

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Resolution No. 213, Review of the Sister City Relationship Policy
DEPARTMENT: CMO/City Clerk
PRESENTED BY: Scott Passey, Staff Liaison to the Sister Cities Association

PROBLEM/ISSUE STATEMENT:

On October 14, 2002, the City Council passed Resolution No. 194 (Attachment A), which adopted a Shoreline Sister City Relationship Policy. This policy outlines the roles and responsibilities of the City and the Shoreline Sister Cities Association (SSCA) with respect to sister city activities. Resolution No. 194 reflected the Council consensus at that time that it did not intend to provide ongoing funding for operations or significant in-kind support to the Sister Cities Program.

However, the Council recently approved \$10,000 in the 2004 budget to support the Sister Cities Program (Attachment C). Although there was Council discussion about whether matching funds should be required (Attachment B), this condition was not included in the budget appropriation. Staff believes guidelines are needed to ensure that sister cities funds are expended in accordance with both City policy and state law. It is proposed that the Sister City Relationship Policy be revised to provide clarity and direction to staff regarding the appropriate expenditure of City funds.

RECOMMENDATION

Staff is seeking Council input and consensus regarding Draft Resolution No. 213. Staff recommends that the City Council review the proposed resolution, provide direction for any changes, and authorize that it be brought forward for adoption on a future consent calendar.

Approved By: City Manager  City Attorney _____

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BACKGROUND

In 1996, Council adopted a resolution that encouraged the creation of a Shoreline Sister Cities Association (SSCA), which would be a necessary element of any future Sister City Relationship Policy. In 2001, it was suggested that the City make positive steps in creating a sister city relationship, with minimal involvement of City staff. In November 2001, staff assembled representatives from the Shoreline Chamber of Commerce, Shoreline Fire Department, Shoreline Community College, the Council of Neighborhoods, the Shoreline Lake Forest Park Arts Council and other organizations to determine interest in establishing a Shoreline Sister Cities Association. Staff outlined the steps needed to form a sister cities association, including creating a strategic vision, developing a mission, establishing bylaws and articles of incorporation, and filing for federal nonprofit tax exemption. The group finalized the incorporation process with the Washington State Secretary of State, creating a formal non-profit organization. Consequently, the City developed a Sister City Relationship Policy, which Council adopted by Resolution No. 194. The Sister City Relationship Policy serves as the policy guidance to staff for managing on-going relationships with sister cities and the SSCA.

DISCUSSION

Resolution No. 194 (Attachment A) outlines the objectives for entering into sister city relationships. The primary objective is to seek an enhanced understanding of international culture, heritage and problem solving. In particular, sister city relationships should provide mutual benefit by creating opportunities to participate in social, cultural, educational, governmental, environmental and economic exchanges. Sister city relationships often result in visits of City staff and officials to the sister city as well as visits to Shoreline by dignitaries and officials of the sister cities. Typical activities when visiting with a sister city (either at home or abroad) include: meals, business meetings, receptions, official gift exchanges and other informational exchanges.

It was initially thought that the City would not provide financial support to the Sister Cities Program. The City's role was largely seen as providing in-kind services, such as making schedule arrangements with Councilmembers and the City's Leadership Team to host visits from sister city counterparts. It was also thought that the SSCA would support sister city relationships by developing the resources needed to support the plans of action for each relationship, through fund-raising, planning, organizing, and implementing exchanges and formal visits.

In March 2003, representatives from the City of Boryeong, South Korea, visited Shoreline to explore the possibility of pursuing sister city relations. On June 9, 2003, the City Council passed Resolution No. 207, designating Boryeong, Republic of Korea, as a sister city under the Shoreline Sister City Relationship Policy. At the invitation of Boryeong officials, a Shoreline delegation visited Boryeong in order to strengthen and maintain this relationship. A delegation of Boryeong officials is scheduled to visit Shoreline May 12-15, 2004.

During the 2004 budget discussion, Council indicated a desire to provide some financial assistance to the Sister Cities Program. It was noted at that time that other cities

approve annual funding to support their sister cities activities. On November 24, 2003, the Council approved \$10,000 in the 2004 budget to support the Sister Cities Program (Attachment C), but did not provide direction on how these funds should be used. Additionally, although there was Council discussion about whether matching funds should be required (Attachment B), this condition was not included in the budget appropriation.

Most cities have established guidelines for such expenditures. In most cases, cities provide funding for delegation visits. As mentioned earlier, funds spent on a sister city may include business meetings, receptions, official gift exchanges and other informational exchanges. Cities generally do not provide funding directly to sister city associations. Staff has researched the expenditure policies of other jurisdictions involved in sister cities activities:

- The City of Federal Way does not have any written policies regarding sister city expenditures. In general, Federal Way approves hosting/travel expenses on an annual or biannual basis. Hosting funds are typically used for an official banquet hosted by the Council and gifts of nominal value given to sister city counterparts.
- Bellevue, Edmonds, and Renton all have established expenditure policies, either by resolution or ordinance. Hosting/travel expenditures are budgeted on an annual basis. Renton's policy is largely based on the Bellevue model.
- Edmonds' policy generally states that no public monies shall be spent on promotional hosting of visiting dignitaries except in conjunction with public celebrations and events approved for public expenditure by law. Edmonds has approved travel funding for the Mayor and/or other representatives in the past on a one-time basis.

Draft Resolution No. 213 (Attachment D) is modeled after Bellevue's Sister Cities Resolution, since Bellevue appears to have the most comprehensive policy of those studied. As Council is aware, the State of Washington Constitution prohibits expenditure of public funds where there is no public purpose or benefit. The legal opinion from the City Attorney's Office states that certain expenditures associated with sister city activities are considered an appropriate public expense, since the Sister City Relationship Policy, and thus the expenditures, serves the public interest. (Attachment E). The City Attorney's memorandum identifies a number of sister city activities that would be considered an appropriate public expense. Since Resolution No. 194 contains no expenditure guidelines, staff recommends that Council amend the Sister Cities Policy to align it with its most recent budget decision. In addition, it appears the City's food and beverage expenditure policy would require amendment if City funds are used to provide meals or hold receptions for visiting dignitaries.

Draft Resolution No. 213 (Attachment D) makes the following changes to the Sister Cities Policy:

- Intent not to provide financial support removed.
- Establishes the public purpose of the program, including carrying out the fundamental City purpose of providing social, cultural and education services.

- Outlines categories of allowable City expenditures, including travel for City officials and delegates, activities to receive sister city officials and delegates, exchange of information and material, and exchange of technical resources and staff.
- States that funding for private purposes is prohibited, since all expenditures made by the City must be for a public purpose.
- Allows the City Manager to authorize donation of City assets, if the donation serves a public purpose and the recipient is a public entity.
- Explains that all official gifts received from the sister city are property of the City of Shoreline, not private individuals. The gifts will be publicly displayed, if possible, and the City will keep an inventory of gifts received.

If Council adopts the proposed amendments to the Sister Cities Policy, the following expenditure guidelines would apply (see Attachment E):

PROPOSED SISTER CITY EXPENDITURE GUIDELINES

Travel Expenses

All travel expenses, including airfare, local transportation, lodging, and meals for City Councilmembers and staff traveling to sister cities may be paid for or reimbursed by the City.

Accommodation

Reasonable costs for accommodation of City Councilmembers and staff visiting sister city locations may be paid for or reimbursed by the City.

Meals

Meals may be provided to visiting sister city delegates and staff members when provided as part of meetings with City officials and staff. Meetings, other than informal social events, where more than a quorum of Councilmembers are present, shall receive special meeting notices. The costs of all meals provided to the visiting delegates and staff must be reasonable.

When City employees travel to sister cities, they may be reimbursed for the reasonable cost of their meals. The reasonableness of this expense is already included in the "Reimbursement of Business Expenses" section of the employee expense policy. Pursuant to City policy, public funds cannot be used to purchase alcohol.

Entertainment

Entertainment cannot be paid for out of public funds.

Ceremonies

The City may expend reasonable funds to sponsor and promote ceremonies and receptions provided that the goal of the public event is to inform citizens of the sister city relationship and provides an opportunity to share ideas and knowledge of the sister city relationship. The City may provide modest refreshments to encourage attendance and interaction between Shoreline citizens and sister city delegates and staff.

Gifts and Advertising

Gifts given to celebrate the sister city relationship may be given to the sister city as a governmental body in an amount commensurate to foster goodwill. The City may give away minor promotional items to delegates, staff and the public, which advertise and promote the sister city relationship. The City may also expend public funds to advertise the sister city relationship, such as through postings and fliers.

ALTERNATIVES ANALYZED

- Do nothing to amend the current policy. Council's recent decision approving \$10,000 in the 2004 budget to support the Sister Cities Program would still be valid since funds can be expended on sister cities activities without specific expenditure guidelines. However, without amending the Sister Cities Policy, the Council and staff would not have a clear direction on how the funds could be used. Without a clear policy, the City could be exposed to future liabilities for inappropriate expenditure of public funds. Staff recommends that Council amend the Sister Cities Relationship Policy to align it with its most recent budget decision approving \$10,000 to support the Sister Cities Program.
- Amend the Sister City Relationship Policy as recommended by staff. Staff believes this would not only provide clarity about the appropriate use of sister city funds but also align the policy with the Council's decision to provide funding.

FINANCIAL IMPACT:

There is no financial impact associated with this policy. The funding level for sister cities would be part of annual budget discussions. The proposed resolution simply clarifies the adopted Sister City Relationship Policy to address the appropriate expenditure of City funds.

RECOMMENDATION

Staff is seeking Council input and consensus regarding Draft Resolution No. 213. Staff recommends that Council review the proposed resolution, provide direction for any changes, and authorize that it be brought forward for adoption on a future consent calendar.

ATTACHMENTS

Attachment A: Resolution No. 194 – Exhibit A

Attachment B: Minutes of Special Meeting of November 17, 2003

Attachment C: Minutes of Regular Meeting of November 24, 2003

Attachment D: Draft Resolution No. 213

Attachment E: Memorandum from Flannary Collins, Assistant City Attorney

Sister City Relationship Policy

OBJECTIVES

The City of Shoreline in entering into sister city relationships seeks international relationships which will enhance its citizens' understanding of other cultures, and/or which will allow the City to engage in productive and mutually beneficial exchanges of new technology, techniques, and solutions to problems with cities of comparable development. The City will support and encourage the establishment of sister city affiliations which serve the following objectives:

- To provide opportunities for citizens that live or work in Shoreline who wish to participate in social, cultural, educational, governmental, environmental, and economic exchanges.
- To provide citizens arts and cultural heritage exchanges
- To enhance citizens' economic well-being by developing opportunities for trade and tourism.
- To provide opportunities for citizens that live or work in Shoreline to work on international projects.
- To share expertise in addressing problems.
- To promote tourism and develop trade and economic ties in Shoreline with other parts of the world.
- To increase knowledge of and sensitivity to diversity here and abroad.

SELECTION GUIDELINES

The following is a composite of different factors for consideration when selecting a sister city. These factors are recognized as subjective in nature and are to be used as general tools to assist in the selection process. The awareness that a desire to learn from and share experiences with another city can, in some cases, balance the lack of similar characteristics with a potential sister city.

Strong Shoreline community support.

Existence of a city organization or city sanctioned organization able to work closely with the Shoreline Sister City Association

Similarity to the City of Shoreline in terms of:

- size, in relation to the region, e.g., the City of Shoreline is approximately 11 square miles; Seattle is approximately 84 square miles. King County is approximately 2126 square miles.
- population, in relation to the region, e.g., the City of Shoreline's population is 53020. Seattle has a population of 563,374.
- the proposed city has infrastructure challenges presented by a similar geographic condition, e.g., hilly terrain, surrounded by mountains and arms of the sea; density; infrastructure in place to allow accessibility to and from city.
- the proposed city has a similar role in the region, e.g., a key player in regional, economic and political activities.

A history of informal relations between the two communities

Common ethnic or cultural heritage with residents of Shoreline

An interest in sharing views and information on issues of governance and citizen participation in public affairs

An interest in developing business, tourism and economic ties in Shoreline

An interest in sharing views and information on issues of governance and citizen/governmental relationships.

Recognized as a municipal government or similar political subdivision of an independent state of the world with which the United States has diplomatic relations at the time the selection is considered.

SELECTION PROCESS

In order to ensure that sister city affiliations reflect the community's interests, requests for the City for sister city affiliations shall be evaluated as follows:

Affiliation Request requested by Another City to Shoreline

- If the City receives a request for a potential sister city relationship from another city, the matter will be referred to the Shoreline Sister Cities Association for review and a recommendation.
- The Shoreline Sister Cities Association will review the request and make a recommendation to the City.
- The City will review requests for establishing relationships, with the City Council making a formal decision on whether or not to proceed.

Affiliation Request initiated by Shoreline to Another City

- Requests from residents wanting the City to consider initiating a sister city relationship with another city will be forwarded to the Shoreline Sister Cities Association for review.

ORIGINAL

- The Shoreline Sister Cities Association will review and recommend action to the City. The City Council will consider the request and take action accordingly.
- If the Council's consensus support is to proceed, the Mayor will send a letter on behalf of the community and City Council, inviting the other city to work with the Shoreline Sister Cities Association to establish a relationship.
- If the other city responds favorably, the Shoreline Sister Cities Association will make a recommendation to the City for formal consideration of the relationship by the City Council.

C. Optional Friendship City Status:

- **The City Council can designate a city as a Friendship City for the first two years. The designation of Friendship City means that there is no formal structure to the city-to-city relationship and there are no formal obligations between the cities. The two-year trial period will give both cities the opportunity to continue to gauge compatibility and to determine if there is a long-term commitment on the parts of both cities to enter into a formalized sister city relationship.**
- **A "Memorandum of Understanding" between the City of Shoreline and the Friendship City will be prepared agreeing to a plan of action for the two-year trial time period. If needed, an extension of up to an additional two years may be granted by the City Council.**
- **A "Memorandum of Understanding" between the Shoreline Sister Cities Association and the City of Shoreline agreeing to a plan of action of how the non-profit organization will support the friendship city relationship being established within the City's existing resources, staffing and authority.**
- Following the two-year Optional Friendship City period, the Shoreline Sister Cities Association will make its final recommendation to the City prior to final decision regarding an on-going formal sister city relationship by the City Council. This recommendation will be based on the accomplishments of the Shoreline Sister Cities Association related to the plan of action outlined in the memorandum of understanding and the accomplishments of the plan of action between the Friendship City.

D. City Involvement

The City supports the Shoreline Sister Cities Association through largely indirect means, and does not intend to provide on-going funding for operations. In general, the City will support the Association's efforts through combined promotion and publicity efforts, assisting with scheduling Council and Staff attendance at local exchanges, visits by delegations and providing meeting room space for Association business. The City may also work with the Association to provide opportunities for exchanges with recreational programming and special events as resources allow. The City may support the Association as a dues paying member.

E. Annual Review of Sister City Relationship

Following the establishment of a formal Sister City relationship, the City Manager, with the assistance of the Shoreline Sister Cities Association's leadership, will present an annual report to the City Council at a regularly scheduled workshop meeting. This report should outline the current plan of action, the accomplishments of this plan, and recommendations for updating the plan with new goals for the following calendar year. The City Council may provide input on additional plans/activities for the coming year.

F. Termination

The City Council can terminate a sister city relationship for the following reasons:

- Upon recommendation from Sister Cities Association due to lack of participation, resources or interest on behalf of either City or related supporting groups.
- Lack of progress on accomplishing the goals and activities planned for the previous year
- Behavior on the part of the Shoreline Sister Cities Association, its volunteers, or paid staff, that violates federal, state or local laws.

Attachment B

considered included sidewalks near schools, property acquisition for parks, storm drainage projects, and linkage of the Interurban Trail. Despite the lack of consensus, he felt the results were positive and will lay the foundation for a future bond issue.

Councilmember Ransom cited a poor economy as the primary reason for the recommendation. He was glad that the committee will continue its efforts in 2004, emphasizing the fact that a bond issue is a protracted process.

Cindy Ryu, a committee member, advised that the committee's work should be incorporated into the Council's 2004 Work Plan. She also questioned the inclusion of the City Hall project in the Capital Improvement Plan.

Deputy Mayor Grossman read the names of the committee members and thanked those present in the audience.

Councilmember Chang commended Councilmembers Gustafson and Ransom for their efforts in bringing the community together via the BAC. Mr. Burkett thanked everyone involved for their contribution to the effort.

RECESS

At 9:05 p.m., Deputy Mayor Grossman declared a five minutes recess. At 9:12 p.m. the meeting reconvened.

- (b) Completion of Presentation of the Proposed 2004 budget

Mr. Burkett provided additional information on the following outstanding budget issues that emerged from the previous budget discussions:

- Sister City funding – Should there be matching funds? How much?
- Additional Human Services funding (\$100,000)
- “Showmobile” funding (\$20,000)
- Pavement Management Program (\$700,000)
- Recreation Fee Increases

Before beginning this discussion, Councilmember Ransom suggested that Councilmember salaries should be reviewed by a citizen committee. He was unsure whether this would be a budget commitment. Mr. Burkett said staff could bring back some background information on the options for later discussion. He said such a review would have no budget impacts.

Turning to Sister Cities funding, Councilmember Ransom suggested an amount equal to what he said is allocated in Federal Way, \$15,000. Councilmember Chang supported this proposal. Councilmember Ransom said his recommendation is based on the fact that Shoreline does not have a strong business base such as Bellevue, which has multiple

sister city relationships. He felt the City should take the Federal Way approach and assist the Sister City Association with initial funding.

Councilmember Hansen supported including some amount, possibly \$10,000. He felt the details of how the money would be spent could be worked out later. He also pointed out that Federal Way supports two sister city relationships.

Deputy Mayor Grossman expressed support for a matching funds approach.

Councilmember Chang recommended that the City budget include at least \$15,000 for Sister Cities, noting that Boryeong, Korea spent far more than that when it hosted the Shoreline delegation. Based on his experience, he was not optimistic that the Sister Cities Association would be able to generate adequate funding. He said an initial amount of \$15,000 will give the City a good start and provide a gauge of how much will be needed in the future.

Councilmember Gustafson had mixed feelings about the proposal, noting that he could not justify funding the Sister Cities program when there are proposed recreational fee increases and property tax increases. Councilmember Montgomery also did not support additional Sister Cities funding.

Councilmember Ransom supported adding \$100,000 to Human Services funding. He said of the total \$750,000 budgeted for Human Services, only \$307,000 is earmarked for Human Service contracts. He said agencies are finding it more difficult to find funding, and that the addition would help many needy people. Other Councilmembers did not support this proposal.

Responding to Councilmember Gustafson, Councilmember Ransom suggested that the funding could come from capital projects, which could be slowed down.

Councilmember Hansen opposed the proposal, noting that there will always be human service needs the City cannot satisfy with any amount. Councilmember Gustafson concurred, emphasizing that adding \$100,000 may give King County the impression its support is not needed as much.

Councilmember Chang felt he could not support the proposal without an adequate source of revenue. He suggested exploring other alternatives to help people in Shoreline.

Deputy Mayor Grossman felt he could only support a proposal that had a well-defined allocation plan. He commented on the grid/scoring system the Council has used to prioritize human service allocations in the past.

Councilmembers concurred with an additional \$20,000 allocation for the Showmobile, noting that many organizations are involved in this purchase and have raised significant funds already.

Attachment C

to conduct City business for the ensuing year as required by law

Debbie Tarry, Finance Director explained that the 2004 proposed budget includes a 1% levy increase from 2003 totaling \$6,770,042. The revenue generated from this proposed levy increase is approximately \$67,000. Staff is projecting an average property valuation increase of 5.7% for Shoreline in 2003. As a result, the City's levy rate is projected to decrease by approximately 3.4% in 2004 from \$1.3562 to \$1.3040. A homeowner of a median priced home could expect that the property tax that they pay to the City will increase from \$355 in 2003 to \$360 in 2004. The homeowner will also pay taxes for other jurisdictions such as King County, Shoreline School District and Fire District, and the State School levy. She noted that the City's property tax collections represent only 10.8% of the total property tax paid by City of Shoreline property owners.

Councilmember Hansen moved to pass Ordinance No. 341. Councilmember Ransom seconded the motion.

Councilmember Ransom pointed out that this 1% assessed valuation will only increase City revenues by \$67,000. He said he supports this modest increase because not doing so will have a compounding effect on tax revenue in the future.

Councilmember Gustafson opposed the measure because he campaigned on the principle of only raising taxes by a vote of the electorate. He felt the loss of \$67,000 could be easily compensated by other cuts in the budget.

Councilmember Chang discussed the losses in revenue the City is experiencing due to the initiatives and said the increase is needed at this time.

Councilmember Ransom and Ms. Tarry pointed out that the rate of assessed valuation continues to drop in response to increasing valuations. Ms., Tarry estimated that the rate will likely drop to \$1.30 per thousand assessed valuation.

Councilmember Gustafson raised the issue of putting a property tax levy to the voters.

A vote was taken on the motion, which carried 4-1, with Councilmember Gustafson dissenting, and Ordinance No. 341 levying the 2004 property tax was passed.

- (b) Ordinance No. 342 adopting the annual budget of the City of Shoreline for the year 2004

Debbie Tarry briefly reviewed the updated 2004 budget ordinance, which appropriates a total of \$58,294,172 to fifteen separate funds. She then explained the changes to the budget made based on previous Council discussions:

- Ongoing funding of \$10,000 to support the Sister Cities Program

- One-time funding of \$20,000 for the Shoreline/Lake Forest Park Arts Council to contribute to the purchase of the Showmobile
- Additional grant funding of \$4,000 for the recycling program.

Continuing, Ms. Tarry explained that the 2004 Salary Schedule, as provided in the 2004 Proposed Budget, includes a recommended market rate adjustment of 1.53%. The City's annual survey of comparable cities determined that the median salary adjustment for the cities surveyed was 1.53%. She then explained the reasons for a decreasing operating budget and increasing capital budget. She said monies are being retained in reserves for the Surface Water Fund until the completion of the Surface Water Master Plan, which will provide recommendations for the use of those funds. She noted that a total of \$3.4 million will be spent on surface water projects in 2004 (\$1.8 million in operations and \$1.6 million in the Surface Water Capital Fund). Finally, she said franchise fees are anticipated to increase by 2% for 2004. She explained the reasons that 2003 franchise collections will be below 2002.

Councilmember Hansen moved to pass Ordinance No. 342. Councilmember Ransom seconded the motion.

Councilmember Ransom supported the motion, noting that the budget increase from 2002 to 2003 reflected money that was set aside for capital projects that was not spent. Due to delayed capital projects, the 2004 budget totals \$58 million, compared with \$51 million in 2003.

Responding to Councilmember Ransom, Ms. Tarry clarified that franchise fees are expected to increase 2% over the 2003 level, which is less than the previous year. She said the actual percentage of increase is equal to 6% of gross revenues for all agreements except cable television (5%).

Councilmember Hansen noted that the City's revenue increases when franchise fees increase. Ms. Tarry said the main reason 2004 is increasing is because the Ronald Wastewater District agreement included a \$50,000 increase for 2004. In subsequent years, franchise fees will increase 3% annually.

Councilmember Chang felt the 2004 budget does not allocate enough money for sidewalks, even though this is a high public demand. He suggested that gambling tax revenue from the Hollywood Casino be applied to a sidewalk program, as well as any savings on capital projects due to the current favorable bidding climate. He also agreed with Councilmember Ransom's suggestion that an additional \$100,000 be allocated to human services. He said this money could be garnered by reductions in the travel and registration categories.

Councilmember Ransom agreed that income from Club Hollywood is not reflected in the 2004 budget. He felt the anticipated income from this source would more than fund an additional \$100,000 allocation for human service contracts.

Attachment D

RESOLUTION NO. 213

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, AMENDING RESOLUTION NO. 194, SISTER CITY RELATIONSHIP POLICY TO CLARIFY EXPENDITURE OF CITY FUNDS

WHEREAS, the City Council adopted Resolution No. 53 encouraging the creation of a Sister Cities Association; and

WHEREAS, the City Council adopted Resolution No. 194 establishing a Sister City Relationship Policy; and

WHEREAS, the City Council wishes to amend this policy to provide clarity and direction to staff regarding the appropriate expenditure of City funds on sister city activities;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Amendment. Section D. of "Shoreline's Sister City Relationship Policy," adopted on October 14, 2002 by Resolution No. 194-Exhibit A, is hereby amended as follows:

D. City Involvement

1. The City supports the Shoreline Sister Cities Association through largely indirect means, ~~and does not intend to provide on-going funding for operations.~~ In general, the City will support the Association's efforts through combined promotion and publicity efforts, assisting with scheduling Council and Staff attendance at local exchanges, visits by delegations and providing meeting room space for Association business. The City may also work with the Association to provide opportunities for exchanges with recreational programming and special events as resources allow. The City of Shoreline may involve private citizens and organizations in the implementation of this policy, at the discretion of the City Manager.

2. Through its sister cities program, the City of Shoreline carries out a fundamental government purpose of providing social, cultural and educational services. The City will, therefore, expend such funds as it may deem necessary and appropriate to ensure the proper functioning of the sister cities program. To assure that the Shoreline Sister Cities Program is conducted in a manner consistent with public interest and in accordance with the laws of the State of Washington and the City of Shoreline Code of Ethics, the following guidelines are hereby established:

- a. The City of Shoreline shall provide such staff support as is necessary to establish and maintain communication with the Shoreline Sister Cities Association and with its sister cities.
- b. The City may support the Shoreline Sister Cities Association as a dues paying member.
- c. City funded delegate exchange activities may include:
- Travel for City officials and staff, when travel is necessary to establish or maintain an official sister city affiliation;
 - Appropriate activities to receive public officials, or their delegates, when visiting Shoreline on official sister city business;
 - The exchange of information and material which support the objective of providing social, cultural and educational services, or economic benefit to the public; and
 - The exchange of technical resources and staff, when such an exchange serves the objectives outlined in this policy and is necessary to establish or maintain the sister city affiliation.
- d. Any funding for private purposes is prohibited.
- e. Donation of city assets, when that donation clearly serves a public purpose as outlined in this policy, may be authorized by the City Manager provided the recipient is a public entity. Promotional items of de minimus value may be distributed to individuals.
- f. Official gifts received in the course of sister city activities will be the sole property of the City of Shoreline. The City will maintain an inventory of such gifts and will attempt to display them in an appropriate public setting.
- g. City funds may be spent to advertise the sister city relationship or exchange events.

ADOPTED BY THE CITY COUNCIL ON APRIL 26, 2004.

Mayor Ronald B. Hansen

ATTEST:

Sharon Mattioli, City Clerk



Memorandum

DATE: March 11, 2004

TO: Julie Modrzejewski, Assistant City Manager
Scott Passey, Staff Liason to the Sister City Association

FROM: Flannary Collins, Assistant City Attorney *FPC*

RE: Sister City Expenditures

CC: Ian Sievers, City Attorney

Issues

Does the City of Shoreline have the authority to expend funds on a Sister City relationship? If so, what specific expenditures may the city make on such a relationship?

Brief Answer

The Washington State constitution bars the *gifting* of public funds to private entities, but allows the *expenditure* of public funds so long as the expenditure furthers the public interest. Since the Sister City relationship is entered into for a public purpose, the City of Shoreline is not prohibited from expending funds on the relationship. However, the city must take care that the expenditures are not excessive and that they do indeed benefit the public.

Additional authority for a city to enter into a Sister City relationship can be found in state law. One of the functions of a code city like Shoreline is to provide social and cultural services; a Sister City program helps the city provide these services. Further, cities are authorized to promote tourism and trade development; a Sister City program can achieve both goals.

Discussion

No state law specifically addresses Sister City relationships. However, the authority to expend public funds on a Sister City relationship can be gleaned from several state laws and is not prohibited by Article VIII, §7 of the Washington State constitution.

A. Article VIII, §7

First, Article VIII, §7 of the state constitution restricts a city from gifting money to individuals, associations, companies or corporations, except for necessary support of the poor and infirm. The focus of Article VIII, §7 is on restricting public funds from being spent on *private* entities where the public interest is not primarily served. Indeed, the intention of the drafters in passing Article VIII, §7 was to protect against the granting of public subsidies to private

commercial enterprises, primarily railroads,¹ not to unduly restrict government expenditures. The Washington State Supreme Court has held that government action and expenditures are typically valid if they further public, not private, interests,² and that “an action or expenditure is for a public purpose when it confers a benefit of reasonable general character to a significant part of the public.”³

One pertinent case interpreting Article VIII, §7, *State ex rel. O’Connell v. Port of Seattle*, 65 Wn. 2d 801, 399 P.2d 623 (1965) held that the port’s hosting of shippers and other private individuals violated Article VIII, §7 because the hosting amounted to a gift of public funds. This case can be distinguished from a Sister City relationship on several grounds. First, the port was expending resources on private individuals, not other public government entities. There is no specific constitutional barrier to cities expending funds on food and beverages when holding meetings for other government entities. In fact, the Washington State Supreme Court has held Article VIII, §7 to be inapplicable to payments from one public entity to another, regardless of whether the payments are characterized as gifts or loans.⁴ Therefore, to the extent the gifts are given to the Sister City itself, and not to the Boryeong delegates in their private capacity, the gifts will not run afoul of Article VIII, §7. Second, as limited municipalities, ports do not have the same broad powers as cities. Thus, as a city, Shoreline is not restricted in quite the same manner as the Port of Seattle, and has express statutory authority to spend funds on public purposes, which encompasses the Sister City program as discussed below.

B. State Laws

Authority to expend resources on a Sister City relationship can be found in several state laws. First, as a code city, one of the functions of Shoreline is to render social, cultural, recreational, educational and governmental services.⁵ A Sister City program with Boryeong, South Korea allows Shoreline to fulfill these functions by providing an opportunity for sharing of ideas, problem solving, and understanding of Korean culture.

Second, state law gives cities the authority to engage in activities that promote economic development⁶ and tourist expansion⁷. Shoreline is authorized to expend funds in order to reach these goals.

Overall, a Sister City relationship benefits the public by (1) allowing for an enhanced understanding of international culture; (2) sharing ideas and problem solving with Boryeong officials and citizens; (3) promoting tourism and trade; and (4) increasing knowledge and the understanding of diversity. Therefore, Article VIII, §7 does not prohibit Shoreline from entering into such a relationship and expending funds on the relationship so long as the expenditures are reasonable. Moreover, entering into a Sister City relationship allows Shoreline to better fulfill its functions as a code city by allowing it to provide social, cultural, and other services to the public. The relationship also allows Shoreline to promote trade development and tourism.

C. Paying for Specific Items and Events

▪ Transportation

- The city can pay for airfare and transportation costs for Boryeong delegates and staff.

¹ *City of Marysville v. State*, 101 Wn. 2d 50, 676 P.2d 989 (1984).

² *Marriage of Johnson*, 96 Wn.2d 255, 634 P.2d 877 (1981).

³ *US v. Town of Bonneville*, 94 Wn.2d 827, 621 P.2d 127 (1980).

⁴ *Id.*

⁵ RCW 35A.11.020

⁶ RCW 35.21.703

⁷ RCW 35.21.700

- The city can pay for airfare and the transportation costs for city staff traveling to Boryeong. (State law authorizes city councilmembers to pay for travel expenses of its officers and employees while on city business, including transportation, lodging and meals.⁸)
- Airfare and transportation costs for non-staff, including spouses and children, should be avoided. The cost is only allowable if the individual is directly involved in relations between the Sister City and Shoreline.
- Accommodation:
 - The city can pay reasonable costs for accommodation of Boryeong delegates and staff, and for city staff visiting Boryeong.
- Meals:
 - Meals can be provided to Boryeong delegates and staff members when provided as part of meetings with city officials and staff. Meetings, other than informal social events, where more than a quorum of councilmembers are present, should receive special meeting notices. The costs of all meals provided to the delegates and staff must be reasonable since it is difficult to justify excessive meal costs as a valid public purpose.
 - When city employees travel to Boryeong, city staff can be reimbursed for the reasonable cost of their meals. The reasonableness of this expense is already included in the “Reimbursement of Business Expenses” section of the employee expense policy.
 - Pursuant to city policy, public funds can not be used to purchase alcohol.
- Entertainment:
 - Entertainment cannot be paid for out of public funds. Entertainment is not considered a public purpose since its main purpose is for the private enjoyment of delegates or staff members.
- Ceremonies:
 - The city can expend reasonable funds to sponsor and promote ceremonies and receptions so long as the goal of the public event is to inform citizens of the Sister City relationship and provides a chance for citizens to share ideas and knowledge of the Sister City relationship. The city can provide modest refreshments to encourage attendance and interaction between Shoreline citizens and Boryeong delegates and staff.
- Gifts and advertising:
 - Gifts given to celebrate the Sister City relationship can be given to the Sister City as a governmental body in an amount commensurate to foster goodwill.
 - The city can give away minor promotional items to delegates, staff and the public, such as t-shirts, key chains, mugs, and pens, which advertise the Sister City relationship.
 - The city can also expend public funds to advertise the Sister City relationship, such as through postings and fliers.

⁸ RCW 42.24.090

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