

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ronald Wastewater District Assumption Transition Committee of Elected Officials Update
DEPARTMENT:	City Manager's Office
PRESENTED BY:	John Norris, Assistant City Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

In 2002, the City Council and Ronald Wastewater District (RWD) Board of Commissioners entered into an Interlocal Operating Agreement to unify wastewater (sewer) services with City operations in October 2017 through an assumption process. To move the assumption process forward, the Council and RWD Board agreed to form a joint Council-Board subcommittee on assumption transition. It was agreed that two members of the Council and two members of the RWD Board would serve on the committee, which came to be known as the Committee of Elected Officials (CEO). The first meeting of the CEO occurred on June 5.

This staff report will provide an update of how the CEO is conducting their work, the Committee Charter that they have adopted to guide their work, and the assumption transition topics they are covering. This report will also highlight the next steps of the committee. Finally, this topic also provides an opportunity for the Council to hear directly from their colleagues serving on the CEO, Councilmember McConnell and Councilmember Roberts, on their thoughts and ideas about how the CEO is doing and the progress made thus far.

RESOURCE/FINANCIAL IMPACT:

There is no direct financial impact to continuing to staff and coordinate the Assumption Transition CEO. However, there could be assumption transition issues identified as part of the assumption transition planning process that do have costs associated with them.

RECOMMENDATION

Staff recommends that Council discuss the work of the RWD Assumption Transition CEO thus far and provide direction to staff on future assumption transition issues.

Approved By: City Manager **DT** City Attorney **JA-T**

BACKGROUND

In 2002, the City Council and RWD Board of Commissioners entered into an Interlocal Operating Agreement (IOA) to unify wastewater (sewer) services with City operations. The Agreement outlines the unification process between the City and the District, which is to occur on October 23, 2017. The City will acquire the sewer utility through an assumption, which means all assets, reserve funds, employees, equipment and any District debt will be assumed by the City and the Ronald Wastewater District will cease to exist as a separate government entity. With a few exceptions the ratepayers of RWD are Shoreline residents.

Procedures for an orderly and predictable transition of the wastewater utility from District to City ownership are outlined in the 2002 agreement. In order to facilitate a smooth consolidation, the City and RWD agreed to a 15-year timeframe for the transition. During that time, RWD has and will continue to operate as a Special Purpose District in Shoreline under the guidance of a franchise agreement with the City.

Assumption Ordinance

To set the assumption process in motion, on December 9, 2013, the Council passed Ordinance No. 681 which authorized the assumption of RWD. Adoption of this Ordinance was the initial procedural step in moving the assumption forward. As is noted in the staff report that accompanied the assumption ordinance, four main steps must be taken to meet the timeframe outlined in the IOA. Step one (1) was to adopt Ordinance No. 681, step two (2) was to file the ordinance giving notice with the King and Snohomish County Boundary Review Boards (BRBs), step three (3) was to begin transition planning as identified under the terms of the IOA, and step four (4) is the official assumption of the District on October 23, 2017, unless both the RWD Board and the City Council agree to an earlier date. For reference, the staff report for Assumption Ordinance can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2013/staffreport120913-8d.pdf>.

Boundary Review Boards

To fulfill the second step of the assumption process, as Council is aware, on May 27, 2014, the City submitted its Notices of Intent to Assume the RWD to the King County and Snohomish County BRBs. The BRBs are responsible for reviewing proposals for boundary changes by cities, fire districts, and water/sewer districts within their respective counties, including city or district annexations, new city incorporations, and district mergers.

On September 18, the King County BRB entered their written decision to approve the City's assumption of the RWD. The deadline for appealing this decision is Monday, October 20. As of the writing of this staff report, the City is not aware of any appeal of this decision. If an entity does appeal the King County decision on the 20th, staff will update the Council verbally when this item is presented on October 27. In Snohomish County on the other hand, on September 11, the Snohomish County BRB voted to deny the City's assumption of the District's service area in Snohomish County. The City filed an appeal of this decision to Snohomish County Superior Court on October 9. RWD also filed an appeal of this decision on October 10.

Assumption Transition

The third and current step in the assumption process for the King County portion of the District is Assumption Transition. Section 5.6 of the IOA states that, “No later than 24 months prior to the end of the term of this Agreement, the City and District shall negotiate in good faith the terms of final transition. Transition terms shall include plans that the City and the District agree to implement to ensure a smooth transition from District to City Operations.” In other words, this section means that the City and RWD need to start planning for the City’s assumption of the District at least two years in advance of when assumption will occur. This was also clearly called out in the City’s Assumption Ordinance (Ordinance No. 681). Section 2 of the Ordinance reads:

Section 2. Assumption Transition. As provided in the 2002 Interlocal Operating Agreement, no later than October 22, 2015, the City Council confers upon the City Manager or designee the authority to negotiate, in good faith, with the District the terms of a final transition plan so as to ensure a smooth transition from District to City operations. The transition plan shall include operational issues, financial issues, and employee transition issues.

Given the passage of the Assumption Ordinance, the forthcoming BRB Notices of Intent, and the acknowledgment from staff that both the planning and implementation of assumption will take some time, staff recommended to Council that assumption transition planning begin this year. This culminated in the holding of joint Council-RWD Board dinner meeting on April 14. At that meeting, direction was given to form the joint Council-RWD Board subcommittee on assumption transition.

DISCUSSION

Subsequent to the April 14 joint Council-Board dinner meeting, it was agreed by both the City and RWD that two members of the Council and two members of the RWD Board would serve on the committee, which came to be known as the CEO. Representing the City Council are Councilmember Doris McConnell and Councilmember Chris Roberts, and representing the RWD Board of Commissioners are Commission President Bob Ransom and Commissioner Gretchen Atkinson.

The first meeting of the CEO occurred on June 5 of this year, and subsequent meetings were agreed to be held on the fourth Thursday of every month from 9:00 to 10:30 am. Subsequent meetings held to date have been June 26, July 31, August 28, and September 25. As of the writing of this staff report, the next scheduled CEO meeting will be held on October 23. All CEO meeting materials and information about the CEO are located on the Assumption Transition Committees webpage on the City’s website: <http://shorelinewa.gov/government/departments/public-works/utilities/ronald-wastewater-assumption/assumption-transition-committees>.

CEO Charter

At the first CEO meeting on June 5, the CEO discussed the creation of a Committee Charter (Attachment A) and how the Charter would serve to guide the work of the CEO. It was acknowledged that the Charter must align with Section 5.6 of the IOA while also expanding the scope of work beyond the transition topics noted in the IOA. A list of prioritized issues to consider was included in the Charter, along with additional scope of

work information and the project plan. The CEO approved the Charter at their following meeting on June 26, although individual members of the CEO did not sign the Charter until July 31.

Staff Committee

In addition to the CEO structure, the Committee Charter also created a Staff Committee to discuss and produce assumption transition content for the members of the CEO to review and ultimately recommend to their respective legislative bodies. The Staff Committee, which also attends the CEO meetings, is made up of the following staff:

- Assistant City Manager John Norris (Assumption Transition Project Manager),
- Public Works Director Mark Relph,
- Public Works Utility and Operations Manager Dan Repp,
- Public Works Management Analyst Susana Villamarin,
- RWD General Manager Michael Derrick, and
- RWD Accounting Manager Mark Gregg.

City Manager Debbie Tarry also always attends the CEO meetings (and sometimes the Staff Committee meetings), and other City staff have also been brought in to help with the assumption transition process. Most notably, Human Resources Director Paula Itaoka and Administrative Services Director Bob Hartwig have been working closely with City staff and the Staff Committee on policy areas that fall within their purview. The Staff Committee typically meets two weeks in advance of the forthcoming CEO meeting.

CEO Work Products

Once the Committee Charter was agreed to, the Staff Committee and CEO began working on the prioritized list of issues to consider that is noted in Section 1.3.2. of the Charter. This began with the Financial Policies discussion, and moved into Communications and Personnel. Attached to this staff report are work products that the CEO has approved and draft work products that CEO is still working to finalize. These include the recommended Financial Policies Issue Paper (Attachment B), the recommended Personnel Work Plan (Attachment C), the recommended Initial Communication Letter to RWD and City of Shoreline Employees (Attachment D), and the draft RWD Assumption Communications Plan (Attachment E). If Council has any questions or direction about the policies included in these work products or the format or content of the work products, staff and the members of the CEO can provide responses to these inquiries.

CEO Work Delivery Process

In the context noted above regarding work products, "recommended" work products are items that have been initially approved by the CEO for recommendation to the Council and RWD Board. "Draft" work products are items that are still being finalized by the CEO. With this said however, the CEO has acknowledged that the approval process for assumption transition content will likely be iterative, and that the RWD Board's and Council's review process of recommended content will likely be different. RWD General Manager Michael Derrick has stated that the RWD Board will likely review all recommended content that is transmitted from the CEO as soon as it is transmitted, while staff at the City are packaging content for Council review and consideration. This

staff report serves as this first "package" for Council review. Regardless of the initial review process, both the Council and RWD Board have the authority and autonomy to provide direction to their respective CEO members to bring recommended content back to the CEO for further CEO consideration, amendments, edits, etc.

Ultimately, once all of the policy issues have been discussed and policy direction has been provided by the CEO (with interim direction provided by the RWD Board and City Council along the way), all of the recommended work products will be compiled into a Transition Plan for final CEO recommendation to the Council and RWD Board for approval. This Transition Plan will then serve as the blueprint for assumption implementation tasks that need to occur pre- and post-assumption. The Plan will also serve to meet the commitment made in the IOA to have the City and RWD negotiate in good faith the terms of final transition.

NEXT STEPS

Staff will continue to meet with the CEO and Staff Committees on a monthly basis and work through the identified list of policy issues in the Committee Charter. The forthcoming policy issues the CEO will look at are Budget/CIP and Facilities, in addition to continuing to work through some of planning tasks in the Personnel work plan. As noted above, the final CEO work products will be compiled into the Transition Plan for final CEO recommendation and Council and RWD Board approval. Staff hopes to have the Transition Plan complete by the end of 2015. This will allow the final 22 months (January 2015-October 2017) prior to assumption on October 23, 2017 to be used for implementation of the recommendations in the Transition Plan.

COUNCIL GOAL ADDRESSED

This agenda item addresses Council Goal #2, Improve Shoreline's utility, transportation, and environmental infrastructure, and specifically Action Step #4 of this goal: Develop a plan to merge the Ronald Wastewater District into City operations as outlined in the 2002 Interlocal Operating Agreement.

RESOURCE/FINANCIAL IMPACT

There is no direct financial impact to continuing to staff and coordinate the Assumption Transition CEO. However, there could be assumption transition issues identified as part of the assumption transition planning process that do have costs associated with them.

RECOMMENDATION

Staff recommends that Council discuss the work of the RWD Assumption Transition CEO thus far and provide direction to staff on future assumption transition issues.

ATTACHMENTS

Attachment A: RWD Assumption Transition CEO Charter
Attachment B: CEO Financial Policies Issue Paper

Attachment C: CEO Personnel Issues Work Plan

Attachment D: CEO Initial Communication Letter to RWD and City of Shoreline
Employees

Attachment E: RWD Assumption Communications Plan

Ronald Wastewater District and City of Shoreline Transition Team for Assumption

Project Charter

June 26, 2014

Project Charter Approval Table




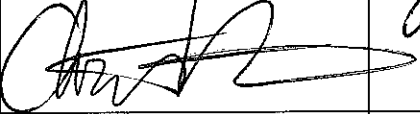
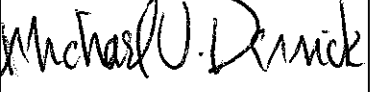
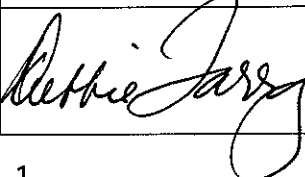
Name	Title	Signature	Date
Robert Ransom	Ronald Wastewater District Commissioner		June 26, 2014 July 31, 2014
Gretchen Atkinson	Ronald Wastewater District Commissioner		7-31-14
Doris McConnell	Shoreline City Council member		July 2, 2014
Chris Roberts	Shoreline City Council member		July 2, 2014
Michael Derrick	General Manager, RWD		31 July 2014
Debbie Tarry	City Manager, City of Shoreline		7/9/14

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1. Project Overview

1.1. Project Statement

The Ronald Wastewater Commissioners and City of Shoreline City Council have jointly agreed to create two subcommittees, a Committee of Elected Officials ("CEO") and a Staff Committee, to plan for the eventual assumption of the District by the City per the 2002 Inter-local Operating Agreement (IOA).

1.2. Project Objective Statement

The CEO shall develop, evaluate and recommend to their respective elected bodies a "Transition Plan" (Plan) for the assumption of the District by the City. This Plan shall identify and address all policy issues necessary for the assumption of the District. The CEO shall be in place until the Plan is finalized, or until some other action is taken by either elected body.

1.3. Project Scope

1. The Plan shall include a list of the issues and recommended actions to be considered necessary for the assumption of the District. Each issue shall include, but not be limited to:
 - a. Brief description of the issue
 - b. Statement as to why it is being considered
 - c. Specific policy issues needing to be addressed
 - d. Alternatives or options being considered
 - e. Recommendations for policies and/or actions
 - f. Work plan and schedule for addressing each action
2. A preliminary list of issues to consider include (in priority order):
 - a. Financial Policies - debt issuance and all of the transition terms identified in Section 5.6 of the IOA (call of bonded debt, liability and indebtedness assumption, use of cash reserves, maintenance of reserve funds, etc.)
 - b. Communication - with the public and internal to each entity
 - c. Personnel - wages, benefits, job descriptions, policies
 - d. Budget - format, timing, forecasting, rates
 - e. Capital Improvement Program (CIP) - coordination, forecasting
 - f. Facilities
 - g. Financial Systems - accounting, utility billing, IT services
 - h. Asset Management - inventory, GIS
 - i. Purchasing
 - j. Equipment - fleet, tools, clothing
 - k. Utility Advisory Board – as contemplated in Section 4.7 of the IOA
 - l. Policy and Code Changes for Council and/or Board
 - m. Interim Opportunities - shared resources (staffing, equipment, facilities, etc.)

2. Project Plan

2.1. Project Structure and Approach

1. The CEO:
 - a. Shall be comprised of two District Commissioners and two City Council members appointed from their respective elected bodies.
 - b. At the completion of the Plan, the CEO shall submit a final Plan to each elected body for review and adoption.
 - c. The CEO shall rotate one member at each meeting to act as the Chair of the Committee with the responsibility to facilitate the discussion.
 - d. The CEO shall confirm and set the agenda of each meeting.
2. Staff Committee:
 - a. There shall be a staff committee ("Staff Committee") responsible for supporting the CEO, and will discuss, review, and prepare the materials for each CEO meeting. This Staff Committee will include:
 - i. City Manager
 - ii. District General Manager
 - iii. Assistant City Manager
 - iv. Public Works Director
 - v. District Accounting Manager
 - vi. Public Works Operations & Utilities Manager
 - b. The Staff Committee may invite other staff from either entity to participate as necessary.
 - c. The Staff Committee will provide policy recommendations to the CEO for their consideration and direction.
3. Project Manager:
 - a. There shall be a single Project Manager (PM), who will coordinate the activities and distribute information of the CEO and the Staff Committees.
 - b. The PM shall be responsible for developing summary notes from each CEO and Staff Committee meeting.
 - i. Draft notes from each CEO meeting shall be included in the next agenda material for the following CEO meeting.
 - ii. Draft notes from each Staff Committee meeting shall be included in the next agenda material for the following Staff Committee meeting.
 - iii. The CEO shall review, modify and approve summary notes at each CEO meeting.
 - iv. The Staff Committee shall review, modify, and approve summary notes at each Staff Committee meeting.
 - c. The PM shall be responsible for preparing and maintaining a project schedule.

4. Communications Plan:

- a. The Staff Committee shall propose a Communication Plan (CP) for the CEO to review and approve.
 - i. The CP shall include a specific work plan to communicate the CEO's purpose, scope, progress and recommendations to the public.
 - ii. The CP shall address external interests as well as internal interests of both entities.
 - iii. The PM shall coordinate and distribute information to be shared for each respective web page and other external communications.

5. Meeting schedule:

- a. The CEO shall meet on the 4th Thursday of each month from 9:00 am to 10:30 am in Conference Room 104 of Shoreline City Hall, or unless modified by consensus of the CEO. The Committee meetings will be noticed as open public meetings.
- b. The Staff Committee shall meet once a month, at least one week prior to the CEO meeting, or unless modified by either the City Manager or General Manager.

2.2. Committee Reporting

The CEO members shall periodically report to their respective elected bodies as each entity deems appropriate.

2.3. Appointments and Assignments

1. Ronald Wastewater District Elected Representatives: Robert Ransom and Gretchen Atkinson
2. Shoreline City Council Representatives: Doris McConnell and Chris Roberts
3. Project Manager: City of Shoreline Assistant City Manager

3. Revision History

Document all changes and updates to the Charter throughout the project process

<i>Date</i>	<i>Version</i>	<i>Name</i>	<i>Description Change</i>

4. Attachments

- 2002 Inter-local Operation Agreement between the City of Shoreline and the Ronald Wastewater District

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RESOLUTION NO. 197

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON AUTHORIZING AN INTERLOCAL OPERATING AGREEMENT RELATING TO PROVISION OF SANITARY SEWER SERVICES

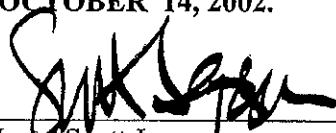
WHEREAS, City and Ronald Wastewater District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents; and

WHEREAS, the City and District have negotiated a Franchise and concomitant Interlocal Operating Agreement to coordinate the provision of sanitary sewer services in the City of Shoreline; now therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON THAT

1. The City Manager is authorized to execute the INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS attached hereto as Exhibit 1.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 14, 2002.



Mayor Scott Jepsen

ATTEST:



Sharon Mattioli, CMC
City Clerk

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Attachment A

CITY OF SHORELINE	
Clerk's Receiving	
No:	1956
Date:	10/22/02

Exhibit 1

INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT RELATING TO SANITARY SEWER SERVICES WITHIN SHORELINE'S CITY LIMITS

THIS AGREEMENT is made and entered into this 22nd day of October, 2002, by and between the city of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City") and Ronald Wastewater District, a Special Purpose Municipal Corporation (the "District").

WHEREAS, the City is the local government with authority and jurisdiction with respect to the territory within its corporate boundaries; and

WHEREAS, the District provides sanitary sewer service to properties located in the District and properties lying in the City's corporate boundaries and also to properties not located in the District or the City; and

WHEREAS, the City does not own or operate a sanitary sewer system; and

WHEREAS, the District and the City agree that the District has provided its service area, including the area now located within the City of Shoreline, with sanitary sewer service for over 42 years and that the District has the skills, assets, willingness and ability to provide the entire City with sanitary sewer service; and

WHEREAS, the City desires to assure its residents of continued unified sanitary sewer service which will comply with federal, state and local law, which will protect the public's health, safety, and welfare, and will provide uniform standards of service; and

WHEREAS, the City and the District have separately negotiated a 15 year Franchise Agreement to establish the terms and conditions under which the District is granted the authority to maintain its sanitary sewer system within the City's Rights of Way to be simultaneously executed and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have passed resolutions approving the execution of this Agreement;

12/15/10

NOW THEREFORE, in consideration of the terms and provisions contained herein, and the Franchise Agreement executed contemporaneously by the parties, the City and the District agree as follows:

Section 1. Purpose. It is the purpose of this Agreement to guide the activities, resources and efforts of the City and the District to provide the citizens of the entire City and the ratepayers served by the District with an efficient, high quality and well maintained sanitary sewerage wastewater system at a reasonable cost and to provide an orderly and predictable transition of the wastewater utility from District to City ownership.

Section 2. Term of Agreement. The term of this Interlocal Operating Agreement shall be fifteen (15) years from the date of its execution.

Section 3. City Responsibilities:

3.1 Franchise Grant to the District. The City shall grant a non-exclusive franchise to the District in the form attached hereto as Exhibit "A" for a concurrent term of 15 years and terminating on the termination date of this Agreement.

3.2 Assumption by the City. The City agrees that in consideration of the "Interlocal Operating Agreement Fee" to be paid by the District to the City as set forth herein in section 4 of this Agreement, and the other terms and conditions of this Agreement, it shall not, during the 15 year term of this Agreement and the concurrent Franchise Agreement granted to the District, attempt to exercise its statutory authority (RCW chapter 35.13A, as currently in effect or amended in the future) to assume jurisdiction over the District or any District responsibilities, property, facilities or equipment within the City's corporate limits, including future annexed areas.

3.3 Fees and Charges. The City shall not, during the term of this Agreement impose any new fees on the District for City costs and services addressed and compensated for in the Franchise Agreement or this Interlocal Operating Agreement, as herein below described.

3.4 Future Statute Authorizing a City Utility Tax on the District. In the event that the State of Washington Legislature should in the future authorize a City to impose a Utility Tax upon a District based upon the District's revenues, or upon any other basis, the payments hereinbelow provided as the District's contractual consideration for this Agreement shall be credited against such Utility Tax as the City may impose and the District shall be obligated to pay only the statutorily supported tax liability in excess thereof; provided however, this section shall not allow a credit against consideration of this Agreement for

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generally applicable regulatory fees or revenue-generating charges or taxes that may be authorized by law as applicable to the District and adopted by the City during the term of this Agreement other than a utility tax. For purposes of this section "utility tax" refers a city tax on business activities subject to the tax imposed by chapter 82.16 RCW.

3.4.1 Pass Through of Excess Utility Tax. In the event a Utility Tax on the District by the City is in the future authorized by law, the District shall pay such additional monies and may pass such additional tax liability on to the District's ratepayers as a separate billing item.

3.5 Requirement to Connect to Sanitary Sewer. The City shall, within the first year of this Agreement, study the adoption of rules and regulations related to the requirement that residences and other buildings or improvements located within the City not receiving sanitary sewer service (those using septic tanks or other on site systems), shall, under certain terms and conditions, be required to connect the sewer facilities located in or on such properties to the District's Sanitary Sewer System.

3.5.1. The City shall enforce such rules and regulations if adopted.

3.5.2 The District shall cooperate with the City in such enforcement action.

3.6 City's Option to Extend this Agreement The City, at its sole option, may no less than twelve (12) calendar months prior to the end of the term of this Agreement inform the District, in writing, of its desire to extend this Agreement for an additional five (5) years under terms and conditions as may be mutually agreed to by the Parties.

3.6.1 Should the City give such notice to the District and the District be interested in such a proposal, the Parties shall enter into Good Faith Negotiations to complete and execute a mutually acceptable extension Agreement, within six (6) months from the City's Notice.

3.7 Protection of District Employees upon Assumption by the City. The Parties agree that a fair and equitable transition of the employees of the District at the time of assumption by the City is critical to maintain the efficient operations of the wastewater services. The employees at the District represent a valuable asset to the City as they assume operations of the District. Therefore, in addition to compliance with RCW 35.13A.090, the City agrees to the following protections for employees of the District at the time of the transfer of the utility system:

3.7.1 All full-time regular non-probationary employees of the District at the time of assumption shall be offered the same or equivalent positions in the City's job classification system, which are consistent with the knowledge, skills, abilities, experience, and technical requirements of the District's employees.

3.7.2 The City agrees not to reduce the salary of a District transferred employee. However, the City reserves the right to freeze a District transferred employee's rate of compensation within a job classification until the City's rate of compensation is equal to or exceeds the transferred employee's rate of compensation.

3.7.3 City agrees it shall not lay off a transferred District employee for at least one year following the date of the transfer to City employment, however, the City reserves the right to terminate District transferred employee for cause.

3.7.4 Service credit for City purposes will be calculated based upon the initial full-time employment date of the transferred employee with Ronald Wastewater District.

3.7.5 Transferred employees will continue participation with the appropriate public employees' retirement system as provided for in RCW35.13A.090 (1).

3.7.6 The City currently allows employees retiring under the PERS Retirement System to purchase health insurance. The transferred employees will be able to participate in that benefit so long as this is still a benefit offered to City employees at the time of assumption of the District.

3.7.7 The City agrees to abide by the Washington Wastewater Collection Personnel Association certification requirements or equivalent for all sewer maintenance workers.

3.7.8 District agrees that an employment agreement for any employee shall not be extended beyond the City assumption date without review and approval of the City Manager.

3.7.9 The Parties recognize that all agreements with bargaining units will terminate upon transfer to the City.

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3.7.10 District agrees that at the time of transfer it shall pay off any accrued sick leave owed to transferred District employees, based on District sick leave policy then in effect.

3.7.11 The Parties agree that District employees transferred to the city shall not carry over more vacation accrual than allowed by City vacation leave policy then in effect, and the District shall pay off vacation in excess of the City's accrual limit upon transfer.

3.8 Obligations On Assumption:

3.8.1 City shall assume all liabilities and contractual obligations of the District or pay those obligations in full where required by contract, bond covenant or other agreements. The District will negotiate all new contracts and loan agreements during the term of this agreement including any mutually agreed upon extension so that the obligations of the District may be assumed by the City upon assumption of the District without cost or penalty. It is agreed that the district's Parity Revenue Bond covenants, as now written, can not, and will not change during this Agreement, therefore, any such Parity Revenue bond obligations of the District will require full defeasance or transfer of the obligation of the District according to the bond covenants at the time of the transfer of assets.

3.8.2 All District assets, personal, real and intangible property will be transferred to the City.

Section 4. The District Responsibilities. In consideration of the City's commitments above and the concomitant Franchise Agreement, the District shall:

4.1 Interlocal Operating Agreement Fee. In consideration of and compensation for the City's forbearance of its rights to assume the District under RCW 35.13A, as it now exists or may be amended, and the rights granted the District under this Agreement to operate its existing and future sewer facilities within the City's corporate limits, including any future annexed areas, the District agrees to pay the City an "Interlocal Operating Fee" pursuant to the payment schedule set forth herein.

4.2 Schedule of Payments. The schedule of payments shall be as follows:

Year	Amount
2002	\$500,000*
2003	\$550,000

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2004	\$600,000
2005	\$618,000
2006	\$637,000
2007	\$656,000
2008	\$676,000
2009	\$696,000
2010	\$717,000
2011	\$739,000
2012	\$761,000
2013	\$784,000
2014	\$808,000
2015	\$832,000
2016	\$857,000
2017	\$883,000

*In the year 2002, the \$500,000 Interlocal Agreement Fee will be paid in full by Ronald Wastewater District prior to December 31, 2002, less any previously paid fees paid during the year 2002 under the Seattle Public Utilities Franchise Agreement assumed by the District.

In all years subsequent to 2002 through 2016, the Interlocal Agreement Fee will be paid by the District to the City with quarterly payments being made on or before March 15, June 15, September 15, and December 15 of each year.

In the final year, 2017, the District's payment to the City will be pro-rated to the date of the Contract Termination.

The fee paid by the District under this section is a business expense that will not be separately identified on customer billings.

4.3 Storm Water and Water Supply System. The District shall not provide a storm water system or a water supply system within the City without the approval of the City being first obtained.

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4.4 Standard Sewer Billing Rate Structure. It shall be the goal of the District to perform a Comprehensive Sewer Rate and Cost of Service Analysis in order to develop a uniform rate schedule following the District's acquisition of the Seattle Public Utilities/Lake City Sewer District Sanitary Sewer System which study shall include but not be limited to the following:

4.4.1 The impact of the overall rate revenue requirements, which analysis shall reflect the impact of diverting the costs and revenue of sewer system customers within the City of Lake Forest Park, if and when service to those customers is taken over by the City of Lake Forest Park.

4.4.2 An evaluation of reasonable options and impacts of phasing in a blending of sewer rates, revising the sewer rates and costs of maintenance and operation, both pre and post Seattle Public Utilities/Lake City Sewer District acquisition of customer segments.

4.4.3 Develop a strategy to expedite a blending of sewer rates to a single set of rate structures that will have the least negative impact on all District ratepayers, now and in the future.

4.4.4 Attempt to create a level billing rate structure for each class of customer throughout the District and the City unless the level of service provided any segment of those properties served requires a "special benefit" surcharge.

4.5 Agreement to Annex. The District shall exercise its legislative authority to seek annexation of those areas which it serves which are not yet within its corporate boundaries and those areas which are within the City's corporate boundaries except areas served by the Highland Sewer District. The District shall proceed with the annexation process as soon as the City of Lake Forest Park exercises its right to annex those areas within its corporate boundaries, and which are presently served by the District's Sanitary Sewer System.

4.5.1 City's Cooperation With Annexation. The City shall promote, cooperate with, and use its best efforts to assist the District in the annexation process articulated in Section _____ of this agreement.

4.6 Seattle Public Utilities Service System Reliability. The District shall prepare plans to upgrade the systems acquired from Seattle Public Utilities to conform to the District's overall operational and maintenance standards.

4.7 Advisory Board. Members of the Board of Commissioners of the District in office at the time of this Agreement who wish to do so, may at their

option, sit as an advisory Board to the Shoreline City Council for a three (3) year period beyond the term of this Agreement.

- 4.8 Cooperation with Assumption and Dissolution. The District agrees to take no action to protest or challenge the assumption of the District following the term of this agreement or any extension thereof. By its execution of this Agreement below the District grants to the City a limited power of attorney to execute a joint petition to Superior Court for dissolution of the District pursuant to RCW 35.13A.080 when authorized by the City Council following the term of this Agreement provided the City is not in breach of this Agreement including terms that survive the term of the Agreement

Section 5. Mutual Responsibilities. In satisfaction of the intent of the parties, the City and District shall have the following responsibilities:

5.1 Common Goals and Interests. The parties shall agree to identify potentially desirable common activities and projects of mutual interest and benefit, which shall include, but not be limited to the following:

- 5.1.1 Common Vehicle and equipment storage facilities
- 5.1.2 Common vehicle and equipment maintenance
- 5.1.3 Emergency/after hours call center
- 5.1.4 Combined permitting/licensing offices
- 5.1.5 Joint but separate communications - emergency radio/telephone
- 5.1.6 Creation of a joint committee to discuss, evaluate and select cost-effective common programs relating to:
 - i. Energy management
 - ii. Equipment sharing
 - iii. Information technology
 - iv. Staff training, where possible
 - v. Joint insurance programs

5.2 Inter-Agency Communications. A committee consisting of the City's City Manager and Public Work's Director, and the District's General Manager and Maintenance Manager will meet annually to evaluate projects which may be agreed upon to have a mutual benefit, and which may be jointly undertaken.

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5.3 Capital Improvement Plan: Each of the Parties shall provide the other with a copy of their respective present Capital Improvement Plan to better facilitate the use of the streets, sidewalks and rights of way and the areas under them.

5.4 Coordination of City and District's Comprehensive Plans. The City's Manager and District's General Manager shall meet annually to coordinate activities related to their respective Comprehensive Plans and their respective Capital Improvement Plans. The parties shall address revisions to their respective Comprehensive Plans at the earliest opportunity to reflect the transition of wastewater service delivery by the City at the end of this Agreement.

5.5 Information and Document Exchange. The Parties shall exchange information and documents relating to the location of the facilities which they each operate within the affected rights of way.

5.6 Assumption Transition. No later than 24 months prior to the end of the term of this Agreement, the City and District shall negotiate in good faith the terms of final transition. Transition terms shall include plans that the City and the District agree to implement to ensure a smooth transition from District to City operations. These plans would include operational issues, financial issues, and employee transition issues. Transition terms shall include but not be limited to the following:

5.6.1 Defeasance or call of all bonded debt principal outstanding and interest owed if required by bond covenants.

5.6.2 Assumption of all indebtedness and other liabilities subject to the terms and conditions of related agreements and contracts.

5.6.3 Terms for application and future use of any cash reserves at the time of the transfer of the system then restricted as to use for system rehabilitation and replacement per District Resolution

5.6.4 District agrees to maintain its reserve funds in the same manner as current policy, and shall maintain adequate reserve levels subject to periodic review by the District's Board of Commissioners in establishing policies related to the financial needs of the District.

Section 6. Termination. In addition to all other rights and powers to remedy default including specific performance, both Parties reserve the right to revoke and terminate

this Agreement in the event of a substantial violation or breach of its terms and conditions.

Section 7. Indemnification. The parties shall indemnify and hold harmless each other and their respective officers, agents, and employees from all costs, claims or liabilities of any nature, including attorneys' fees, costs and expenses for or on account of injuries or damage by any persons or property resulting from the negligent activities or omissions of that Party or their respective agents or employees arising from the performance of this agreement.

Section 8. Definitions. The terms used in this Agreement, if not defined herein, shall have their meanings as defined in any other documents executed contemporaneously or in conjunction with this Agreement.

Section 9. Remedies. In addition to the remedies provided by law, this Agreement shall be specifically enforceable by any Party.

Section 10. Venues. In the event of litigation pertaining to this Agreement, the exclusive venues and places of jurisdiction shall be in King County, Washington.

Section 11. Alternative Dispute Resolution-Arbitration. Except as otherwise provided under applicable state law, any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach of this Agreement, shall be submitted to, and settled by, arbitration to be held in King County, Washington in accordance with the provisions of Chapter 7.04 of the Revised Code of Washington, as amended, and with respect to matters not covered in such statute, by the rules of the American Arbitration Association; provided, however, that in the event of any conflict between such statute and such rules, the provisions of the statute shall control; and provided further, that notwithstanding anything in such statute or rules to the contrary: (a) the arbitrator's decision and award shall be made according to the terms and provisions of this Agreement and the applicable law, and such award shall set forth findings of fact and conclusions of law of the arbitrator upon which the award is based in the same manner as is required in a trial before a judge of the Superior Court of the State of Washington; (b) the arbitrator shall award attorney's fees to the prevailing party; and (c) in any such arbitration, there shall be a single arbitrator and any decision made shall be final, binding and conclusive on the parties. The fees of the arbitrator shall be borne equally by the parties except that, in the discretion of the arbitrator, any award may include a party's share of such fee if the arbitrator determines that the dispute, controversy or claim was submitted to arbitration as a dilatory tactic.

Section 12. Binding. This Agreement shall inure to the benefit of and be binding upon the Parties, their successors and assigns.

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Section 13. Enforceability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Section 14. Applicable Law. This Agreement shall be construed under the laws of the State of Washington.

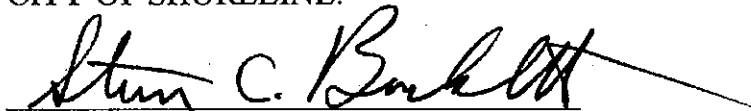
Section 15. Attorneys Fees. If either party employs an attorney to enforce any rights arising out of or relating to this Agreement, the prevailing party shall in such dispute be entitled to recover its reasonable attorneys' fees.

Section 16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter. It shall not be modified except by a written agreement signed by both parties. None of the provisions of this Agreement shall be deemed to have been waived by any act of acquiescence on the part of either Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of the Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision(s) or of the same provisions on another occasion.

Section 17. Survival. All of the provisions, conditions and requirements of Sections 3.7, 3.8, 4.7, 4.8, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 shall survive the fifteen (15) year term of this Agreement.

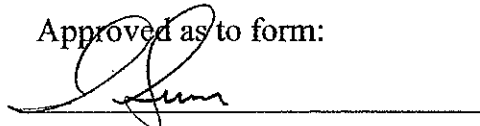
Section 18. Effective Date and Term of Contract. This agreement shall be in full force and effect and binding upon the parties hereto upon the execution of the Agreement and shall continue in full force and effect fifteen (15) years from the effective date.

CITY OF SHORELINE:



Steven C. Burkett, City Manager

Approved as to form:



Ian R. Sievers, City Attorney

RONALD WASTEWATER DISTRICT:



President, Board of Commissioners

Attest:

A handwritten signature in black ink, appearing to be "James L. ...", written over a horizontal line.

Secretary, Board of Commissioners

Ronald Wastewater District Assumption Transition Financial Policies Issue Paper

Brief description of the issue

As per the Interlocal Operating Agreement, the following financial policy and debt topics are to be addressed during the assumption transition period: call of bonded debt, liability and indebtedness assumption, use of cash reserves, and maintenance of reserve funds. The City also feels that financial policies should be in place at the City prior to assumption to address how capital needs and operation and maintenance needs of the City's new sewer utility are financed. The City currently has financial and debt policies for the City's various funds (attached), and the new sewer fund should be added to these policies.

Statement as to why it is being considered

Currently, RWD has no outstanding debt; all prior bond and Public Works Trust Fund debt has been retired. Thus, there is no current issue with calling bonded debt prior to assumption or assumption of outstanding liabilities that the City would take on. However, there are four main issues that should be addressed in this section of the Transition Plan:

- The RWD policy prior to assumption regarding the use of District cash and the maintenance of reserves;
- The RWD policy prior to assumption regarding any new District debt;
- The City's financial and debt policies for the new sewer utility after assumption occurs; and
- The policy regarding expenditures related to assumption (i.e., costs that might be incurred to move assumption forward)?

The Financial Policy Agreements below provide direction on these four policy issue areas:

Financial Policy Agreements

District Cash Reserve Levels -

- The cash reserve level at the time of assumption will be approximately 90 days of operating expenses, with a minimum of 60 day operating expenses. 30 days of operating expenses for the utility is roughly \$1.1 million.
- The District will manage current cash reserve levels prior to assumption while maintaining current operations and implementing the identified capital improvement program.

Comprehensive Plan -

- An update to RWD's hydraulic analysis for the utility's entire service area based on future projected growth in the City and a capital program proposal based on the hydraulic analysis will be completed prior to assumption. Post assumption, the City will use the District's Sewer Comprehensive Plan update to conduct a cost of service analysis and a rate study for the sewer utility.
- The update conducted by the District could be an Interim Opportunity that is supported by City.

District Interim Debt Policy -

- Although the District does not have any debt or any current plans to issue debt for implementation of their capital improvement program or other operational needs, if the District is interested in issuing debt prior to assumption, the District will discuss the potential issuance of debt with the CEO prior to taking formal Board action to issue any debt. This includes both issuing bond debt and taking on loans, such as Public Works Trust Fund loans.

City Sewer Utility Debt and Financial Policies -

- Prior to assumption, the City will review and adopt debt and financial policies for the new sewer utility. These debt and financial policies will be based on the financial analysis conducted as part of the District's Comprehensive Plan update.
- City financial policies for the sewer utility will include (but are not limited to) policies on cash reserve levels, debt policies ('pay as you go' or debt finance), fund management policies (combined or separate operations and capital funds), depreciation policies, bill non-payment policies, and rate and capital period policies.
- The City will review industry financial policy metrics to confirm that the City's adopted debt and financial policies meet industry standards.

Assumption Costs -

- If direct costs are incurred to implement the assumption of RWD, the utility will pay for these costs. Prior to any of these direct costs being incurred, these costs will be approved by the CEO.

Recommendations for policies and/or actions

Staff recommends that the CEO discuss these policy agreements and move these forward into the Transition Plan, which will ultimately be adopted by the CEO and accepted by the City Council and RWD Board of Commissioners.

Ronald Wastewater District Assumption Transition Personnel Issues Work Plan

Initial Employee Communication

As per Section 3.7.3 of the Interlocal Operating Agreement (IOA), “the City agrees that it shall not lay off a transferred District employee for at least one year following the date of the transfer to City employment, however, the City reserves the right to terminate District transferred employees for cause.”

Work Plan Tasks:

- Draft an initial communication letter from the CEO to both RWD and City staff regarding the upcoming consolidation of the two organizations
- Continue to communicate with RWD and City employees regarding the ongoing transition and merger of the two organizations

Timeline:

- Draft letter completed by the end of September 2014, with dissemination date to be determined; ongoing communication through assumption

Job Classification/Compensation Review

As per Section 3.7.1 of the IOA, “All full-time regular non-probationary employees of the District at the time of assumption shall be offered the same or equivalent positions in the City’s job classification system, which are consistent with the knowledge, skills, abilities, experience, and technical requirements of the District’s employees.”

As well, Section 3.7.2 of the IOA states that, “the City agrees not to reduce the salary of a District transferred employee; however, the City reserves the right to freeze a District transferred employee’s rate of compensation within a job classification until the City’s rate of compensation is equal to or exceeds the transferred employee’s rate of compensation.”

Work Plan Tasks:

- Obtain and review current job descriptions and pay scales for RWD employees
- Perform preliminary market survey of these job classifications by City Human Resource staff
- Perform a full market survey of these job classifications as part of the City’s planned 2015 compensation and classification survey, which will be conducted by a third party vendor hired by the City
- Determine a range placement within the City of Shoreline’s salary table for these job classifications based on the market survey
- Identify the impact of the job placement on each employee and determine the appropriate step placement within City of Shoreline salary ranges
- Determine the next step increase date based on the initial step placement and market impact

Timeline:

- Completed by the end of 2015

Benefits/Employee Handbook Reconciliation

Sections 3.7.5 through 3.7.11 address employee benefits.

Work Plan Tasks:

- Identify and review the differences in the benefits package and the employee handbook/policies for RWD employees and City employees
- Identify the differences in the benefit insurance plans for RWD employees and City employees
- Share these differences with RWD employees
- RWD HR staff follow the sick leave procedures outlined in Section 3.7.10 of the IOA
- Review with CEO as to whether it makes sense to recommend a policy change to the Shoreline City Council to provide RWD employees an option to carry over some sick leave or cash all of it out
- RWD HR staff follow the vacation leave procedures outlined in Section 3.7.11 of the IOA.

Timeline:

- Identification and review tasks will be completed by the end of December 2014 with ongoing review by staff and the CEO
- Employee communication regarding benefits will be conducted through the Personalized Employee Transition Process (see below)

Sewer Utility Organizational Chart

Work Plan Tasks:

- Review the current RWD organizational chart
- Identify how the sewer utility will be organized and how it will fit into the City's organization charts

Timeline:

- Completed by the end of December 2014, with dissemination six months to one year prior to assumption

Personalized Employee Transition Process

Work Plan Tasks:

- Gather all of the personnel-related content (job classification/compensation, benefits, RWD sick/vacation buy out, organizational chart structure, new work location, City employment policies, etc.) for each RWD transferred employee
- Create a Personalized Employee Transition packet for each RWD transferred employee with the content applicable to them
- Conduct a personalized employee transition meeting with each RWD transferred employee to go over their information packet
- Provide ongoing communication and support to RWD employees leading up to assumption

Timeline:

- Completed six months to one year prior to assumption

To: Employees of Ronald Wastewater District and the City of Shoreline

From: The Committee of Elected Officials (CEO) for RWD Assumption

Date:

Subject: Looking Ahead to Consolidation of Services

Whether you work for the District or the City, you already have a great deal in common; you are in the business of delivering important public services to help the residents of Shoreline. As individuals and teams, you give something to the community through your work. In short, you make a difference.

We, the elected officials of both the City and Ronald, are looking forward to melding our organizations into one team to serve the Shoreline community. As you have probably heard, the King County Boundary Review Board voted unanimously to approve the assumption of the District in King County. We therefore are continuing to plan for the consolidation of our organizations, which includes ongoing communication with our employees.

Some of you already work closely together, but there are others that have not had this opportunity. Shoreline's City Manager, Debbie Tarry and the District's Manager, Michael Derrick, will be looking for opportunities for staff to get know to one another before the assumption happens. We hope that this will make for an easier transition and help clarify some of the unknown. More importantly, we hope to merge the talent of both organizations to enhance the ability of all of us to better serve the community.

Ronald Wastewater District and City of Shoreline

RONALD ASSUMPTION COMMUNICATIONS PLAN

1. Communications Plan Purpose

The purpose of this Communications Plan is to provide a strategic approach to communicating with Ronald Wastewater District Board of Commissioners and Shoreline City Council; staffs of both the District and the City; ratepayers and residents; and partners of the District and the City during the assumption process, which includes planning, transition, and post assumption phases.

2. Project Overview

Assumption will occur as outlined in the 2002 Interlocal Operating Agreement and the Transition Plan currently being developed by the Committee of Elected Officials (CEO).

The assumption process can be broken into three separate phases, each requiring different messages for the different stakeholders. The three phases for assumption are:

- a. **Planning Phase** - During the planning phase, the CEO, with support from a staff committee, will develop the Transition Plan for the assumption of the District by the City. Communication during this phase will primarily be focused internally, but will also have external components. The Planning Phase will be complete when the Transition Plan has been completed. It is anticipated that this will occur by the end of 2015.
- b. **Transition Phase** - Once the Board and Council have accepted the Transition Plan, District and City staff will implement it. Communications during this phase will be focused both internally and externally. The Transition Phase will be complete upon assumption of the District by the City. As per the 2002 Interlocal Operating Agreement, this will take place on October 23, 2017, unless the assumption date changes by mutual agreement between the Board and City Council.
- c. **Post Assumption Phase** - After the assumption has occurred, the City will begin rebranding the wastewater utility and complete the assumption process. Communication during this phase will focus primarily on external stakeholders.

3. Communications Objectives

This Communications Plan provides a guide for communicating assumption information to stakeholders. The activities and tools listed in this plan are intended to help meet the following communications objectives:

- Inform stakeholders of the progress, status, and key policy discussions throughout the assumption process.
- Build trust by providing timely and accurate information.
- Acknowledge the input on issues and concerns received from stakeholders and provide responses in a clear and timely manner.

4. Key Audiences/Stakeholders

In order for the assumption process to be successful, the District and the City must ensure their respective stakeholders are informed in a clear, timely, and transparent manner. The following are the primary stakeholders that will need to be targeted:

a. **Internal**

- i. **District Board of Commissioners and City Council**
- ii. **District and City Employees**

b. **External**

- i. **District Ratepayers/City Residents**
- ii. **District and City Partners (contractors and consultants, other utilities, WASWD, etc.)**

5. **Key Messages and Communication Methods**

Key messages agreed to by the CEO will represent a unified voice for the District and the City. Stakeholders will be looking for clear, transparent, and timely messages through each of the three phases of the assumption process.

- a. **Planning Phase** - Messages will primarily focus on keeping stakeholders informed about the planning process. CEO meeting materials will be made available online and the City and District will keep ratepayers and residents informed about how and when to provide input when the Transition Plan is considered by the Board and the Council.

i. **Internal**

1. **Board of Commissioners and City Council** - Members of the CEO will keep their colleagues on the Board of Commissioners and the City Council informed about the work of the CEO and the planning process. This will be done through regular reports of Councilmembers and Commissioners at Council and Board meetings.

2. **District Employees** - The CEO will develop an initial communication letter from the CEO to both RWD and City staff regarding the upcoming consolidation of the two organizations. District and City employees will each receive a copy of the letter.

The City Manager and the District General Manager will also meet with District employees to answer any questions they may have about the consolidation. Key messages will be:

- The CEO, with support from the staff committee, is working on developing a Transition Plan that will guide both the District and the City through the assumption process.
- Integration of District employees into City operations will be an integral part of the Transition Plan.
- Your contributions to the District are valued and will continue to be valued when you become City employees.

3. **City Employees** - During an all city staff meeting, the City Manager will provide City employees with an update on the letter and the planning process. Key messages will be:

- No City employee will lose their job as a result of the assumption and integration of District employees into the City.

ii. External

1. **Ratepayers and residents** - Through *Currents* and the District's newsletter, and by making CEO meeting materials available online, ratepayers and residents will be kept informed about assumption planning. Key messages will be:

- A committee of elected officials from both the District and the City, with support from their respective staff, is working to develop a transition plan to guide the assumption process.

2. Partners

- Elected officials from both the District and the City, with support from District and City staff, are developing a transition plan to ensure the assumption occurs smoothly.

b. **Transition Phase** - Communicating with District and City staff will be most critical during this phase of the assumption process. The Project Manager and support staff at both the District and the City will need to anticipate and provide answers to staff questions in a clear and timely manner.

i. Internal

1. **Board of Commissioners and City Council** - It will be the responsibility of the City Manager and General Manager to work together to ensure any issues that arise during the transition phase are communicated to the Council and Board. There will be an expectation that the City Manager and the General Manager will meet and/or communicate on a regular basis and provide the Council and Board with consistent information about transition activities and issues.

2. **District Employees** - The City's HR Department will create a personalized transition plan for each District employee that will be transitioning to City employment. Six months to a year before the assumption date, HR staff will meet with each District employee to go over their individualized transition plan. Key messages will be:

- The City's Human Resources Department is available to address any questions or concerns District staff may have regarding the process of transitioning to City employment, including issues related to benefits or concerns about positions and titles.
- If District staff have any concerns/questions about the transition of District operations into City operations, they are encouraged to bring them up immediately so they can be addressed.

3. **City Employees** - While the Public Works and Administrative Services Departments will be the ones primarily impacted by the assumption and the integration of District employees into the City, all departments will need to be included in communication efforts and participate in discussions. Key messages will be:

- District employees are now part of the City; they should be welcomed into the organization and staff should help foster a cohesive team environment for these new City employees.
- If City staff have any concerns/questions about the transition of District operations into City operations, they are encouraged to bring them up immediately so they can be addressed.

ii. External

1. **Ratepayers and Residents** - *Currents* and the District's newsletter will be used to communicate to ratepayers and residents about the transition. Ensuring the same quality service continues during the transition period is key to a smooth transition.
 - Both the City and the District are committed to continuing to provide ratepayers with the great service they have enjoyed for years with the District.
 - During the transition phase, the District is still the primary point of contact if ratepayers have any issues regarding their wastewater service, wastewater bill, etc.
 2. **Partners** - At the beginning of the Transition Phase, the District and the City will jointly communicate with District partners about the assumption and what to expect from the City after the assumption date. Key messages will be:
 - During the transition phase, the District is still the primary point of contact if partners have any issues or concerns regarding operations and/or administration.
 - Any questions about the utility after the assumption date will be answered by the City.
- c. **Post Assumption Phase** - The City will rebrand the wastewater utility and ensure ratepayers know that the City operates the utility and that all questions and concerns regarding the utility should be directed to the City.

i. Internal

1. **City Council** - The City Manager and City staff will provide Council updates on wastewater operations and post assumption issues via the City Manager's weekly report and through periodic updates to Council at Council meetings.
2. **City Employees** - Key messages will be:
 - We are all City employees now and part of the Shoreline family.
 - Any issues or concerns should immediately be brought up with direct supervisors or with the Human Resources Department.

ii. External

1. **Ratepayers** - Key messages will be:

- The City is now the wastewater utility provider for all of Shoreline and a few areas outside of Shoreline.
- Questions and concerns regarding wastewater service should be directed to the wastewater utility, which is now housed in the City's Public Works Department.

2. Partners - Key messages will be:

- The City of Shoreline is now the wastewater utility provider for all of Shoreline and a few areas outside of Shoreline.

DRAFT