



City of Lake Stevens Vision Statement

By 2030, we are a sustainable community around the lake with a vibrant economy, unsurpassed infrastructure and exceptional quality of life.

CITY COUNCIL WORKSHOP MEETING AGENDA 100% Virtual – Via Zoom

Tuesday, March 16, 2021 at 6:00 p.m.
<https://us02web.zoom.us/j/88185711466>
or call in at (253) 215-8782
Meeting ID: 881 8571 1466

- 2021 Budget Amendment #1
- Hazard Pay Follow-Up
- Cannabis Square Footage Fee

THE PUBLIC IS INVITED TO ATTEND BUT WILL NOT BE ALLOWED TO COMMENT

Special Needs

The City of Lake Stevens strives to provide accessible opportunities for individuals with disabilities. Please contact Human Resources, City of Lake Stevens ADA Coordinator, (425) 622-9400, at least five business days prior to any City meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6384, and ask the operator to dial the City of Lake Stevens City Hall number.

NOTICE: All proceedings of this meeting are recorded, except Executive Sessions.



LAKE STEVENS CITY COUNCIL
STAFF REPORT

Council Agenda Date: March 16, 2021

Subject: 2021 Budget Amendment #1

Contact Person/Department: Barb Stevens/ Finance

Budget Impact: Yes

RECOMMENDATION(S)/ACTION REQUESTED OF COUNCIL:

REVIEW: Ordinance No. 1113 Amending Budget Ordinance No. 1101

SUMMARY/BACKGROUND:

Throughout the year the City Council authorizes various purchase requests and agreements. At the time of authorization, the budget impact is presented to the Council as part of the information required in order for the Council to make an informed decision. The budget amendment follows to adjust the specific line items that will be affected by purchase or contract award.

Due to revenue receipts and expenditure costs outside of the expected values during the 2021 budget process, the 2020 ending fund balances are different from what was adopted in the 2021 budget as beginning balances. The amendments made to beginning fund balances reflect the actual 2020 ending fund balances.

In addition to the beginning balances, amendments are being proposed in revenue and expenditure line items throughout the funds. Proposed amendments are based changes in estimates (based on prior year actuals and current year actuals to date), prior year budgeted items not completed during the year (need reauthorization), new requests, or other obligations.

Summary of Ordinance 1113 - Amendment #1 to the 2021 Budget – CITYWIDE

Budget Action	Budgeted Beginning Balance	Budgeted Resources	Budgeted Expenditures	Budgeted Ending Balance
2021 Original Budget - 1101	\$25,518,386	\$38,225,184	\$39,610,191	\$24,133,378
Budget Amendment #1 - 1113	\$5,737,458	\$25,420,906	\$27,464,079	\$3,694,285
Totals	\$31,255,844	\$63,646,090	\$67,074,270	\$27,827,663

Summary of Ordinance 1113 – Amendment #1 to 2021 Budget by FUND

Fund #	Fund Name	Change in Beginning Balance	Change in Resources	Change in Expenditures	Change in Ending Balance
001	General	(\$1,899,740)	\$3,000,000	\$323,098	\$777,162
101	Street	\$643,736	\$20,000	\$370,231	\$293,505
111	Drug Seizure & Forfeiture	\$827,430	\$0	\$50,000	\$777,430
112	Municipal Arts Fund	\$7,142	\$0	\$10,000	(\$2,858)
214	2019A LTGO Bond	\$0	\$506	\$506	\$0
301	Cap. Proj.-Dev. Contrib.	\$2,485,143	\$275,000	\$826,662	\$1,933,481
302	Park Mitigation	(\$377,786)	\$100,000	\$690,014	(\$967,800)

303	Cap. Imp.-REET	\$511,592	\$0	\$164,738	\$346,854
304	Cap. Improvements	\$1,392,319	\$1,536,232	\$2,803,076	\$125,475
306	Facility Capital Project	\$747,322	\$55,551	\$802,873	\$0
307	Infrastructure Capital Project	\$0	\$20,427,000	\$20,427,000	\$0
309	Sidewalk Capital Project	\$199,231	\$0	\$123,845	\$75,386
310	20th Street SE Corridor CP	\$126	\$0	\$0	\$126
401	Sewer	\$207	\$0	(\$15,288)	\$15,495
410	Storm and Surface Water	\$1,305,956	\$6,617	\$53,322	\$1,259,251
411	Storm Water Capital	(\$104,296)	\$0	\$841,612	(\$945,908)
501	Unemployment	\$3,676	\$0	\$0	\$3,676
510	Equipment Fund - Computers	\$36,619	\$0	\$4,940	\$31,679
515	Equipment Fund - Vehicles	(\$115)	\$0	\$0	(\$115)
520	Equipment Fund-Police	\$23,560	\$0	\$0	\$23,560
530	Equipment Fund-PW	(\$27,149)	\$0	\$0	(\$27,149)
540	Aerator Equip (Lake Treatment)	(\$39,632)	\$0	(\$12,550)	(\$27,082)
633	Treasurer's Trust	\$2,117	\$0	\$0	\$2,117
Total		\$5,737,458	\$25,420,906	\$27,464,079	\$3,694,285

APPLICABLE CITY POLICIES:

In accordance with the Financial Management Policies, Budget Themes and Policies, and the Revised Code of Washington, changes in the adopted budget must be brought before the City Council.

BUDGET IMPACT:

The budget ordinance will amend the beginning and ending balances, revenues and expenditures in the funds set forth in the ordinance.

ATTACHMENTS:

- Exhibit: Ordinance No. 1113
- Exhibit: Budget Amendment #1 - Details

**CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON
ORDINANCE NO. 1113**

AN ORDINANCE OF THE CITY OF LAKE STEVENS, WASHINGTON, AMENDING THE 2021 BUDGET AS SET FORTH IN ORDINANCE NO. 1101 CONCERNING FUND BALANCES, REVENUES AND EXPENDITURES FOR VARIOUS FUND BALANCES FOR THE YEAR 2021; PROVIDING FOR SUMMARY PUBLICATION BY ORDINANCE TITLE, AND FOR AN EFFECTIVE DATE.

WHEREAS, the City of Lake Stevens adopted the 2021 budget pursuant to Ordinance No. 1101; and

WHEREAS, the City of Lake Stevens will receipt revenues and incur expenditures in categories and amounts other than anticipated in the adopted 2021 budget; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE STEVENS DO ORDAIN AS FOLLOWS:

SECTION 1. The 2021 budget, as adopted in Ordinance No. 1101, is hereby amended as follows:

<i>Fund</i>	<i>Description</i>	<i>Current Budget</i>	<i>Amended Budget</i>	<i>Amount of Inc/(Dec)</i>	<i>ExpRev</i>
001 - General	Beginning Fund Balance	\$12,298,604	\$10,398,864	(\$1,899,740)	BegBal.
001 - General	Revenues	\$16,254,227	\$19,254,227	\$3,000,000	Rev.
001 - General	Expenditures	\$17,499,576	\$17,822,674	\$323,098	Exp.
001 - General	Ending Fund Balance	\$11,053,255	\$11,830,417	\$777,162	EndBal.
101 - Street	Beginning Fund Balance	\$1,983,766	\$2,627,502	\$643,736	BegBal.
101 - Street	Revenues	\$2,558,470	\$2,578,470	\$20,000	Rev.
101 - Street	Expenditures	\$3,012,899	\$3,383,130	\$370,231	Exp.
101 - Street	Ending Fund Balance	\$1,529,337	\$1,822,842	\$293,505	EndBal.
111 - Drug Seizure & Forfeiture	Beginning Fund Balance	\$41,295	\$868,725	\$827,430	BegBal.
111 - Drug Seizure & Forfeiture	Expenditures	\$12,572	\$62,572	\$50,000	Exp.
111 - Drug Seizure & Forfeiture	Ending Fund Balance	\$33,843	\$811,273	\$777,430	EndBal.
112 - Municipal Arts	Beginning Fund Balance	\$21,343	\$28,485	\$7,142	BegBal.
112 - Municipal Arts	Expenditures	\$25,000	\$35,000	\$10,000	Exp.
112 - Municipal Arts	Ending Fund Balance	\$6,563	\$3,705	(\$2,858)	EndBal.
214 - 2019A LTGO Bond	Revenues	\$464,233	\$464,739	\$506	Rev.
214 - 2019A LTGO Bond	Expenditures	\$464,233	\$464,739	\$506	Exp.
301 - Cap. Proj - Dev. Contrib.	Beginning Fund Balance	\$0	\$2,485,143	\$2,485,143	BegBal.
301 - Cap. Proj - Dev. Contrib.	Revenues	\$5,499,442	\$5,774,442	\$275,000	Rev.
301 - Cap. Proj - Dev. Contrib.	Expenditures	\$4,319,200	\$5,145,862	\$826,662	Exp.
301 - Cap. Proj - Dev. Contrib.	Ending Fund Balance	\$1,180,242	\$3,113,723	\$1,933,481	EndBal.
302 - Park Mitigation	Beginning Fund Balance	\$840,898	\$463,112	(\$377,786)	BegBal.
302 - Park Mitigation	Revenues	\$1,225,000	\$1,325,000	\$100,000	Rev.
302 - Park Mitigation	Expenditures	\$1,435,000	\$2,125,014	\$690,014	Exp.
302 - Park Mitigation	Ending Fund Balance	\$630,898	(\$336,902)	(\$967,800)	EndBal.
303 - Cap. Imp. - REET I	Beginning Fund Balance	\$4,106,158	\$4,617,750	\$511,592	BegBal.
303 - Cap. Imp. - REET I	Expenditures	\$795,707	\$960,445	\$164,738	Exp.
303 - Cap. Imp. - REET I	Ending Fund Balance	\$4,450,451	\$4,797,305	\$346,854	EndBal.

304 - Cap. Imp. - REET II	Beginning Fund Balance	\$2,177,005	\$3,569,324	\$1,392,319	BegBal.
304 - Cap. Imp. - REET II	Revenues	\$1,225,000	\$2,761,232	\$1,536,232	Rev.
304 - Cap. Imp. - REET II	Expenditures	\$700,000	\$3,503,076	\$2,803,076	Exp.
304 - Cap. Imp. - REET II	Ending Fund Balance	\$2,702,005	\$2,827,480	\$125,475	EndBal.
305 - Downtown Development	Beginning Fund Balance	\$0	\$0	\$0	BegBal.
306 - Facility Capital Project	Beginning Fund Balance	\$200,000	\$947,322	\$747,322	BegBal.
306 - Facility Capital Project	Revenues	\$0	\$55,551	\$55,551	Rev.
306 - Facility Capital Project	Expenditures	\$200,000	\$1,002,873	\$802,873	Exp.
307 - Infrastructure Capital Project	Revenues	\$0	\$20,427,000	\$20,427,000	Rev.
307 - Infrastructure Capital Project	Expenditures	\$0	\$20,427,000	\$20,427,000	Exp.
309 - Sidewalk Capital Projects	Beginning Fund Balance	\$605,448	\$804,679	\$199,231	BegBal.
309 - Sidewalk Capital Projects	Expenditures	\$300,001	\$423,846	\$123,845	Exp.
309 - Sidewalk Capital Projects	Ending Fund Balance	\$310,447	\$385,833	\$75,386	EndBal.
310 - 20th Street SE Corridor CP	Beginning Fund Balance	\$0	\$126	\$126	BegBal.
310 - 20th Street SE Corridor CP	Ending Fund Balance	\$0	\$126	\$126	EndBal.
401 - Sewer	Beginning Fund Balance	\$134,806	\$135,013	\$207	BegBal.
401 - Sewer	Expenditures	\$1,151,281	\$1,135,993	(\$15,288)	Exp.
401 - Sewer	Ending Fund Balance	\$36,806	\$52,301	\$15,495	EndBal.
410 - Storm & Surface Water	Beginning Fund Balance	\$477,329	\$1,783,285	\$1,305,956	BegBal.
410 - Storm & Surface Water	Revenues	\$3,631,200	\$3,637,817	\$6,617	Rev.
410 - Storm & Surface Water	Expenditures	\$3,746,194	\$3,799,516	\$53,322	Exp.
410 - Storm & Surface Water	Ending Fund Balance	\$362,335	\$1,621,586	\$1,259,251	EndBal.
411 - Storm Water Capital	Beginning Fund Balance	\$1,156,782	\$1,052,486	(\$104,296)	BegBal.
411 - Storm Water Capital	Expenditures	\$1,694,689	\$2,536,301	\$841,612	Exp.
411 - Storm Water Capital	Ending Fund Balance	\$462,693	(\$483,215)	(\$945,908)	EndBal.
501 - Unemployment Fund	Beginning Fund Balance	\$37,663	\$41,339	\$3,676	BegBal.
501 - Unemployment Fund	Ending Fund Balance	\$22,962	\$26,638	\$3,676	EndBal.
510 - Equip Fund - Computer	Beginning Fund Balance	\$178,061	\$214,680	\$36,619	BegBal.
510 - Equip Fund - Computer	Expenditures	\$442,664	\$447,604	\$4,940	Exp.
510 - Equip Fund - Computer	Ending Fund Balance	\$110,464	\$142,143	\$31,679	EndBal.
515 - Equip Fund - Vehicles	Beginning Fund Balance	\$41,146	\$41,031	(\$115)	BegBal.
515 - Equip Fund - Vehicles	Ending Fund Balance	\$56,496	\$56,381	(\$115)	EndBal.
520 - Equip Fund - Police	Beginning Fund Balance	\$315,853	\$339,413	\$23,560	BegBal.
520 - Equip Fund - Police	Ending Fund Balance	\$347,153	\$370,713	\$23,560	EndBal.
530 - Equip Fund - PW	Beginning Fund Balance	\$837,162	\$810,013	(\$27,149)	BegBal.
530 - Equip Fund - PW	Ending Fund Balance	\$810,162	\$783,013	(\$27,149)	EndBal.
540 - Aerator Replacement	Beginning Fund Balance	\$65,066	\$25,434	(\$39,632)	BegBal.
540 - Aerator Replacement	Expenditures	\$38,000	\$25,450	(\$12,550)	Exp.
540 - Aerator Replacement	Ending Fund Balance	\$27,266	\$184	(\$27,082)	EndBal.
633 - Treasurer's Trust	Beginning Fund Balance	\$0	\$2,117	\$2,117	BegBal.
633 - Treasurer's Trust	Ending Fund Balance	\$0	\$2,117	\$2,117	EndBal.

SECTION 2. Except as set forth above, all other provisions of Ordinance 1101 shall remain in full force, unchanged.

SECTION 3. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in force five (5) days after the date of publication.

PASSED by the City Council of the City of Lake Stevens this 23rd day of March, 2021.

ATTEST/AUTHENTICATION:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:

Greg Rubstello, City Attorney

Brett Gailey, Mayor

Presented: March 16, 2021
Final Reading: March 23, 2021

Published:
Effective:

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	Notes	N
Operations	GF	001	Executive Salaries	Exp	\$28,000	Salary Commission Recommendation (\$108K)	CA
Operations	GF	001	Executive Benefits	Exp	\$2,800	Increased Salary	CA
Operations	GF	001	UGA/Annexation	Exp	\$39,700	RF - Census Takers	RF
Operations	GF	001	LE - Donation	Exp	\$4,553	RF - Donation for PD - received 12/28/20	RF
Operations	GF	001	CS - Veteran Services	Exp	\$1,498	RF Remaining	RF
Operations	GF	001	GG-SnoCo Tomorrow	Exp	\$384	2021 Dues	Adj
Operations	ST	101	ST - Street Striping	Exp	\$52,605	RF	RF
Operations	ART	112	Art - Public Art	Exp	\$10,000	Art - Placeholder	Adj
Operations	PM	302	Tree Replacement Exp	Exp	\$30,000	RF - Placeholder	RF
Operations	SWC	411	SWC - Capital Purchases	Exp	\$25,000	RF - Utility Boat	RF
Operations	IT	510	LR - ClearGov	Exp	\$4,940	Budget Book Module Renewal	Adj
Operations	LKMT	540	Lake Maintenance Exp	Exp	(\$12,550)	Reduce Exp to Actual Cash Remaining in Fund	Adj
Hazard Pay	GF	001	Police Salaries	Exp	\$74,000	Placeholder though 2nd Qtr (Council 1/5/21)	CA
Hazard Pay	GF	001	Building Salaries	Exp	\$3,000	Placeholder though 2nd Qtr (Council 1/5/21)	CA
Hazard Pay	GF	001	General Gov't (PW)	Exp	\$1,700	Placeholder though 2nd Qtr (Council 1/5/21)	CA
Hazard Pay	GF	001	Parks Salaries (PW)	Exp	\$3,400	Placeholder though 2nd Qtr (Council 1/5/21)	CA
Hazard Pay	ST	101	Street Salaries (PW)	Exp	\$6,200	Placeholder though 2nd Qtr (Council 1/5/21)	CA
Hazard Pay	SWM	410	SWM Salaries (PW)	Exp	\$6,700	Placeholder though 2nd Qtr (Council 1/5/21)	CA
WCIA Insurance	GF	001	LE - Insurance	Exp	\$12,527	Property Valuation Doubled (Mill, PD, Parks)	Adj
WCIA Insurance	GF	001	PK - Insurance	Exp	\$3,890	Property Valuation Doubled (Mill, PD, Parks)	Adj
WCIA Insurance	GF	001	GG - Insurance	Exp	\$8,790	Property Valuation Doubled (Mill, PD, Parks)	Adj
WCIA Insurance	ST	101	ST - Insurance	Exp	\$5,602	Property Valuation Doubled (Mill, PD, Parks)	Adj
WCIA Insurance	SWM	410	SW - Insurance	Exp	\$4,372	Property Valuation Doubled (Mill, PD, Parks)	Adj
SWM Fees	GF	001	SWM - Drainage	Exp	\$449	City Owned Parcels	Adj
SWM Fees	GF	001	SWM - Drainage	Exp	\$6,227	City Owned Park Parcels	Adj
SWM Fees	Street	101	SWM - Drainage	Exp	(\$2,681)	City Shop Parcels	Adj
SWM Fees	SWM	410	SWM - Drainage	Exp	\$2,489	City Shop Parcels	Adj
SWM Fees	Sewer	401	SWM - Drainage	Exp	(\$15,288)	Sewer Parcels - Billed to District	Adj
SWM Fees	SWM	410	Storm Water Charges	Rev	\$6,617	City Owned Parcels	Adj
Bond Fees	Bond	214	2019A Bond Fees	Exp	\$506	Includes Pro Rated fee for 2020	Adj
Bond Fees	Bond	303	Transfer Out New PD	Exp	\$50	Transfer to cover bond fee	Adj
Bond Fees	Bond	214	Interfund Transfer In	Rev	\$506	Transfer to cover bond fee	Adj
Retainage	ST	101	PW Retainage	Rev	\$20,000	Add for current year Overlay project	Adj
Retainage	ST	101	Retainage Release	Exp	\$25,000	RF Release - Add for current year project	RF
Retainage	PM	302	Retainage	Rev	\$100,000	Account for Retainage on Projects	Adj
Retainage	PM	302	Retainage Release	Exp	\$100,000	Account for Retainage Release on Projects	Adj
Retainage	R1	303	Retainage Release	Exp	\$1,000	RF Release of Retainage	RF

Project	Fund	Fund #	Revenue/Expenditure Account	Type	Total Amended	Notes	N
Park - Frontier Hgts	R2	304	Commerce Grant	Rev	\$121,250	Frontier Hgts Playground Grant - RF	RF
Park - NC	PM	302	PM - North Cove Capital	Exp	\$421,128	RF Remaining	RF
Park - Cavelero	PM	302	PM - Cavelero Park	Exp	\$56,000	RF Remaining - Park Sign	RF
SWM - Outlet	SWM	410	SW - Capital Expenditure	Exp	\$39,761	RF Remaining Davido Consulting Contract	RF
SWM - Decant Facility	SWC	411	Decant Facility Project	Exp	\$406,412	RF	RF
SWM - Callow Rd	SWC	411	Callow Road Drainage	Exp	\$34,739	RF	RF
SWM - Cath Crk Bridge	SWC	411	Catherine Creek/36th St Bridge	Exp	\$54,614	RF	RF
GG - Civic Center	R1	303	Civic Center	Exp	\$163,688	RF Remaining - Design	RF
Sidewalks - 117th	Sidewalk	309	Sidewalk Cap - 117th Ave NE	Exp	\$123,845	RF Design	RF
ST - 79th Ave SE	R2	304	79th Ave SE Access Rd	Exp	\$9,895	RF	RF
ST - Village Way	R2	304	Frontier Village Way	Exp	\$9,768	RF - Village Way Curbing	RF
Festival	PM	302	PM - Festival Street	Exp	\$7,620	RF Remaining - Design	RF
24th & 91st Ext	ICP	307	Charge for Service - Everett	Rev	\$627,000	Waterline Reimb - Everett (Estimated)	CA
24th & 91st Ext	ICP	307	Sale of Capital - Property	Rev	\$3,800,000	Property Sale (Estimated)	CA
24th & 91st Ext	ICP	307	2021A LTGO Bond Proceeds	Rev	\$13,000,000	Bond Revenues (\$3M Short Term)	CA
24th & 91st Ext	ICP	307	17005 - 24th & 91st Ext	Rev	\$3,000,000	TIB Grant (2022-2023)	CA
24th & 91st Ext	ICP	307	Transfer Bond/Loan Reimb	Exp	\$3,000,000	Reimburse Short Term Loan w/Grant Rev	CA
24th & 91st Ext	TM	301	17005 - 24th & 91st Ext	Exp	\$129,840	RF Remaining	RF
24th & 91st Ext	R2	304	17005 - 24th & 91st Ext	Exp	\$1,229,721	RF & Project Construction	RF
24th & 91st Ext	ICP	307	Project Construction Account	Exp	\$17,327,000	ROW Purchase & Project Construction (Estimated)	CA
24th & 91st Ext	ICP	307	2021A LTGO Bond Issuance	Exp	\$100,000	Bond Issuance Fees (Estimated)	CA
Trestle/HOV	R2	304	WSDOT Grant	Rev	\$1,414,982	RF Remaining Grant Revenues	RF
Trestle/HOV	R2	304	Trestle/HOV Lane	Exp	\$1,523,077	RF	RF
20th Fields/Powerline	PM	302	PM - 20th SE Fields/Powerline	Exp	\$75,266	RF Remaining	RF
20th St Soccer Fields	R2	304	Park Redevelopment Capital	Exp	\$30,615	RF Remaining for Soccer Fields	RF
20th St SE	TM	301	TIB - 20th St SE Grant	Rev	\$275,000	RF Remaining Grant Revenues expected	RF
20th St SE	TM	301	Interfund Loan Repay	Exp	\$3,000,000	20th St SE - Interfund Loan Repay RF	RF
20th St SE	GF Permit	003	Interfund Loan Repay Receipt	Rev	\$3,000,000	20th St SE - Interfund Loan Repay Receipt RF	RF
20th St SE	TM	301	20th St SE Design/PS	Exp	\$117,983	RF	RF
20th St SE	TM	301	20th St SE Phase II Construct	Exp	(\$2,421,161)	Error in budget. RF Remaining Only	RF
PW Shop	GF	001	PK - Capital Outlay	Exp	\$132,180	RF - PW Shop Remodel	RF
PW Shop	ST	101	ST - Capital Outlay	Exp	\$283,505	RF - PW Shop Remodel	RF
PW Shop	SWM Capital	411	SWC - PW Shop Remodel	Exp	\$320,847	RF - PW Shop Remodel	RF
PD	DS	111	Drug Seizure - Transfer Out	Exp	\$50,000	RF Remaining - Evidence Room Expenses	RF
PD	Facilities	306	Transfer In	Rev	\$50,000	Evidence Room Expenses	RF
PD	Facilities	306	Interest	Rev	\$2,000	Estimated Interest Earnings	RF
PD	Facilities	306	PW Retainage	Rev	\$3,551	RF Project Retainage	RF
PD	Facilities	306	Police Dept Project Account	Exp	\$657,558	RF - New PD (Est)	RF
PD	Facilities	306	PD Retainage Release	Exp	\$145,315	RF Retainage Release	RF

**CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON
ORDINANCE NO. 1113**

AN ORDINANCE OF THE CITY OF LAKE STEVENS, WASHINGTON, ESTABLISHING FINDINGS OF FACT; AMENDING SECTION 4.04.030 OF THE LAKE STEVENS MUNICIPAL CODE (“LSMC”) REQUIRING BUSINESSES LICENSES; ADOPTING NEW CHAPTER 4.80 CONCERNING BUSINESS LICENSING FOR MARIJUANA RELATED BUSINESS ACTIVITIES AND IMPOSING A REGULATORY BUSINESS LICENSE FEE FOR STATE LICENSED MARIJUANA BUSINESSES; PROVIDING FOR SEVERABILITY, APPLICABILITY, PUBLICATION BY ORDINANCE TITLE ONLY, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, RCW 35A.82.020 gives the City the authority to license and revoke the same for cause, to regulate, make inspections and to impose excises for regulation or revenue regarding all places and kinds of business, production, commerce, entertainment, exhibition, and upon all occupations, trades and professions and any other lawful activity; and

WHEREAS, the City of Lake Stevens finds that businesses engaged in the production, processing, and retail sales of marijuana are a distinct class of businesses that can be reasonably and justly differentiated from other production, processing, wholesale, and retail businesses as this class of businesses is specifically engaged in the cultivation, transformation, and sale of marijuana from which activities nuisance complaints, police calls for service, and code enforcement issues have arisen disproportionate to other business classifications licensed in the City ; and

WHEREAS, the City of Lake Stevens has adopted zoning regulations that conditionally allow state licensed marijuana facilities in the City’s Hartford and Machias industrial areas, which regulations have permitted a cluster of state licensed marijuana facilities engaged in production, processing, and retail marijuana business; and

WHEREAS, the state licensed marijuana businesses in the Hartford and Machias industrial areas are bordered on the west and south by residential areas; and

WHEREAS, the Centennial Trail, a regional draw for recreational tourism, and one of its trail head parking areas are located between and adjacent to state licensed marijuana facilities that have located in the Hartford and Machias industrial areas; and

WHEREAS, the City of Lake Stevens has lacked resources to effectively address the code enforcement, public health and safety concerns of nearby residents, businesses, and recreational tourists; promote greater economic development of the Hartford and Machias industrial areas; and encourage expanded recreational tourism that benefits the City’s downtown retail area; and

WHEREAS, the City of Lake Stevens recognizes that nuisance complaints from residents, businesses, and recreational tourists concerned about odor emanating from state licensed marijuana businesses in the Hartford and Machias industrial areas bear a relationship to the

health, safety, and general public welfare of the citizens of Lake Stevens and its businesses;
and

WHEREAS, adoption of a regulatory business license and regulatory business license fee for state licensed marijuana businesses would appropriately fund reasonable enforcement, neighborhood, and economic development programs needed to maintain the public's health, safety, and welfare,

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE STEVENS DO
HEREBY ORDAIN ASFOLLOWS:

SECTION 1. Recitals. The City Council hereby adopts the recitals as findings and additionally makes the following findings of fact:

- A. RCW 35A.82.020 grants the City the authority to license and revoke the same for cause, to regulate, make inspections and to impose excises for regulation or revenue regarding all places and kinds of business, production, commerce, entertainment, exhibition, and upon all occupations, trades and professions and anyother lawful activity.
- B. The City finds that businesses engaged in the production, processing, and retail sales of marijuana are adistinct class of businesses that can be reasonably and justly differentiated from other production, processing, wholesale, and retail businesses that do not specialize in producing, processing, or selling marijuana from which activities nuisance complaints, police calls for service, and code enforcement issues have arisen disproportionate to other business classifications licensed in the City.
- C. The Hartford and Machias industrial areas are bordered to the west and south by residential areas, which the nuisance odors emanating from marijuana businesses could impact the health, safety, and general welfare of those residents.
- D. The Centennial Trail is a regional recreational facility that attracts tourist and other visitors to the City ofLake Stevens and contributes to retail activity in the City's downtown. Nuisance odors emanating from adjacent marijuana businesses could impact the health, safety, and general welfare of the trail's users; discourage visitors from shopping in Lake Stevens; and discourage additional economic development investment opportunities in these industrial areas.
- E. Additional funds need to be collected and set aside in a separate fund for the payment of costs and expenditure by the City related to complaints concerning nuisance odors, code violations, the safety of persons using the centennial trail or the promotion of economic development in the City's Hartford and Machias industrial areas.

SECTION 2. Chapter Amended. Chapter 4.04.030 LSMC, is hereby amended to read as follows:

4.04.030 License Required.

It is unlawful for any person to conduct, operate, engage in, or practice any business within the City without first obtaining or maintaining a valid business license issued under the provisions of this chapter.

(a) Single Business - Multiple Locations. If a business actively operates from more than one location in the City, a separate license shall be required for each location; provided, however, warehouses, distributing plants and/or storage yards used in connection with and incidental to a business licensed under the provisions of this chapter shall not be deemed to be a separate place of business. Location of such warehouse, distributing plants and/or storage yard shall be provided to the Planning and Community Development Department, and must comply with the provisions of all City codes.

(b) Single Location - Multiple Nature of Business. If more than one separate business is conducted on a single premise within the City, a separate license shall be required for each business.

(c) Applicability to Subcontractors. All subcontractors shall be subject to this chapter and shall obtain a separate license as provided in this chapter, and they are not privileged to operate under the prime contractor's license.

(d) Firms with Two or More Licensed Members. Whenever a firm is established in any of the various professions in which two or more members of the firm are licensed under State law to practice such profession, a separate license shall be required for each member.

(e) Businesses Located Outside the City Limits. As to any businesses located outside the City and furnishing and performing services within the City, a business license shall be required, provided one or more employees of said business perform any part or all their duties within the City.

(e) Neither the filing of an application for a license or the renewal thereof, nor payment of any application or renewal fee, shall authorize a person to engage in or conduct a business until such license has been granted or renewed.

(f) Marijuana producers, processors and retail facilities are subject to licensing in accordance with the provisions of this Chapter, and as provided in Chapter 4.80, the provisions of which shall prevail in the event of any conflict between the two chapters; and to fees and building permit requirements otherwise required by the provisions of this code.

SECTION 3. New Chapter. A new Chapter 4.80 of the Lake Stevens Municipal Code, is hereby adopted to read as follows:

Chapter 4.08 MARIJUANA BUSINESS LICENSE

4.08.010 Purpose

4.08.020 License - Required.

4.08.030 Fees - Required.

4.08.040 License – Term

4.08.050 License – Nontransferable

- 4.08.060 License – Qualification of license
4.08.070 License fee in addition to other fees or taxes
4.08.080 License Fees – Special Fund and Usage
4.08.090 Severability.

4.80.010 Purpose

The purpose of this section is to adopt a regulatory business license fee to protect the health, safety, and welfare of the citizens, businesses, and visitors of Lake Stevens, wherein such fee will be used to support enforcement of criminal and nuisance laws, promote recreational tourism, and encourage new economic investment in the Hartford and Machias industrial areas. This license fee is in addition to any general business license that may be required under Chapter 4.04 LSMC or license that may be required by the State.

4.80.020 License Required.

Any person, firm or corporation desiring to maintain, keep or operate any place of business on which a state licensed marijuana facility is operated, shall make written application for a license with the Planning and Community Development Department per Chapter 4.04 LSMC. Such application shall state the name of the applicant and address and place of the business at which any state licensed marijuana facility is applied for, and the gross square feet of the business to be covered by the license.

4.80.030 Fees Required.

- (a) No state licensed marijuana facility shall be allowed to operate except upon city license approval and payment of a license fee as herein provided.
- (b) The license fees shall be paid annually on the per gross square foot occupied as follows:

<u>YEAR</u>	<u>PER GROSS SQUARE FOOT</u>
<u>2021</u>	<u>\$6.00</u>
<u>2022</u>	<u>\$7.00</u>
<u>2023</u>	<u>\$8.00</u>
<u>2024 & BEYOND</u>	<u>\$9.00</u>

- (c) The license fees are nonrefundable.

4.80.040 License – Term.

All licenses issued under this chapter shall expire annually on the date determined by the Washington State Department of Licensing Services, in coordination with the City. The City license may be prorated to coordinate with the expiration date assigned by the License Service. Licensees shall submit application renewal fees within date assigned by the Washington State Business Licensing Services.

4.80.050 License – Nontransferable.

The license issued under this chapter shall be personal, nontransferable, and shall always be conspicuously posted in the place of business for which it is issued. When the location of the

business of the taxpayer is changed, the taxpayer shall return the license to the city clerk and a new license shall be issued for the new location of business without charge. No person to whom a license has been issued pursuant to this chapter shall permit or allow any other person to operate any business or display his/her license, nor shall such other person operate under or display such license.

4.80.060 License – Qualification of licensee

In addition to the general qualification of licensee set forth in this chapter, the licensee shall be responsible for obtaining all other required licenses and approvals including paying those permitting and review fees as may be prescribed by Chapter 4.04 LSMC or City resolution and complying with any supplementary use regulations in Chapter 14.44.097 LSMC.

4.80.070 License fee in addition to other taxes

The license fees imposed by this chapter shall be in addition to any other taxes or fees imposed by the city.

4.80.080 License Fees – Fund and Usage

The license fees collected under this chapter shall be deposited in a special fund and used by the City solely for any lawful purpose relating to the costs and expenses arising out of the licensing of businesses under the provisions of this Chapter, including but not limited to the support of nuisance code enforcement, public safety, neighborhood improvements, recreational tourism, and the economic diversification of the Hartford/Machias Industrial Area.

4.40.090 Severability

The provisions of this chapter are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this chapter or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of the chapter, or the validity of its application to other persons or circumstances.

SECTION 4. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

SECTION 5. Applicability. The business license fee enacted by this ordinance shall be paid by all new marijuanabusinesses seeking a business license or existing marijuana businesses renewing their business license application.

SECTION 6. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effective five (5) days after the date of the publication.

PASSED by the City Council of the City of Lake Stevens this ____ day of March, 2021.

Brett Gailey, Mayor

ATTEST/AUTHENTICATION:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:

Greg Rubstello, City Attorney

First and Final Reading:

Published: _____

Effective Date: _____