMC 2.06.050.B does not constitute a disclosure of return or tax information under this section. Notwithstanding anything else to the contrary in this section, a person served with a subpoena issued by the Court or under PMC 2.06.050.B may disclose the existence or content of the subpoena to that person's legal counsel.

(6) Any person acquiring knowledge of any return or tax information in the course of his or her employment with the City and any person acquiring knowledge of any return or tax information as provided under subsections (3)(d), (e), (f), (g), (h), (i), or (k) of this section, who discloses any such return or tax information to another person not entitled to knowledge of such return or tax information under the provisions of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee

of the city, such person must forfeit such office or employment and is incapable of holding any public office or employment in this city for a period of two years thereafter,

.210 Tax constitutes debt.

Any license fee or tax due and unpaid under this chapter, and all interest and penalties thereon, shall constitute a debt to the City of Pacific and may be collected in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

.220 Unlawful actions - Violation - Penalties.

(1) It shall be unlawful for any person liable for fees under this chapter (or other chapters as listed):

(a) To violate or fail to comply with any of the provisions of this chapter or any lawful rule or regulation adopted by the Director;

(b) To make any false statement on any license application or tax return;

(c) To aid or abet any person in any attempt to evade payment of a license fee or tax;

(d) To fail to appear or testify in response to a subpoena issued pursuant to section .150.

(e) To testify falsely in any investigation, audit, or proceeding conducted pursuant to this Chapter.

(2) Violation of any of the provisions of this chapter is a gross misdemeanor. Any person convicted of a violation of this chapter may be punished by a fine not to exceed \$1,000, imprisonment not to exceed one year, or both fine and imprisonment. Penalties or punishments provided in this chapter shall be in addition to all other penalties provided by law.

(3) Any person, or officer of a corporation, convicted of continuing to engage in business after the revocation of a license shall be guilty of a gross misdemeanor and may be punished by a fine not to exceed \$5,000, or imprisonment not to exceed one year, or both fine and imprisonment.

.230 Suspension or Revocation of business registration The Licensing Officer, or designee, shall have the power and authority to suspend or revoke any license issued under the provisions of chapter 5.02.

.240 Closing agreement provisions.

The Director may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax imposed by any of the chapters within this title and administered by this chapter for any taxable period(s). Upon approval of such agreement, evidenced by execution thereof by the Director and the person so agreeing, the agreement shall be final and conclusive as to the tax liability or tax immunity covered thereby, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact:

(1) The case shall not be reopened as to the matters agreed upon, or the agreement modified, by the Director or the taxpayer, and

(2) In any suit, action or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded.

.250 Charge-off of uncollectible taxes.

The Director may charge off any tax, penalty, or interest that is owed by a taxpayer, if the Director reasonably ascertains that the cost of collecting such amounts would be greater than the total amount that is owed or likely to be collected from the taxpayer.

.260 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

CITY OF PACIFIC

Agenda Staff Report

Agenda Item No. 8.a

Meeting Date: 3/25/2013

Subject: Yates Property Utility Bill
Resolution No. 2013-030

Betty J Garrison, CPFA,
Finance Director for
Ken Barnett, Acting Public
Works Director

Summary: The customer attended the Council meeting on 3/11/13 and requested a waiver of penalties and late fees. This was brought to Council at the Work Shop on 3/18/13 and discussed. Staff recommended waiving the penalties excluding any lien fees on the conditions that the bill is paid in full within a specified time period 30 – 45 days recommended, the waiver of fees would not occur until the payment was made and if not paid within the time frame the account becomes due in full without recourse to the property owner.

Council requested a timeline on the recent purchase of this property.

Yates property is currently owned by: C & H Investors. The property changed hands in June 2012, we started the lien process in December 2012, and the lien was filed in January 2013. No payments have been made on this account since the change in ownership.

Recommendation:

Motion for consideration: move to adopt Resolution No. 2013-030 authorizing the waiver of utility bill penalties for the property located at 429 Milwaukee Blvd S.

Budget: This will write-off \$254.04 in penalties.

Attachments:

Resolution No. 2013-030

**CITY OF PACIFIC
WASHINGTON
RESOLUTION NO. 13-030**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC,
WASHINGTON, AUTHORIZING A WAIVER OF UTILITY BILL
PENALTIES FOR PROPERTY OWNED BY C & H RE INVESTORS,
SERVICE ADDRESS 429 MILWAUKEE BLVD S.**

WHEREAS, C & H RE Investors, LLC has requested a waiver of penalties; and

WHEREAS, Staff has reviewed the bill recommends the City Council waive the penalties and interest;
and

WHEREAS, C & H RE Investors, LLC has agreed to pay the outstanding utility charges;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF PACIFIC, WASHINGTON:**

Section 1. The Pacific City Council hereby authorizes the Finance Director to make the proper adjustments to the utility bill for the property at 429 Milwaukee Blvd S, and to process a waiver of penalties, provided the bill is paid within 30 days. If the bill is not paid in full within 30 days it becomes due and payable immediately including all penalties.

Section 2. This Resolution shall take effect and be in full force upon passage and signatures hereon.

**PASSED BY THE CITY COUNCIL AT ITS REGULAR MEETING
THEREOF ON THE 25TH DAY OF MARCH 2013.**

CITY OF PACIFIC

Cy Sun, Mayor

ATTEST:

Sandy Paul MMC, Interim City Clerk

Approved as to Form

City Attorney

CITY OF PACIFIC

Agenda Staff Report

Agenda Item No. 8.b

Meeting Date: 3/25/2013

Betty J Garrison, CPFA,
Finance Director for
Ken Barnett, Acting Public
Works Director

Subject: Lloyd penalties Property Utility
Bill Resolution No. 2013-031

Prepared by: Works Director

Summary: The customer attended the Council meeting on 3/11/13 and requested a waiver of penalties and late fees. This was brought to Council at the Work Shop on 3/18/13 and discussed. There was an issue with the rates being charged and a storm water pond that was not inspected and approved in a timely manner. Staff recommended correcting the billing to the proper rates and waiving the penalties excluding any lien fees on the conditions that the bill is paid in full within a specified time period 30 – 45 days recommended, the waiver of fees would not occur until the payment was made and if not paid within the time frame the account becomes due in full without recourse to the property owner.

Recommendation:

Motion for consideration: move to adopt Resolution No. 2013-031 correcting the utility billing and authorizing the waiver of utility bill penalties for the property owned by Lloyd Enterprises Inc.

Budget: This will decrease the amount to be paid by \$11,016.77 while facilitating the speedy collection of the balance of the account in an amount equal to \$13,818.40.

Attachments:

Resolution No. 2013-031

**CITY OF PACIFIC
WASHINGTON
RESOLUTION NO. 13-031**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC,
WASHINGTON, CORRECTION OF UTILITY BILLING AND WAIVER
OF UTILITY BILL PENALTIES FOR PROPERTY OWNED BY LLOYD
ENTERPRISES, INC.**

WHEREAS, the City did a storm audit and found the Lloyd Enterprises INC. property was not being billed the correct amount; and

WHEREAS, Lloyd Enterprises INC. has requested a waiver of penalties; and

WHEREAS, Staff has reviewed the bill and site and recommends the City Council waive the penalties and interest; and

WHEREAS, Lloyd Enterprises has agreed to pay the correct outstanding utility charges;

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF PACIFIC, WASHINGTON:**

Section 1. The Pacific City Council hereby authorizes the Finance Director to make the proper adjustments to the Lloyd Enterprises INC. property utility bill, and to process a waiver of penalties, provided the bill is paid within 30 days. If the bill is not paid in full within 30 days it becomes due and payable immediately including all penalties.

Section 2. This Resolution shall take effect and be in full force upon passage and signatures hereon.

**PASSED BY THE CITY COUNCIL AT ITS REGULAR MEETING
THEREOF ON THE 25TH DAY OF MARCH 2013.**

CITY OF PACIFIC

Cy Sun, Mayor

ATTEST:

Sandy Paul MMC, Interim City Clerk

Approved as to Form

City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
EFFECTIVE DATE:
RESOLUTION NO. 12-031

CITY OF PACIFIC

Agenda Staff Report

Agenda Item No. 8.c

Meeting Date: March 25, 2013

Subject: Confirmation of appointment of
Interim City Clerk

Betty J. Garrison, CPFA,
MMC, Finance Director for
Prepared by: Cy Sun, Mayor

Summary: This is to advise Council of my appointment of Sandy Paul to serve temporarily as the City Clerk for the City of Pacific while we go through the hiring process. The advertisement has already gone out and the closing date advertised is March 31, 2013. Ms. Paul comes to the City highly qualified, having served the City in this capacity in the past and having served the City of Des Moines for the past three years. She has attained the designation of Master Municipal Clerk from the International Institute of Municipal Clerks. This designation requires a high degree of commitment to the profession, long hours of study and years of experience. Ms. Paul is currently retired. It is anticipated that this temporary appointment will be of short duration as the closing date for applications is the end of March. However, I would appreciate a least a three month term to provide plenty of time to process and research the applicants or potentially advertise a second time, if necessary. This is a key position and it is vitally important that the person selected is not only highly qualified but also a good fit for the City and the current administrative team.

The agreed salary is \$5,441.40 per month without Medical, Dental, Vision, Retirement or accrued Vacation or Sick Leave.

Recommendation: Confirm appointment of qualified City Clerk on a temporary basis.

Motion for consideration: Move to confirm the temporary appointment of Sandy Paul as Interim City Clerk for a period not to exceed 3 months.

Budget: There will be a savings due to the lack of benefits being paid out. This can only continue for a short period of time due to Ms. Paul's retired status.

Attachments:

CITY OF PACIFIC

Agenda Staff Report

Agenda Item No. 8.d

Meeting Date: March 25, 2013

Betty J. Garrison, CPFA,
MMC, Finance Director for

Subject: Intravaia Investigations LLC

Prepared by: Council

Summary: Intravaia Investigations LLC presented at the Council workshop on Monday, March 18th. At the Special Meeting following the workshop Council discussed the contract and made specific requests for changes in the Contract. Attached contract is provided as requested.

Information: Council discussed “repealing” the motion from the August 13, 2012, meeting directing an investigation by King County. I believe, if you intend to repeal an action taken, it must be done at the next meeting, (I was unable to locate a Robert’s Rules of Order book at City Hall to verify this, will have to check my book at home). It might serve the same purpose to identify/acknowledge that the investigation that was requested in August didn’t occur or didn’t produce the results anticipated or something of that nature and to move forward with different action. Billings from the Law Firm show the following around the time of the request from Council, for him to contact the Sheriff’s office and add this to the ongoing investigation: ECT spent .2 hours talking to the whistleblower about the status on 8/14/12 and Ken Luce spent 5.3 hours responding to King County Sheriff’s Office on 8/15/12. The billing does not provide detailed information that would identify whether this reflects activity that is specific to the issue at hand or if it was some other matter. This information is provided to answer Council questions to the best of the ability of City Staff.

Recommendation:

Motion for consideration: Move to authorize the contract with Intravaia Investigations LLC for investigation of the Whistleblower Complaint.

Budget:

Attachments:

Revised Contract from Intravaia Investigations LLC

**INTRAVAIA
INVESTIGATIONS L.L.C.**
1216 NE 148th Street
Shoreline, WA 98155
(425) 890-8914

r Wittmier@nwseattledetective.com
nwseattledetective.com

PROJECT: City of Pacific Employee Investigations, City Hall - 100 3rd Ave SE, Pacific, WA 98047

PREPARED FOR:
City of Pacific
March 25th, 2013

PREPARED BY:
Ray Wittmier

Introduction

On 03/18/13 Intravaia Investigations LLC attended a City of Pacific council meeting and provided a presentation on our company. Council indicated changes needed to be made to previously submitted proposal, specifically the scope of work performed by our company. Our attorney and I took detailed notes of what changes to this proposal the council had requested and those very changes were made to this edited version completed on 03/19/13. Council stated on 03/25/13 the council will review this edited version.

Scope of Work

Our involvement in this case is projected to include the following:

1. Investigate Whistleblower Complaint filed by employee.
2. Examine and verify the provided information to be valid and reliable.
3. Identify and collect relevant and sufficient evidence in order to reach an appropriate determination of the case.
4. Interview all involved employees and citizens.
5. Determine if any violations of RCW, WAC, Federal Labor Law, or policy and procedures has taken place.
6. Make a recommendation, based upon clear and convincing evidence, as to whether the allegations are substantiated or insufficient to support any or all of the allegations. There may also be a recommendation of exoneration. This is where the subject of the investigation did, in fact, act in the manner as described in the complaint, but was found to be conducting themselves according to all policies and procedures; and no violation of the RCW, WAC, Federal Labor Laws, or any pertinent labor contracts could be discerned.
7. A final report will be submitted as requested containing the investigation, findings. The report will be handled as a 'personnel' matter; and thus handled accordingly, with reference to confidentiality and submitted to the City Council as requested by City Council members.

Schedule of Fees

The fees for Intravaia Investigations, LLC services for this investigation are estimated on a simple time basis given the flexible and nature of this investigation. Intravaia Investigations will work to conduct this investigation in the most efficient and cost effective manner.

Hourly rate: \$70.00 per hour

Travel: 0.50 per mile to and from City of Shoreline, County of King, State of Washington. Weekend, Holiday, or after hours (8:00pm to 7:00am): \$90.00 per hour

Billing will include all time incurred conducting the investigation(s), any report writing concerning the named case. The following expenses will be billed for reimbursement as well: long distance telephone calls, meals, lodging, copying, fax, mail, etc. Receipts will be furnished along with the billing statement.

Intravaia Investigations LLC will furnish the City of Pacific with monthly statements for all professional services provided per the contract. All billing will be satisfied within 30 days of receipt. A finance charge of 5% will accrue for past due bills over 30 days and for each additional 30 day period beyond the initial delinquency.

Intravaia Investigations LLC will commence work, in this matter, upon receipt of this signed proposal. Monthly invoices will be forwarded to the City of Pacific Finance Director for payment. At the conclusion of the investigation, a final invoice for outstanding billed services will be submitted for payment. If during the course of the investigation, the billed services amount equals \$5000, the City of Pacific City Council, and/or Finance Director will be notified by telephone immediately.

If any litigation arises from this agreement resulting from the non-payment of fees, the prevailing party shall collect attorney fees and costs resulting from the litigation. If any litigation arises from this case at no fault of the investigator, the client shall pay all fees (including the regular hourly rate of the investigator) and costs for any time involved in the litigation process.

This agreement shall also be binding upon client's heirs, executors, and personal representatives. Client hereby certifies that client has read and fully understands the foregoing agreement.

Intravaia Investigations LLC agrees to utilize the utmost due diligence in the handling of this case including providing detailed reports and itemized bills for all work performed.

Summary

In regards to this investigation, Intravaia Investigations LLC does not represent either the complainant or respondent. Upon completion of the investigation, the final report will be given to the City of Pacific City Council. Intravaia Investigations LLC is currently engaged to provide objective, extensive and comprehensive investigative services and risk management services, for public entities, private corporations, and individuals with a high net worth throughout Western Washington. More information can be found at our website ~ nwseattledetective.com

RIGHT OF WITHDRAWAL

You, the Client, may withdraw from this engagement at any time, without cause, should you desire to do so. We do request that you notify Intravaia Investigations LLC in writing of your decision to withdraw should you wish to do so. Intravaia Investigations LLC also reserves the right to withdraw from this engagement at any time, should we feel that the mutual objectives of this engagement cannot be reached. Should either party withdraw from this engagement, no fees will be refunded and/or outstanding billable services will be due.

ACKNOWLEDGMENT AND ACCEPTANCE

Intravaia Investigations LLC would like to thank you again for this opportunity and look forward to a solid, working relationship. Upon review and acceptance of this Proposal, and retainer, it will be deemed our Letter of Engagement with no further document forthcoming to commence the project. Please indicate your approval of the terms of this Proposal/Engagement by signing where indicated below and returning via email or fax. Once fully executed, a hard copy will be mailed via regular postal service to the address provided. Should you have additional questions, please do not hesitate to call me.

Respectfully,
Ray Wittmier
Intravaia Investigations LLC
1216 NE 148th Street
Shoreline, WA 98155
(425) 890-8914

rwittmier@nwseattledetective.com
nwseattledetective.com

Acceptance and Engagement

Printed Name: _____

Signature: _____

On Behalf Of: _____

Date: _____

CITY OF PACIFIC

Agenda Staff Report

Agenda Item No.	<u>Consent Agenda 9A</u>	Meeting Date:	<u>March 25, 2013</u>
	<u>Claim Voucher & Payroll</u>		<u>Betty J Garrison, CPFA</u>
Subject:	<u>Approval</u>	Prepared by:	<u>Finance Director</u>

Summary:

Approval of Payroll for the period of March 1, 2013 through March 15, 2013; Claims Vouchers for March 12, 2013 through March 25, 2013.

Payroll Auto Deposit	\$	55,684.60
Payroll Checks # 4649 - 4651		1,715.10
Electronic Claims # 438 – 442		33,058.36
Claim Checks #41555 – 41556		1,127.36
EFT Payments Voided		- 600.00
#'s 399, 406, 410, 413, 418, 426. 420. 436, 437		
Claims Checks # 41557 – 41607		82,769.85
		<hr/>
Total Expenditures	\$	173,755.27

Recommendation: Approval of payment for Payroll and Claims

Motion: move to approve the Consent Agenda including approval of Payroll and Claims Vouchers.

Attachments:

Check Registers and Payroll Expense itemization.

Payroll

Computer Check Register

User: padams

Printed: 03/18/2013 - 9:59AM

Batch: 00502-03-2013 Computer



Check No	Check Date	Employee Information		Amount
4652	03/20/2013	HULSG	Gary Hulsey	92.08
4653	03/20/2013	STEIC	Clinton Steiger	92.08
4654	03/20/2013	FLARW	Wanda Flarity	1,530.94
Total Number of Employees: 3		Total for Payroll Check Run:		1,715.10

Voucher Approval

We, the undersigned Council members of the City of Pacific, do hereby certify that the Vouchers specified were reviewed and were approved for payment at the Regular Council Meeting on: 3/25/13

Council member: _____

Council member: _____

Council member: _____

Reviewed for Accuracy

Finance Director: _____

Date: _____

Auto Deposit Payroll in the Amount of:

\$ 55684.60

Total Expenditures:

\$ 57399.70

Payroll

ACH Check Register

User: 'padams'
Printed: 03/18/2013 - 10:06AM
Batch: 502-3-2013
Include Partial: FALSE



Check Date	Check Number	Employee No	Employee Name	Amount
03/20/2013	0	ADAMP	Pamela Walasek	1,450.82
03/20/2013	0	BARNC	Charles Barnes	151.46
03/20/2013	0	BARNK	Kenneth Barnett	1,852.46
03/20/2013	0	BOS M	Michel Bos	3,572.02
03/20/2013	0	BROOB	Bill Brookhart	1,756.33
03/20/2013	0	CALKJ	John Calkins	4,035.07
03/20/2013	0	CROMB	Becky Cromwell	1,384.47
03/20/2013	0	CYSUN	Cy Sun	685.07
03/20/2013	0	FINWS	Sheryl Finwall	1,405.08
03/20/2013	0	FUTJA	Jack Futch	1,561.10
03/20/2013	0	FUTJO	Joanne Futch	1,608.44
03/20/2013	0	GALER	Roger Gale	2,632.94
03/20/2013	0	GARRB	Betty Garrison	2,487.30
03/20/2013	0	GNEHM	Travis Gnehm	1,283.35
03/20/2013	0	GUIERL	Leanne Guier	91.25
03/20/2013	0	Hong	Joshua Hong	3,251.71
03/20/2013	0	JONEJ	John Jones	91.25
03/20/2013	0	KIM	Michael Kim	1,780.40
03/20/2013	0	KORAS	Steven Koransky	150.37
03/20/2013	0	LARSG	Gary Larson	1,579.48
03/20/2013	0	MASSE	Edwin Massey Jr	3,776.63
03/20/2013	0	MCCUT	Thomas McCulley Jr	1,527.72
03/20/2013	0	MCMAJ	James McMahan	92.08
03/20/2013	0	NEWTD	David Newton	2,058.73
03/20/2013	0	PUTNJ	Joshua Putnam	92.08
03/20/2013	0	QUACJ	Jon Quackenbush	163.26
03/20/2013	0	RODRM	Michael Rodriguez	2,109.18
03/20/2013	0	RYDBK	Kelly Rydberg	1,558.95
03/20/2013	0	SCHUJ	James Schunke	1,917.40
03/20/2013	0	SHERR	Raymond Sherman	76.42
03/20/2013	0	SHOOS	Stephanie Shook	1,967.12
03/20/2013	0	SOLVA	Angelica Solvang	1,433.85
03/20/2013	0	THACD	Darcie Thach	1,192.00
03/20/2013	0	WALKT	Trenity Walker	92.08
03/20/2013	0	WESJS	Joe West	2,713.00
03/20/2013	0	WIECP	Paula Wiech	888.07
03/20/2013	0	WILDC	Corrine Wildoner	1,215.66

Total Employees:

37

Total:

55,684.60

03/18/13

Payroll

Deduction Register - Totals Only



User: padams
Printed: 3/21/2013 - 11:27 AM
Check Date Range: 03/20/2013 to 03/20/2013
Period End Range: All
Batch Info: All
Deductions: Den-R, FICAR, FICARR, H UnR, Hlth-R, L&I-R, LOEFFR, LTD-R, MEDIR, PERS1R, PERS3R, PERSR, PERSXR, SUI, VisionTotals Only

	Amount
Den-R: Dental Ins-Employer	133.41
FICAR: FICA Employer Portion	5,141.50
H UnR: Health Ins-Union Employer	14,855.29
Hlth-R: Health Ins-Employer Non-Union	1,300.14
L&I-R: Workers Comp-Employer	1,031.06
LOEFFR: LOEFF-Employer	1,548.66
LTD-R: LTD-employer	268.32
MEDIR: Medicare Employer Portion	1,202.47
PERS1R: Pers 1-Employer	240.76
PERSR: PERS 2 Employer	3,058.53
SUI: State Unemployment Tax	153.21
Vision: Vision Ins-Non-Union	25.23
	<hr/> <hr/>
Report Total:	28,958.58
	<hr/> <hr/>

Payroll

Pay Type Register



User: padams
Printed: 03/21/2013 - 11:25AM
Check Date Range: 03/20/2013 to 03/20/2013
Period Date Range: All
Batch Info: All
Pay Types: AD, B, C, CA, CD, CO, CP, DS, E2, E4, EO, ET, F, FH, FL, FT, H, HO, HP, L, MP, OC, OD, OO, OT, P, PC, PO, R, RF, RM, RP, S, SB, SP, TC, U, V, VP, ZA, ZB, ZC, ZD, ZM, ZP, ZS

Pay Type	Description	Hours	Amount
AD	Admin Leave	86.67	2,095.68
C	Comp time taken	1.00	24.18
CA	Cleaning allowance	0.00	210.00
DS	Donated Sick Leave	73.33	1,773.12
E2	Education Premium 2%	0.00	57.03
E4	Education Premium 4%	0.00	368.44
L	Longevity	0.00	1,492.50
OC	Work Out of Class	0.00	409.96
OO	Out of Class OT	0.00	97.66
OT	Overtime	64.75	2,202.89
PC	Police Comp taken	24.00	789.84
PO	Police Overtime	103.50	6,118.40
R	Regular	2,149.00	61,845.16
RM	Reimbursment	0.00	-16.76
RP	Retro Pay	0.00	637.76
S	Sick leave	40.00	940.15
TC	Police Wages - Traffic Contro	0.00	300.00
V	Vacation	109.00	2,785.42
ZC	Contract Benefits-Retirement	0.00	236.42
ZM	Contract Benefits-Medical	0.00	559.35
		<hr/>	<hr/>
		Report Total	2,651.25
		<hr/>	<hr/>
			82,927.20
		<hr/>	<hr/>

Accounts Payable

Checks by Date - Summary By Check Number

User: padams
Printed: 3/22/2013 - 1:35 PM



Check Number	Vendor No	Vendor Name	Check Date	Check Amount
438	WA Lice2	Wa St Dept of Licensing	03/18/2013	234.00
439	Fin Lin	Finish Line Cleaning	03/20/2013	0.00
440	FED TX	Internal Revenue Service	03/20/2013	22,603.98
441	WA Retir	WA St Dept Retirement System	03/21/2013	1,077.50
442	WA Rev	WA St Dept of Revenue	03/24/2013	9,142.88
41555	ICMA	Icma Retirement Trust 457	03/21/2013	650.00
41556	WA ST SU	Washington St Support Registry	03/21/2013	477.36
41557	AHBL	AHBL Inc	03/25/2013	525.20
41558	GALLAGH	Arthur J. Gallagher Risk Mgmt Sv	03/25/2013	2,486.00
41559	City Aub	City of Auburn	03/25/2013	124.04
41560	Aub Chev	Auburn Chevrolet Inc	03/25/2013	1,496.25
41561	Aub Elec	Auburn Electrical Service	03/25/2013	257.95
41562	CDW Gov	CDW Government Inc	03/25/2013	192.18
41563	CHOU 001	Kwang S. Chough	03/25/2013	123.17
41564	Chu Off	Chuckals Office Products Inc	03/25/2013	331.61
41565	Enum Cit	City of Enumclaw	03/25/2013	60.00
41566	Evergree	Evergreen Concrete Cutting, Inc.	03/25/2013	284.70
41567	FERGUS	Ferguson Enterprises, Inc.	03/25/2013	3,702.20
41568	FINWALL	Sheryl Finwall	03/25/2013	20.00
41569	Forms	Formsource Inc	03/25/2013	286.97
41570	Gos Mot	Gosney Motor Parts Inc	03/25/2013	87.91
41571	HD Fow	H D Fowler Co Inc	03/25/2013	383.11
41572	Issaq Ja	Issaquah Police	03/25/2013	180.00
41573	KC I-NET	KC Finance I-Net	03/25/2013	439.00
41574	KC LIEN	King County Finance	03/25/2013	72.00
41575	KC Trea	King County Treasury	03/25/2013	323.14
41576	Lea	LeadsOnline, LLC	03/25/2013	1,668.00
41577	LexNex	LexisNexis	03/25/2013	283.61
41578	LUCE	Luce Lineberry & Kenney PS	03/25/2013	15,910.37
41579	Ed Mass	Edwin Massey	03/25/2013	74.46
41580	McL Har	McLendon Hardware	03/25/2013	391.54
41581	OWE	Owen Equipment	03/25/2013	7,202.52
41582	Pac Offi	Pacific Office Automation	03/25/2013	165.25
41583	Petro	Petrocard Systems Inc	03/25/2013	2,296.60
41584	PC BUD	Pierce County Budget & Finance	03/25/2013	83.28
41585	PRO COM	Providence Community Correction	03/25/2013	338.00
41586	Pub Saf	Public Safety Center Inc	03/25/2013	150.27
41587	City Pu	City of Puyallup	03/25/2013	1,300.00
41588	Quil	Quill Corporation	03/25/2013	126.51
41589	Riv Con	Riverton Contractors Inc	03/25/2013	3,217.11
41590	SCORE	SCORE	03/25/2013	16,650.00
41591	Sexton	Colleen Sexton	03/25/2013	30.00
41592	Shope En	Shope Enterprises, Inc.	03/25/2013	406.15
41593	Shred	Shred-It USA Inc.	03/25/2013	99.00
41594	SignOn	SignOn Interpreting Services	03/25/2013	204.01

Check Number	Vendor No	Vendor Name	Check Date	Check Amount
41595	Sou Pes	Sound Pest	03/25/2013	191.63
41596	Sou Pub	Sound Publishing Inc	03/25/2013	422.34
41597	Spri Sof	Springbrook Software, Inc.	03/25/2013	3,294.09
41598	Sprint	Sprint	03/25/2013	1,261.03
41599	Star Ren	Star Rentals	03/25/2013	313.05
41600	WA ST AU	State Auditor's Office	03/25/2013	1,857.34
41601	Metrocal	USAMOBILITY	03/25/2013	34.57
41602	Val Au Q	Valley Auburn Quick Lube	03/25/2013	93.82
41603	Val Comm	Valley Communications	03/25/2013	12,747.38
41604	WA Pat 1	Washington State Patrol	03/25/2013	165.00
41605	Wheeler	Lisa Wheeler	03/25/2013	250.00
41606	Whit Kni	White Knight Safe	03/25/2013	34.49
41607	Mic Zhe	Michael Zheleznyak	03/25/2013	133.00
			Report Total:	116,955.57

Accounts Payable

Checks by Date - Summary By Check Date

User: padams
 Printed: 3/21/2013 - 2:06 PM



				Check Amount
Check No:	438	Check Date:	03/18/2013	
Vendor:	WA Lice2	Vendor Name:	Wa St Dept of Licensing	234.00
				234.00
Date Total:				234.00
Check No:	439	Check Date:	03/20/2013	
Vendor:	Fin Lin	Vendor Name:	Finish Line Cleaning	000
Check No:	440	Check Date:	03/20/2013	
Vendor:	FED TX	Vendor Name:	Internal Revenue Service	22,603.98
				22,603.98
Date Total:				22,603.98
Check No:	441	Check Date:	03/21/2013	
Vendor:	WA Retir	Vendor Name:	WA St Dept Retirement System	1,077.50
				1,077.50
Date Total:				1,077.50
Check No:	442	Check Date:	03/24/2013	
Vendor:	WA Rev	Vendor Name:	WA St Dept of Revenue	9,142.88
				9,142.88
Date Total:				9,142.88
				33,058.36
Report Total:				33,058.36

Voucher Approval

We, the undersigned Council members of the City of Pacific, do hereby certify that the Vouchers specified were reviewed and were approved for payment at the Regular Council Meeting on: 3/25/13.

Council member: _____
 Council member: _____
 Council member: _____

Reviewed for Accuracy
 Finance Director: _____ Date: _____

Accounts Payable

Checks by Date - Summary By Check Date

User: padams
Printed: 3/21/2013 - 2:07 PM



				Check Amount
Check No:	41555	Check Date:	03/21/2013	
Vendor:	ICMA	Vendor Name:	Icma Retirement Trust 457	650.00
Check No:	41556	Check Date:	03/21/2013	
Vendor:	WA ST SU	Vendor Name:	Washington St Support Registry	477.36
				<hr/>
Date Total:				1,127.36
				<hr/> <hr/>
Report Total:				1,127.36
				<hr/> <hr/>

Voucher Approval

We, the undersigned Council members of the City of Pacific, do hereby certify that the Vouchers specified were reviewed and were approved for payment at the Regular Council Meeting on: 3/25/13

Council member: _____

Council member: _____

Council member: _____

Reviewed for Accuracy
Finance Director: _____

Date: _____

Check No:	41606	Check Date:	03/25/2013	
Vendor:	Whit Kni	Vendor Name:	White Knight Safe	34.49
Check No:	41607	Check Date:	03/25/2013	
Vendor:	Mic Zhe	Vendor Name:	Michael Zheleznyak	133.00
Date Total:				82,769.85
Report Total:				82,769.85

Voucher Approval

We, the undersigned Council members of the City of Pacific, do hereby certify that the Vouchers specified were reviewed and were approved for payment at the Regular Council Meeting on: 3/25/13

Council member: _____
Council member: _____
Council member: _____

Reviewed for Accuracy
Finance Director: _____ Date: _____

Accounts Payable

Checks by Date - Summary By Check Date

User: padams
Printed: 3/22/2013 - 11:42 AM



				Check Amount
Check No:	41557	Check Date:	03/25/2013	
Vendor:	AHBL	Vendor Name:	AHBL Inc	525.20
Check No:	41558	Check Date:	03/25/2013	
Vendor:	GALLAGH	Vendor Name:	Arthur J. Gallagher Risk Mgmt Sv	2,486.00
Check No:	41559	Check Date:	03/25/2013	
Vendor:	City Aub	Vendor Name:	City of Auburn	124.04
Check No:	41560	Check Date:	03/25/2013	
Vendor:	Aub Chev	Vendor Name:	Auburn Chevrolet Inc	1,496.25
Check No:	41561	Check Date:	03/25/2013	
Vendor:	Aub Elec	Vendor Name:	Auburn Electrical Service	257.95
Check No:	41562	Check Date:	03/25/2013	
Vendor:	CDW Gov	Vendor Name:	CDW Government Inc	192.18
Check No:	41563	Check Date:	03/25/2013	
Vendor:	CHOU 001	Vendor Name:	Kwang S. Chough	123.17
Check No:	41564	Check Date:	03/25/2013	
Vendor:	Chu Off	Vendor Name:	Chuckals Office Products Inc	331.61
Check No:	41565	Check Date:	03/25/2013	
Vendor:	Enum Cit	Vendor Name:	City of Enumclaw	60.00
Check No:	41566	Check Date:	03/25/2013	
Vendor:	Evergree	Vendor Name:	Evergreen Concrete Cutting, Inc.	284.70
Check No:	41567	Check Date:	03/25/2013	
Vendor:	FERGUS	Vendor Name:	Ferguson Enterprises, Inc.	3,702.20
Check No:	41568	Check Date:	03/25/2013	
Vendor:	FINWALL	Vendor Name:	Sheryl Finwall	20.00
Check No:	41569	Check Date:	03/25/2013	
Vendor:	Forms	Vendor Name:	Formsource Inc	286.97
Check No:	41570	Check Date:	03/25/2013	
Vendor:	Gos Mot	Vendor Name:	Gosney Motor Parts Inc	87.91
Check No:	41571	Check Date:	03/25/2013	
Vendor:	HD Fow	Vendor Name:	H D Fowler Co Inc	383.11
Check No:	41572	Check Date:	03/25/2013	
Vendor:	Issaq Ja	Vendor Name:	Issaquah Police	180.00
Check No:	41573	Check Date:	03/25/2013	
Vendor:	KC I-NET	Vendor Name:	KC Finance I-Net	439.00
Check No:	41574	Check Date:	03/25/2013	
Vendor:	KC LIEN	Vendor Name:	King County Finance	72.00
Check No:	41575	Check Date:	03/25/2013	
Vendor:	KC Trea	Vendor Name:	King County Treasury	323.14
Check No:	41576	Check Date:	03/25/2013	
Vendor:	Lea	Vendor Name:	LeadsOnline, LLC	1,668.00
Check No:	41577	Check Date:	03/25/2013	
Vendor:	LexNex	Vendor Name:	LexisNexis	283.61
Check No:	41578	Check Date:	03/25/2013	
Vendor:	LUCE	Vendor Name:	Luce Lineberry & Kenney PS	15,910.37

Check No:	41579	Check Date:	03/25/2013	
Vendor:	Ed Mass	Vendor Name:	Edwin Massey	74.46
Check No:	41580	Check Date:	03/25/2013	
Vendor:	McL Har	Vendor Name:	McLendon Hardware	391.54
Check No:	41581	Check Date:	03/25/2013	
Vendor:	OWE	Vendor Name:	Owen Equipment	7,202.52
Check No:	41582	Check Date:	03/25/2013	
Vendor:	Pac Offi	Vendor Name:	Pacific Office Automation	165.25
Check No:	41583	Check Date:	03/25/2013	
Vendor:	Petro	Vendor Name:	Petrocard Systems Inc	2,296.60
Check No:	41584	Check Date:	03/25/2013	
Vendor:	PC BUD	Vendor Name:	Pierce County Budget & Finance	83.28
Check No:	41585	Check Date:	03/25/2013	
Vendor:	PRO COM	Vendor Name:	Providence Community Correction	338.00
Check No:	41586	Check Date:	03/25/2013	
Vendor:	Pub Saf	Vendor Name:	Public Safety Center Inc	150.27
Check No:	41587	Check Date:	03/25/2013	
Vendor:	City Pu	Vendor Name:	City of Puyallup	1,300.00
Check No:	41588	Check Date:	03/25/2013	
Vendor:	Quil	Vendor Name:	Quill Corporation	126.51
Check No:	41589	Check Date:	03/25/2013	
Vendor:	Riv Con	Vendor Name:	Riverton Contractors Inc	3,217.11
Check No:	41590	Check Date:	03/25/2013	
Vendor:	SCORE	Vendor Name:	SCORE	16,650.00
Check No:	41591	Check Date:	03/25/2013	
Vendor:	Sexton	Vendor Name:	Colleen Sexton	30.00
Check No:	41592	Check Date:	03/25/2013	
Vendor:	Shope En	Vendor Name:	Shope Enterprises, Inc.	406.15
Check No:	41593	Check Date:	03/25/2013	
Vendor:	Shred	Vendor Name:	Shred-It USA Inc.	99.00
Check No:	41594	Check Date:	03/25/2013	
Vendor:	SignOn	Vendor Name:	SignOn Interpreting Services	204.01
Check No:	41595	Check Date:	03/25/2013	
Vendor:	Sou Pes	Vendor Name:	Sound Pest	191.63
Check No:	41596	Check Date:	03/25/2013	
Vendor:	Sou Pub	Vendor Name:	Sound Publishing Inc	422.34
Check No:	41597	Check Date:	03/25/2013	
Vendor:	Spri Sof	Vendor Name:	Springbrook Software, Inc.	3,294.09
Check No:	41598	Check Date:	03/25/2013	
Vendor:	Sprint	Vendor Name:	Sprint	1,261.03
Check No:	41599	Check Date:	03/25/2013	
Vendor:	Star Ren	Vendor Name:	Star Rentals	313.05
Check No:	41600	Check Date:	03/25/2013	
Vendor:	WA ST AU	Vendor Name:	State Auditor's Office	1,857.34
Check No:	41601	Check Date:	03/25/2013	
Vendor:	Metrocal	Vendor Name:	USAMOBILITY	34.57
Check No:	41602	Check Date:	03/25/2013	
Vendor:	Val Au Q	Vendor Name:	Valley Auburn Quick Lube	93.82
Check No:	41603	Check Date:	03/25/2013	
Vendor:	Val Comm	Vendor Name:	Valley Communications	12,747.38
Check No:	41604	Check Date:	03/25/2013	
Vendor:	WA Pat 1	Vendor Name:	Washington State Patrol	165.00
Check No:	41605	Check Date:	03/25/2013	
Vendor:	Wheeler	Vendor Name:	Lisa Wheeler	250.00

**CITY OF PACIFIC
CITY COUNCIL**

**SPECIAL MEETING
October 30, 2012**

**Council Chambers
City Hall, 6:30PM**

MEETING MINUTES

1. CALL TO ORDER

John Jones called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

2. ROLL CALL

Tren Walker
John Jones
James McMahan
Josh Putnam
Leanne Guier
Gary Hulse
Clint Steiger

Councilmember Hulse move to excuse Councilmember Steiger and Councilmember Walker;
Councilmember Jones second; All ayes.

Staff present: Angelica Solvang and Lt. Massey.

3. AGENDA ITEMS

A. Resolution No. 12-1207 – A Resolution Of The City Council Of The City Of Pacific, Washington, Authorizing The Surplus Of A Glock 40 .40 Caliber Pistol, Serial # DAU 934, Used By The Pacific Police Department

Lt. Massey states the reason for the Resolution is due to Sergeant Picket retiring tomorrow. The Police Department would like to honor Jim Pickett who has served the City faithfully and diligently. Jim started in 1987 when he was hired as a Reserve Officer and in 1992 he was hired full time. In the history of this City, not one officer has served over 20 years for the City. He has been involved in very high profile cases and has represented the City and department honorably. This Resolution is to show him recognition that the department feels that he deserves. The officers have taken up a collection to buy the firearm back from the City and has received fair value of what the firearm is worth. Lt. Massey would like to present this to Jim Pickett tomorrow on his last day of work.

Councilmember Hulse move to approve Resolution No. 12-1207; Councilmember Jones second;

Council Comment: Councilmember Hulse states it is appropriate to approve this Resolution. Councilmember Jones states that Jim Pickett assisted his family in an incident that occurred in the past.

Public Comment: Gary Nishtke – Supports the Resolution.

	Aye	Nay
Councilmember Walker	Absent	
Councilmember Guier	X	

Councilmember McMahan	X
Councilmember Putnam	X
Councilmember Jones	X
Councilmember Hulsey	X
Councilmember Steiger	Absent

THE MOTION CARRIED 5 to 0.

Councilmember Guier mentioned that she has spoken to the Mayor and he supports this Resolution.

4. **ADJOURN** - The meeting was adjourned at 6:40 p.m.

Angelica Solvang
Interim City Clerk

**CITY OF PACIFIC
CITY COUNCIL**

**WORKSHOP MEETING
March 18, 2013**

**City Hall ~ Council Chambers
City Hall, 6:30 pm**

1. **Call to Order:** Council President Guier called the meeting to order at 6:30 p.m.

Pledge

Roll Call:

Council members present: Gary Hulse; John Jones; Leanne Guier, President; Josh Putnam; and Tren Walker. **Council member absent:** Clint Steiger, James McMahan, Mayor Pro Tem; **Mayor, Cy Sun present. Staff Present:** City Attorney Ken Luce; Public Safety Director John Calkins; and Finance Director Betty Garrison Acting City Clerk.

2. **CHANGES/ADDITIONS TO THE AGENDA:** None.

3. **AGENDA ITEMS**

A. Presentation: Intravia Investigations – Michael Javorsky made a presentation on his Company and what they could bring to the City of Pacific. He introduced his team, consisting of: Ray Whittmier, Investigator;

James McMahan arrived at 6:34 p.m.

Joshua Dabling, J.D., Attorney; and Gregg Wishkoski, Mediator. A question & answer period followed the presentation.

Direction by consensus of Council: Move forward to the Special Meeting 3/18/2013 for consideration of the Contract for Services.

B. Discussion: Yates Property Utility Bill – Finance Director Garrison presented the request for a waiver of penalties excluding lien fees and requested time parameters be set for the execution of the offer. Council discussed. Council requested research into the timing of the purchase and filing of the lien.

Direction by consensus of Council: Move forward to the Council meeting March 25, 2013.

C. Discussion: Waiver of Penalty Fees for Lloyd Enterprises – Finance Director Garrison presented this request for a waiver of penalties and requested time parameters be set for the execution of the offer. Council discussed. Council member Hulse advised that he would recuse himself when this came to a vote, stating a potential conflict. Discussion of the retention pond.

Direction by consensus of Council: Move forward to the Council meeting March 25, 2013.

D. Discussion: Changing current PMC to require all businesses to be in compliance with City, State and Federal Laws - Council member McMahan started the discussion

wanting to research current code and clarify if necessary. Council discussed and asked for verification from the City Attorney that current code is enforceable as written. City Attorney Luce verified that it is.

No direction required.

E. Discussion: PMC 5.02.045 – Business License Exemptions – Council member Hulsey started the discussion requesting the City amend the PMC to do away with the exemption from licensing for religious, charitable or benevolent societies or organizations. Council discussed with input from the City Attorney.

Direction by consensus of Council: Move forward to the Finance Committee for the drafting of an Ordinance amending City Code.

F. Discussion: Marijuana Ordinance - Public Safety Director Calkins reported that this item came from a complaint regarding Marijuana being sold on Stewart Avenue. Associate Planner Wiech is taking lead in drafting an Ordinance with the Planning Commission. Council discussed. Ms Wiech explained that this is all part of the Planning Commission's Work Plan as adopted by Council. The first draft will be presented to the Planning Commission at their next meeting on March 26th. The six (6) month moratorium has specific guidelines that must be followed. A Draft should be presented to Council at the workshop in early April.

No direction required.

G. Discussion: Council Procedures – Council President Guier presented the Memo from Interim City Clerk Sandy Paul. She reported having a meeting with her last Friday and requesting that she put her suggestions in writing to Council. Council discussed the manner of voting, reasons for changing to roll call vote rather than the voice vote or a show of hands. Council discussed the City Attorney sitting at the dais rather than the staff table and the need to have a microphone accessible for him. Council discussed the sound system being inadequate for the needs of the City. The Technology Committee will be looking at updating the system potentially looking at options for audio/visual systems. It was requested to include consideration of a loop system that can assist the hearing impaired.

Direction by consensus of Council: Leave current practice as is.

H. Discussion: City Clerk Position - Council President Guier explained that she asked that this be presented from the Interim City Clerk so that Council would be aware of the intentions for the position. Council discussed the need to see something in writing outlining the appointment of the Interim City Clerk outlining rate of pay and expected duration of the appointment. Council also requested that it be brought to the next meeting for Council confirmation of the interim appointment. Council asked clarification from the City Attorney regarding paying for the work that has been performed prior to Council confirmation. The City Attorney advised that the Interim Clerk be paid for the time she worked last week, but not be allowed to work again until Council confirms the temporary appointment. Council asked if their confirmation should be retroactive to cover the past week and the City Attorney responded that it should.

Direction by consensus of Council: Move forward to the Council meeting on March 25, 2013 for confirmation of temporary appointment and provide Council specific details on pay, and length of appointment.

4. ADJOURN

Council President Guier adjourned the meeting at 7:31 p.m.

Betty J. Garrison, MMC, Acting City Clerk

**CITY OF PACIFIC
CITY COUNCIL**

**SPECIAL MEETING
March 18, 2013**

**City Hall ~ Council Chambers
City Hall, 7:37 p.m.**

1. **Call to Order:** Mayor Pro tem McMahan called the meeting to order at 7:37 p.m. Let the record show that Mayor Pro tem McMahan is chairing this meeting per the request of Mayor Sun as he is having difficulty hearing.

2. Roll Call

Council members present: Gary Hulse; John Jones; Leanne Guier, President; James McMahan, Mayor Pro Tem; Josh Putnam; and Tren Walker. **Council member absent:** Clint Steiger. **Mayor, Cy Sun present. Staff Present:** City Attorney Ken Luce; Public Safety Director John Calkins; and Finance Director Betty Garrison Acting City Clerk.

Council member Hulse moved to excuse Council member Steiger. Council member Jones seconded the motion, which passed with a unanimous vote.

3. BUSINESS ITEM

A. Discussion: Hire Intravia Investigations to Investigate Miscellaneous Employee Issues in City Hall – Council discussed the options and past actions. Concerns included:

- The appropriateness of hiring an outside private agency verse contacting a local law enforcement agency to conduct the investigation.
- The wording in the contract being too open ended, with no cap on costs, not being specific to only one issue, offering resolution services beyond the findings which would be outside the scope.
- The potential conflict of the Mayor being involved in retaining the investigation firm.
- Council already passed a motion for action in this case in August, need to know what the result of that investigation was or if it occurred as directed.

Audience Comments: Jeanne Fancher expressed confusion over the discussion and what was being decided.

Direction by consensus of Council: Move forward to meeting on March 25, 2013 with a revised contract specific to the one complaint, and omitting conflict resolution services. Council requested information with regard to the King County Investigation that was directed by Council in August.

4. ADJOURN

Mayor Pro-tem McMahan adjourned the meeting at 8:10 p.m.

Betty J. Garrison, MMC, Acting City Clerk