

# eCityGov Alliance Financial Policies

**Revised September 15, 2017  
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Exhibit A  
Financial Policies

(attached)

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## Overview

The eCityGov Alliance (Alliance) was formed in 2001 by cities located in the Puget Sound region of Washington State. The cities formed an inter-local agency with a mission of providing web-based services to their constituents. An Amended and Restated Interlocal Agreement Establishing eCityGov Alliance (ILA), effective October 27, 2017 provides the basis for this partnership. Bylaws have been adopted to guide the business of the Alliance. These financial and operating policies work in concert with the ILA and Bylaws.

As stated in the ILA, Section 8.b, the Executive Board shall have final decision-making authority upon all policy issues and shall exercise the powers as described in the ILA and “may delegate responsibility for execution of Executive Board policies and directives and for day-to-day operational decision-making to the Executive Director.”

Therefore, the Executive Board is the governing body of the Alliance and as such has final authority for the establishing and monitoring of these Financial Policies. The Executive Director is responsible for the implementation and administration of these Financial Policies.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the ILA and Bylaws as applicable.

### **Authorization**

*a) Authorization Policy:*

- 1) The Executive Board shall adopt new policies and/or change existing policies at any time it determines it is necessary to do so.

*b) Practice (Authorization):*

- 1) These Financial Policies will be reviewed during the budget development and adoption process.

### **Fiscal Stewardship**

*a) Fiscal Stewardship Policies:*

- 2) The Alliance shall be managed in a responsible and fiscally sustainable manner, in accordance with applicable laws, standards, financial practices and these Financial Policies.
- 3) Restricted revenue (and associated expenses), based on applicable local and state law, shall be managed separately from unrestricted revenue (and expenses).

*b) Practice (Fiscal Stewardship):*

- 4) These Financial Policies ensure that fees charged to Principals (referred to herein as Partners), Subscriber fees, permit fees, and vendor fees are managed properly.
- 5) Funding comes from multiple sources, with the primary sources being Partner, Subscriber, and development services permit fees. These fees are established during the budget process and approved by the Executive Board.
- 6) It is incumbent on the Executive Director and the Fiscal Agent to provide professional fiscal management of Alliance funds and resources. This requires thorough knowledge of and conformance with the municipal financial management processes and systems as well as applicable laws and standards. It also requires on-going monitoring of revenues and expenses in order to make decisions and report to the Executive Board, as needed,

- regarding the status of Alliance finances.
- 7) The Executive Director negotiates service level agreements (SLA) with service providers to ensure services are consistently provided and coordinated with these Financial Policies.
  - 8) All expenditures, including proposed budget adds and deletions, are documented in the budget process and are approved by Executive Board.
  - 9) Unless otherwise directed, City of Bellevue financial practices will be used as the basis for fiscal stewardship.

## **Biennial Budget**

Starting with the 2015-2016 budget periods, the Alliance shall create a biennial budget. This budget will be developed by the Executive Director, with the assistance of the Fiscal Agent, and presented by **June 30** with any programmatic and committee recommendations. The Executive Director presents the budget for final approval to the Executive Board by **August 31** of the year prior to the start of the next biennium. The approved budget, and all proposed fees and charges shall be forwarded to Subscribers no later than **September 15**.

Since a Subscriber may terminate its Subscriber Agreement by giving ninety (90) days written notice to Alliance in any year of its intention to terminate effective January 1, the expected revenues cannot be finalized until October 1. The Executive Director will notify the Executive Board of any Subscribers adding or dropping services and the final budget. Therefore, the final budget shall be adopted by Executive Board no later than December 31. After approval by the Executive Board the budget will be “locked down” with no further changes.

A mid-biennium review is required. The Executive Director, with the assistance of the Fiscal Agent, must provide an update to the Executive Board on the financial standing of the 2nd year of biennium budget, by June 30. By no later than August 31, the Executive Board shall review, revise, and approve the mid-biennium budget. Adjustments to the budget can be recommended by the Executive Director or any Executive Board Member. Adjustments to mid-biennium budget are at the Board’s discretion. Subscribers are notified of any mid-biennium fee changes by September 15.

Changes made during a mid-bi budget process will become effective January 1 of the following calendar year.

## **Expense Allocation**

The Alliance has a business need to allocate direct and shared expenses between program areas. Program expense allocation is important both from a budget development, budget monitoring, and management perspective. It assists in establishing a cost basis for each program. Annual fees are calculated from an established program cost basis.

The purpose of these expense allocation policies is to provide guidelines and parameters for allocating expenses to each Alliance program. The expense allocation methodology should be clear, concise, and easily understood.

### *a) Allocation Policies:*

- 10) Direct Expenses: expenses that are specific to an individual program and as a result are not shared with other Alliance programs. Examples include contract services and

dedicated staff support such as the MyBuildingPermit back office support. Expenses in this category are entirely charged to the respective program.

11) Shared Expenses: expenses that are shared by all programs. These will be allocated as follows:

- i. MyBuildingPermit: 75% of the total expense
- ii. All other Applications: 25% shared equally

These allocation percentages will be re-evaluated during the budget process and changes proposed as necessary.

12) Limited Shared Expenses: expenses that are shared among a limited number of programs. In these cases, the entire expense shall be distributed proportionally among the appropriate program budgets. Proportional distribution shall be relative to the size and usage relative to the other programs involved.

13) Special Projects: From time to time the Alliance, at the direction of the Executive Board, undertakes special projects which incur additional costs. In the case of special projects, the expense allocation and overhead rates shall be established at the time the Board authorizes the project.

*b) Practice (Allocation):*

14) SLA expenses can be a component of this expense allocation policy depending on the cost and how it is incurred by the provider. The provider will itemize costs so they can be allocated pursuant to this policy.

15) Distribution of Alliance Program Expenses for Investment Budgets: In general investment expenses associated with specific program investments are allocated 100% to the appropriate program. Exceptions may occur when a portion of the investment funding changes and/or benefits one or more other Alliance programs. When appropriate, these expenses may be proportionally allocated among the effected programs.

16) Special project expense allocations may be independent of the existing Alliance expense allocation policy and should be treated as such unless otherwise directed to by the Executive Board.

## **Revenue and Fees**

The Alliance has a business need to proactively manage the fees and revenues needed to operate and sustain established programs and services for the benefit of Partners, Subscribers and public constituent users. Alliance programs are funded through a combination of Partner fees paid by Partners, fees for services paid by Subscribers pursuant to Subscriber Agreements, and in a limited number of cases, end user fees for services. Other sources of revenue may include, but are not limited to, grants, interest, special member assessments, and donations.

The purpose of these revenue and fee policies is to serve as the foundation for financial planning in order to ensure the sustained operation and management of Alliance programs. These revenue and fee policies are intended to ensure that programs will be adequately funded to provide:

- Reliable and sustained resources for core operations, services, and reserves
- Predictable and stable Partner and Subscriber fees and rates
- Resources to continue program improvements to benefit customers, including to provide funding for planned system upgrades and enhancements
- Ensure appropriate use and allocation of revenue

a) *Revenue Management Policies:*

- 17) Alliance revenues may come from a number of sources, some of which may be subject to implied or legal restrictions. Revenues will fall into one of the following categories:
- i. Unrestricted Revenue: Alliance revenues derived through fees and charges paid directly by Partners (for services), including, but not limited to, annual fees, intellectual property payments, interest and other general revenues shall be classified as unrestricted revenues.
  - ii. Restricted Revenue: these revenues shall be limited to funding and supporting the program or service for which the fees were collected. Alliance restricted revenues may include, but are not limited to:
    - Fees paid by citizens and businesses for specific services
    - Program or service specific grant(s) or donation(s)
    - Special program or project assessments
    - Revenues and fees which are legally restricted

b) *Fee Policies:*

- 18) Program fees shall be adopted by the Executive Board as part of the biennial budget process. The Alliance will forecast and analyze the budget, and associated fees, over a six year period for the overall Alliance budget as well as by program area, to ensure the long-range impact of decisions is reviewed.
- 19) Program fees at the direction of the Executive Board may be established separately by program, by agency, or by agreement with the Alliance (e.g. Subscriber Agreements).
- 20) All Partners and Subscribers of the Alliance will receive the adopted fee schedule within 30 days of adoption and no later than September 15.
- 21) Partnerships, Grants and Other Special Circumstances:
- i. Negotiated revenue agreements with an annual value exceeding \$50,000 must be approved by the Executive Board.
- 22) Implementation Fees for MyBuildingPermit:
- i. A flat-fee for initial cost recovery will be charged based on an estimate negotiated with the new Subscriber to implement MyBuildingPermit. This estimate will be based on the new jurisdiction's size and complexity. Alliance staff use past experience to estimate average actual cost to implement a new jurisdiction. The flat-fee would be included as an upfront cost when jurisdictions join MyBuildingPermit as part of a new Subscriber Agreement.
  - ii. With Executive Board approval, the Executive Director can negotiate an implementation payback plan as an incentive to attract new business.

c) *Practice (Revenue and Fee):*

- 23) Primary application and management of these revenue and fee policies shall be through the biennial Alliance budget process. Adjustments can be made at the mid-biennium if directed by the Executive Board. The program fee and revenue forecast shall be updated during the budget process and recommended changes communicated to the program Management Committees and Executive Board.
- 24) Variations in actual revenues which would adversely impact Alliance operations or that are in significant excess of revenue forecasts shall be promptly forwarded to the Alliance Board for review and possible action.
- 25) Unrestricted revenues may be allocated by the Executive Board for any legitimate Alliance program or use, including but not limited to the following business purposes:
- i. Sustain and support on-going programs and services, including marketing activities to end users

- ii. Make investments in programs to update applications, enhance functionality, and improve services
  - iii. Create new programs
  - iv. Support research which could further Alliance and/or Partner member goals and objectives
  - v. Establish and sustain program reserves
  - vi. Pay back Partner member program investments
- 26) Restricted fee revenues may be used for the following business purposes associated with the program that generated the revenue:
- i. Sustain and support specific programs and services
  - ii. Make investments in a program(s) to update applications, enhance functionality, and improve services
  - iii. Support research which could further Alliance and/or Partner member goals and objectives associated with the program(s)
  - iv. Establish and sustain program specific reserves
  - v. Pay back Partner member program investments
- 27) MyBuildingPermit Onboarding fee practices:
- i. When onboarding (otherwise known as implementing) a new member to MyBuildingPermit the Executive Director shall use the Onboarding Cost Calculator which considers several cost variables and provides an estimate for high, medium, and low level of onboarding effort, depending on the size and complexity of onboarding jurisdiction
  - ii. After each onboarding, review and update the Onboarding Cost Calculator to reflect new information and lessons learned
  - iii. Modify the Subscriber Agreement template to facilitate collecting the implementation fee

### **Subscriber Agreement Policies:**

The Executive Board hereby approves the form of Subscriber Agreement on file with Alliance. The Executive Director is hereby authorized to negotiate the final terms of each Subscriber Agreement with the applicable Subscriber, provided, that the terms of each final Subscriber Agreement shall be consistent with the ILA, these Financial Policies, and other policies and regulations applicable to the Alliance.

#### *a) New Subscriber Policies*

- 28) Negotiated revenue and Subscriber Agreements with an annual value of up to and including \$50,000 may be approved by the Executive Director on behalf of the Alliance. See Section 6.a.3 below. Following the execution of any such agreement, the Executive Director shall provide a report to the Executive Board at its next scheduled meeting of any Subscriber Agreement approved pursuant the authority delegated in this section.
- 29) Negotiated revenue and Subscriber Agreements with an annual value exceeding \$50,000 must be approved by the Executive Board and can be signed by the Executive Director on behalf of the Alliance, once the Board approves.
- 30) All requests will include a cost/benefit analysis to indicate the overall value the new Subscriber brings to the Alliance as well as an analysis of the on-boarding / implementation costs versus the revenue received. If the Executive Director is approving this, the cost/benefit analysis will be shared in the monthly update to the Executive Board, along with the financial updates and budget monitoring document.
- 31) New Subscriber rates shall be calculated or negotiated from the same cost basis or rate



table used for the applicable calendar year. The Executive Director may negotiate a pro-rata fee for new Subscriber members wishing to join mid-year.

- 32) Adopted fee schedule revenue and Subscriber Agreements may be executed by the Executive Director. The Executive Director is authorized to negotiate implementation schedules and adjust first year subscription rate(s) accordingly.

b) *Practice (New Subscriber):*

- 33) The policy above is intended to streamline decision making. Regardless of the annual agreement amount, in a limited number of cases adding a new Subscriber may require review and approval by the Alliance Executive Board. These cases include, but are not limited to:
- i. Situations in which a potential Subscriber wishes to join a program that may be discontinued in the near-term
  - ii. Very large jurisdictions which require negotiated annual fee(s)
  - iii. Situations in which adding a new Subscriber member(s) would adversely impact existing work plans and/or budget
  - iv. Exceptions to the established fee schedules
  - v. Potential Subscriber(s) are located outside of the State of Washington
  - vi. Other special circumstances which fall outside of established procedures
- 34) Adding new Subscriber members during the calendar year normally will not require formal changes to the Alliance budget in the year they are implemented.

c) *Existing Subscriber Policies*

- 35) Subscriber Notice per Agreement: The Executive Director approves Subscribers terminating their Subscriber Agreement for services when following the agreement language for termination.
- 36) Subscriber Notice for Early Termination: The Executive Board must approve Subscriber requests for early termination.

d) *Practice (Existing Subscriber):*

- 37) Subscriber Notice for Early Termination: The existing practice, if the Executive Board approves early termination of a Subscriber Agreement, is to pro-rate the invoice as of the date of the request.

## **Reserves**

a) *Operating Reserves for Unrestricted Programs (GovJobsToday and NWProperty) Policies*

- 38) Operating reserves are established to provide a financial mechanism to limit risk in the short and long term by providing flexibility in emergencies, and/or mitigating impacts from changes in the economy that can cause dramatic swings in program and service costs.
- 39) Operating reserves are targeted at 10% of total operating expenditures (not including investments).
- 40) Insufficient Reserves: when reserves fall below the target, the Executive Director will note that as part of the budget process and make recommendations to the Executive Board to bring reserves back in line with the target.
- 41) Excess Reserves:
- i. If revenue exceeds budget or expenditures are less than budget for the biennium, this may result in excess reserves. Excess reserves will be any amount greater than reserve policy above that is not attributable to extenuating circumstances or

- special purpose needs (such as rollover expense from one year to the next for items budgeted but not paid until the following year). The use of excess reserves for special purpose needs will be approved by Executive Board.
- ii. Excess operating reserves that are not attributable to special purpose needs will be brought to the Executive Board during the budget process to determine the most appropriate use of these funds.
- iii. Excess reserves from restricted sources will be treated as restricted revenue.

b) *Practice (Reserves for Unrestricted Programs):*

- 42) The potential options for the use of excess reserves, with approval from the Executive Board, include: future investments; unique, one time expenditures; and refunds to Partners. Options for excess reserves may include, but are not limited to:
- i. program(s) to update applications, enhance functionality and improve services
  - ii. research to further Alliance and/or Partner goals and objectives associated with the program(s)
  - iii. new programs to diversify Alliance services
  - iv. service(s) or technologies to enable the Alliance to meet broader financial and program-level goals
  - v. reduction of future Partner, Subscriber, or user fees
  - vi. refunds to Partners for past investments

c) *Operating Reserves for MyBuildingPermit - Policies*

Economic conditions and development activities can and do result in significant variations in development services revenues for Partners and Subscribers of MyBuildingPermit. As a result the Alliance has a business need to proactively manage the resources needed to sustain and improve the MyBuildingPermit program over a multi-year time horizon. These Financial Policies are intended to ensure that the MyBuildingPermit program will be positioned to provide:

- Reliable and sustained services through economic and development cycles
- Maintain predictable and stable membership rates
- Ensure appropriate use of development services revenue

- 43) Operating reserves are established to provide a financial mechanism to limit risk in the short and long term by providing flexibility in emergencies, and/or mitigating impacts from changes in the economy that can cause dramatic swings in program and service costs, including adequate program funding during periods where development activity has slowed and revenues have dropped below expenses.
- 44) Operating reserves shall be targeted at 50% of total Operating expenditures (not including investments).
- 45) Insufficient Reserves: when reserves fall below the target, the Executive Director will note that as part of the budget process and make recommendations to the Executive Board to bring reserves back in line with the target.
- 46) Excess Reserves
- i. The use of excess reserves for special purpose needs will be approved by Executive Board.
  - ii. Excess operating reserves that are not attributable to special purpose needs will be brought to the Executive Board during the budget process to determine the most appropriate use of these funds.
- 47) Washington State law requires that development services revenues be dedicated to support the development services function. Excess reserves from MyBuildingPermit

will be treated as a restricted revenue and used for MyBuildingPermit purposes.

- 48) Use of operating reserves to supplement agreed-upon annual budget allocations by one or more jurisdictions must be approved by the Executive Board with a negotiated payback not to exceed five years from the year of reserve funds usage. Succeeding annual allocations will restore all or a portion of used operating reserves until 100% of reserves have been repaid within the five-year timeframe. Any variation from this policy must be explicitly approved by the Executive Board.

d) *Practice (MyBuildingPermit Operating Reserves):*

- 49) The potential options for the use of excess reserves, with approval from the Executive Board, include:
- i. future investments
  - ii. unique, one time expenditures
  - iii. refunds to Partners and/or Subscribers
- 50) The primary application and management of this policy shall be through the biennial Alliance budget process.
- 51) Operating Reserves may fund:
- i. Startup costs for system and process integration when implementing new MyBuildingPermit member jurisdictions
  - ii. Address funding needs to address cash flow for short term deficits by agencies
    - If a single agency requests the use of operating reserves to assist in meeting their fee obligation, they will put the proposal in writing
    - If approved, the Executive Director will execute a contract between the agency and the Alliance documenting the terms of the agreement including the agreed upon payback obligation
  - iii. Support research and development efforts that will enhance services, improve efficiency, or facilitate growth of the MyBuildingPermit organization, benefit customers and/or member jurisdictions
  - iv. Respond to unexpected needs for funds, for example matching funding for grant supported project with time sensitive commitments

e) *Investment Policy for Unrestricted Programs (GovJobsToday and NWProperty) and MyBuildingPermit*

- 52) It is the policy of the Alliance to preserve the principal of investments while maintaining liquidity to meet the Alliance's need for cash and maximizing investment returns. The primary objectives for the Alliance's investments, in order of priority, are as follows: safety, liquidity, and yield.
- 53) The City of Bellevue is the Fiscal Agent for the Alliance. Therefore, the Alliance has adopted the City of Bellevue's Investment Policy, where temporary cash surpluses are invested. The monies from all City funds are internally pooled for investment purposes and interest earned on the pooled investments is prorated to individual funds on the basis of their average cash balance.
- 54) The Alliance's investment policy limits the type of securities available for investment to maintain relatively low-risk investments. Securities available for investment include: obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, interest bearing bank deposits, commercial papers, certificates of deposits, repurchase agreements, and in the Local Government Investment Pool (LGIP).
- 55) Annual review and reporting:
- i. The Executive Director, with the assistance of the Fiscal Agent, will provide the

- Executive Board a report on investments at the end of each fiscal year
- ii. The Executive Director, with the assistance of the Fiscal Agent, will include the Investment Interest in the revenue section of the budget monitoring document, which is disseminated each month to the Executive Board
- iii. The Alliance's investment policy will be reviewed and disclosed in the annual audit

## **Purchasing**

The Alliance Executive Board adopted the City of Bellevue Purchasing Policy, with appropriate modifications, on January 10, 2008.

Purpose: The purpose of this policy is to identify and outline appropriate modifications to the Bellevue purchasing policies for the Alliance. For the purposes of the Alliance the following authorities shall supersede the authorities provided for by the Bellevue policy.

### *a) Purchasing Policy*

- 56) Contract Approval Authorities: the "City Council" shall be the Alliance Executive Board.
- 57) City Manager, Finance or other department director(s) shall be the Alliance Executive Director with the following provisions:
  - i. Expenditure contracts of up to and including \$50,000 may be executed by the Executive Director on behalf of the Alliance. Following the execution of any such contract, the Executive Director shall provide a report to the Executive Board at its next scheduled meeting of any contract approved pursuant the authority delegated in this section.
  - ii. Expenditure contracts exceeding \$50,000 shall be reviewed and approved by the Executive Board, and can be signed by the Chair or the Executive Director on behalf of the Alliance, once the Board approves.
  - iii. All contract activity will be reported to the Executive Board on a monthly basis.
- 58) Business Expense Policy
  - i. The Executive Director is responsible for administration of the Business Expense Policy.
  - ii. The purchase of meals, food, and local travel (in the state of Washington) expenses must be pre-approved, in writing, by the Executive Director. The Executive Director shall obtain approval from the Chair of the Executive Board of any out of area business travel or other extraordinary business expenses, including out of State training and conferences.
- 59) Exceptions
  - i. Exceptions to the Business Expense Policy require the written approval of the Chair or the Executive Board.
- 60) Definitions
  - i. Employees shall mean the employees of any Partner
- 61) Periodic Policy Updates and Review
  - i. Updates and modifications of the Bellevue Purchasing Policy shall be adopted automatically, unless specific action is taken by the Executive Board.
  - ii. Alliance use of the Bellevue Purchasing Policy is subject to procedural oversight by the Bellevue Finance Department as the Fiscal Agent for the Alliance.

*b) Practice (Purchasing Policy):*

- 62) The policy above is intended to streamline decision making. Notwithstanding the foregoing, in a limited number of cases a purchase contract of less than \$50,000 should be approved by the Executive Board prior to execution. These cases include, but are not limited to:
- i. Situations in which a purchase does not directly execute the approved budget and work plan
  - ii. Other special circumstances which fall outside of established procedures

## **Accounts Receivable**

The City of Bellevue serves as the Fiscal Agent and IT host for the Alliance. The Alliance Executive Board adopted the City of Bellevue Purchasing Policy, with appropriate modifications, on January 10, 2008.

The Alliance is supported by annual member fees and other funding sources. Alliance member agencies are bound by agreement to pay the annual member fees unless adequate notice is provided or the parties to the agreement(s) mutually agree to an early termination. (This policy was adopted on August 12, 2010.)

*a) Write-off Policy:*

- 63) All Alliance accounts receivable accounts which are over one year old and deemed to be uncollectible by the Alliance Executive Director shall be forwarded to the Executive Board for final disposition. An account shall not be recommended for write-off unless all cost-effective means of collection have been exhausted.
- 64) The Executive Board is the governing body of the Alliance and as such as final authority for the Accounts Receivable Write-off Policy. The Executive Board delegates authority to execute this Policy as follows:
- i. Account receivable write-off approvals for amounts less than \$5,000 may be made by approval of the Executive Board Chair
  - ii. Account receivable write-off approvals for amounts greater than \$5,000 shall be made by the Alliance Executive Board
- 65) Alliance customers are typically government agencies and non-payment is not due to bankruptcy, insolvency, etc. Therefore, there is no allowance for bad debt or uncollectable accounts at this time. On occasion an adjustment or disputed amount may be written off, with Executive Board approval.

*b) Practice:*

- 66) Accounts receivable write-offs shall be documented in an Agenda Memo directed to the Executive Board, including:
- i. Agency Name
  - ii. Agency Contact/representative
  - iii. Amount
  - iv. Invoice Date
  - v. Account Status/Reason
- 67) If a collection agency was not used, attach a copy of the "diary" information showing collection efforts for the delinquent account.
- 68) In cases which the delinquent account involves an Alliance subscription service or delivery of other services, the Alliance may take some or all of the following steps in accordance with the provisions of the Subscriber or other agreement:

- i. Terminate agency user accounts and access to the affected Alliance service(s)
  - ii. Agency data will be retained by the Alliance as prescribed by the State Records Retention Act
  - iii. Any public access to agency data may be terminated
  - iv. Withhold other deliverables in accordance with contractual agreement(s) until such time that the accounts receivable issue is resolved
- 69) If an account holder is making payments over time subject to a collection agreement, or if there is other evidence of intent to pay, the account should not be written off.
- 70) The write-off process does not change the account holder's legal responsibility to pay; it merely acknowledges that the Alliance sees no value in further collection efforts. Accordingly, if an account that was previously written off shows renewed potential for payment, the Alliance may reinstate the receivable and resume collection efforts.
- 71) Agencies wishing to re-subscribe to the Alliance service(s) for which there was a delinquent or unpaid account receivable and/or subscribe to a different Alliance service(s) must first fulfill the original fiscal obligation unless the obligation is otherwise settled and approved the Executive Board.
- 72) Note regarding collection procedures: The City of Bellevue account receivable collection procedures does not include assignment of public or semi-public agency delinquent accounts to a collection agency.
- c) *Membership Fees Paid by Credit Card:*
- 73) Accounts receivable for jurisdiction membership fees are collected by check and credit cards. To prevent heavy credit card finance charges, the Alliance limits membership fees via credit card to \$2,000.

The Alliance Executive Board revised the Account Receivable Policy January 29, 2015.

## **Jurisdiction (Partner and Subscriber) Responsibilities**

- a) *Jurisdiction Fiscal Policy*
- 74) All costs associated with interfaces that run on the jurisdiction's systems are the financial responsibility of that jurisdiction.
- 75) All changes to Alliance hosted/developed interfaces that are driven by changes to the back end systems of a jurisdiction and that are not part of a project already on the work plan, must be coordinated by that jurisdiction with the Alliance. Associated costs will be determined by the Alliance and are the responsibility of the requesting jurisdiction or jurisdictions that benefit from the changes. Changes that result in significant impact to Alliance work plans must be approved by the Executive Director.
- 76) The Executive Director shall seek input on program changes from applicable program committees as part of the short and long-range planning process and present recommendations to the Board, to include impact on overall work plan and the cost and benefits of developing interfaces outside scope of existing work plan.
- 77) All resources necessary to support the jurisdiction's implementation of new or improved functionality, from a technical or business perspective, are the responsibility of the jurisdiction. This includes internal coordination/communication within the jurisdiction to plan for fiscal expenses, business process reengineering as well as configuration, testing and technical implementation.

## Attachment A: Subscriber Rate Methodologies

<b>Program/Portal</b>	<b>Methodology</b>
<b><i>MyBuildingPermit</i></b>	<p>Use a 5 year rolling average of historical permit revenue actuals (as defined below) to determine a jurisdiction's percentage share of the total expenses for MyBuildingPermit. Apply that percentage to the expenses (which may include investments) for the biennium budget period to determine the jurisdiction's obligation.</p> <p>The rolling 5 year average will be used to set both years of the biennial budget. At the direction of the Executive Board, a mid-biennial adjustment may occur. In this case, the rolling 5 year average will be adjusted with the latest information (to the end of the last full year that data exists).</p>
<b><i>NW Properties</i></b>	<p>Scale based on population thresholds:</p> <ul style="list-style-type: none"> <li>• 0-10K: \$800</li> <li>• 10K-25K: \$2,500</li> <li>• 25K-50K: \$3,600</li> <li>• 50K-75K: \$6,200</li> <li>• 75K (&amp; more): \$7,600</li> </ul> <p>Special Purpose Gov'ts negotiated</p>
<b><i>GovJobsToday</i></b>	<p>Scale based on population thresholds:</p> <ul style="list-style-type: none"> <li>• &lt;6K: \$750</li> <li>• 6-8K: \$1,250</li> <li>• 8-10K: \$1,600</li> <li>• 10-15K: \$2,600</li> <li>• 15-25K: \$3,600</li> <li>• 25K-50K: \$5,000</li> <li>• 50K (and more): \$7,500</li> </ul> <p>Special Purpose Gov'ts negotiated</p>

## **Attachment B: MyBuildingPermit Fee Information and Process**

### *a) MyBuildingPermit Fee Calculation*

- 78) Jurisdiction fees are calculated using a 5-year rolling average of historical permit revenue actuals to determine a jurisdiction's percentage share of the total expenses for MyBuildingPermit and then applying that percentage to the expenses (which may include investments) for the biennium budget period to determine the jurisdiction's obligation.
- 79) The rolling 5 year average will be used to set both years of the biennial budget. This means that the jurisdiction's MyBuildingPermit fee responsibility will be fixed for the biennium budget years.
- 80) At the direction of the Executive Board, a mid-biennial adjustment may occur. In this case, the rolling 5 year average will be adjusted with the latest information (to the end of the last full year that data exists).
- 81) The following steps explain the new revenue methodology:
  - i. Step 1: Each jurisdiction submits the last five years of permit revenue from which a rolling five-year average can be computed. This softens the impacts of peaks and valleys in permit activity.
  - ii. Step 2: Each jurisdiction's percentage of the total Alliance permit revenue is calculated.
  - iii. Step 3: The percentage is then applied to the expenses (which may include investments) for the biennium budget period to determine each jurisdiction's obligation. Each jurisdiction then knows what its own MyBuildingPermit costs will be for that year (no more, no less).
  - iv. Step 4: Each jurisdiction will be billed on a quarterly billing cycle.
- 82) The MyBuildingPermit revenue methodology does not impact how each jurisdiction establishes the funds to pay their portion of MyBuildingPermit. Each jurisdiction can choose its preferred method to raise the necessary revenue to pay for MyBuildingPermit. For instance, some jurisdictions will choose to impose a surcharge while others may use a budget line item paid for by permit fees or other revenues.
- 83) Permit revenue must be reported annually so that the rolling - year average can be updated for each biennium.
- 84) Reported permit revenue should include all of the development services functions and be net of any refunds made in the reporting period. Certain fees collected as part of the review and inspection process are exempt from this methodology. See permit fee exemptions below.

### *b) MyBuildingPermit Fee Application*

- 85) The 5 year rolling average applies to all development related revenue regardless of whether the application is submitted online or at the counter. This methodology applies to all fees that are charged to support the review, inspection, and administration of development services.
- 86) Some fees are collected which do not support the development services function. These fees and charges occur as a result of the application, but involve fees such as impact or mitigation, bonds, LIDs, etc. Please see the attached list for examples.
- 87) The MyBuildingPermit 5-year rolling average applies to all permits, fees, and hourly charges, including, but not limited to:
  - Building Permits
  - Plumbing Permits
  - Grading Permits
  - Mechanical Permits
  - Shoreline
  - Development Permits
  - Demolition Permits
  - Sprinkler Plans
  - Check



- Right of Way Permits
- Subdivision Preliminary Review
- Building Plan Check Fees
- Energy Plan Check Fees
- SEPA Review Fee
- Site Plan Review
- Notice of Appeal
- Counter Service Fee
- Boundary Line Adjustments
- Shoreline Exemption
- Short Plat Fee
- Public Works/Utilities Plan Review
- Pre-application Conference
- Public Notice Fee

c) *MyBuildingPermit Fee Exemptions*

88) Certain fees imposed as part of the permitting process would be exempt from the MyBuildingPermit 5 year rolling average. Generally, these are fees collected as part of the permitting process, but the fees are not used to support the review, issuance or inspection of community activities or development projects. These fees may include, but are not limited to:

- Mitigation and impact fees for roads, parks and/or schools
- LID assessments
- Utility connection charges
- Bonds and security deposits
- Direct service charges for copies, reference material, maps, etc.
- Business licenses
- Penalties and fines
- Investment interest
- Interfund transfers other than payment for permit fees
- Permits other than development service, such as special events
- State, MyBuildingPermit or other surcharge fees not used to support development services



**Resolution Res. 2018-03**

**A RESOLUTION OF THE EXECUTIVE BOARD OF THE ECITYGOV ALLIANCE AUTHORIZING AND ADOPTING AGENCY FINANCIAL POLICIES AND AMENDING AND REPLACING ANY PRIOR FINANCIAL POLICIES ADOPTED BY THE BOARD.**

**WHEREAS**, Section 7.c of that certain Amended and Restated Interlocal Agreement Establishing eCityGov Alliance, as amended and restated on October 27, 2017 (the "Interlocal Agreement"), provides that the Executive Board of the eCityGov Alliance (the "Alliance") shall "Establish policies for cost allocation and expenditures of budget items"; and

**WHEREAS**, Section 7.p of the Interlocal Agreement provides that the Executive Board shall "Establish fees and charges for services provided to Participants or to other parties including but not limited to users of Alliance Programs and Services"; and

**WHEREAS**, the Executive Board wishes to adopt and approve the financial policies of the agency as provided herein;

**NOW, THEREFORE, BE IT RESOLVED** by the Executive Board as follows:

- A. The Financial Policies titled "eCityGov Alliance Financial Policies" substantially in the form attached hereto as Exhibit A and incorporated herein by this reference are hereby adopted and approved. By this action, the Executive Board hereby amends and restates the current financial policies of the Executive Board.
- B. This resolution shall take effect immediately upon its passage and adoption.

Passed by supermajority vote of the Executive Board of the eCityGov Alliance in regular open meeting on April 20, 2018.

Signed in authentication thereof on this 15 day of June, 2018

  
Tracey Dunlap, Chair  
eCityGov Alliance Executive Board

Attest

  
M'Lisa Marks, Secretary  
eCityGov Alliance Executive Board

