FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

Executive Board Agenda

June 12, 2017

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Battersby
City of Bellevue

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

1. **CALL TO ORDER**
   - A. Introductions
2. **PUBLIC COMMENT***
3. **APPROVAL OF MARCH 27, 2017, MEETING SUMMARY** PAGE 2
4. **REVIEW OF MARCH AND APRIL 2017 FINANCIAL STATEMENTS** PAGE 4
5. **ACTION ITEMS**
   - A. Resolution FL2017-04: Interlocal Agreement Amendment 1
     - I. Briefing Paper: Resolution FL2017-04 PAGE 12
     - II. Resolution FL2017-05 PAGE 13
     - III. Attachment A: Interlocal Agreement Amendment 1 PAGE 15
   - B. Resolution FL2017-05: City of Lake Forest Park
     - I. Overview of New City Onboarding PAGE 17
     - II. Briefing Paper: Resolution FL2017-05 PAGE 22
     - III. Resolution FL2017-05
       - a. Option 1 – City of Lake Forest Park as Principal PAGE 23
       - b. Option 2 – City of Lake Forest Park as Subscriber PAGE 25
         - i. Attachment A: Subscriber Agreement Key Terms PAGE 27
6. **OTHER BUSINESS**
   - A. 2016 Financial Report to WA Auditor PAGE 28
   - B. Monthly Business Review, May 2017 PAGE 40
7. **NEXT MEETING(S)**
   - A. Operations Committee meeting: Monday, September 11, 2017 at 2:00 pm
   - B. Executive Board meeting: Monday, September 25, 2017 at 12:00 pm
8. **ADJOURNMENT**

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*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

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Executive Board Meeting Summary

March 27, 2017

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Call
City of Bellevue

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

KEY: Underlined text indicates actions/decisions.
Bold/italicized text indicates follow up items.

Standing Items

1. CALL TO ORDER

The March 27, 2017, meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at 12:03 p.m. and held in Conference Room 4070 of the Seattle Municipal Tower in Seattle, Washington.

ROLL CALL

Board Members Present: Susy Haugen (phone), Joseph Cunha (phone, voting as City of Seattle appointed delegate on behalf of Glen Lee), and Andy Cherullo (phone)

Staff and Guests: Kevin Fitzpatrick, Wendy Thomaston, Laurie McVay, David Linehan (phone), Rick Mekdessie (phone), Wendy Bremer (phone), and Danielle Larson (phone)

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF MEETING SUMMARY

On a motion made by Andy Cherullo and seconded by Joseph Cunha, the board approved the December 12, 2016 and February 6, 2017, meeting summaries.

4. REVIEW OF FINANCIAL STATEMENT

Kevin Fitzpatrick summarized the February 2017 financial statements. There were no questions or comments

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

5. ACTION ITEMS

A. Resolution 2017-02 Expansion of Tax Payment Services: Kevin Fitzpatrick described the purpose of the resolution. There were no questions or comments. On a motion made by Andy Cherullo and seconded by Joseph Cunha, the resolution passed unanimously.

B. Resolution 2017-03 Draft Budget, 2018-2022: Kevin walked through the revenue and expenditure summary in the budget. The final budget will be presented to the Board for approval in December. On a motion made by Andy Cherullo and seconded by Joseph Cunha, the resolution passed unanimously.

6. OTHER BUSINESS

A. Kevin briefly reviewed the status of the Leviathan contract renewal. There were no questions or comments.
B. The position of Project Manager has been filled by Wendy Thomaston.
C. Kevin walked through the Monthly Business Review slide deck included in the meeting packet. Usage is up and expected to continue growing.

7. ADJOURNMENT

On a motion made by Andy Cherullo and seconded by Joseph Cunha, the Board adjourned at 12:23 p.m.

Respectfully Submitted,

Laurie McVay
Secretary, FileLocal

FileLocal

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FileLocal
Financial Statements
April 30, 2017

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
April 30, 2017

ASSETS		
Cash	$	710,985
Accounts receivable		1,832
Due from		15,937
Prepaid		120,393
Total Current Assets		849,147
TOTAL ASSETS	$	849,147
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	6,000
Accrued liabilities	$	24,243
Total Current Liabilities		30,243
TOTAL LIABILITIES	$	30,243
NET ASSETS		
Net assets, unrestricted	$	308,155
Net Income		510,749
TOTAL NET ASSETS	$	818,904
TOTAL LIABILITIES AND NET ASSETS	$	849,147

FILE LOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH AND YEAR-TO-DATE ENDED April 30, 2017

	February	March	April	YTD
REVENUES				
User fees	2,540	2,544	10,152	**29,008**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	502,378	-	-	**502,378**
City of Bellevue	77,130	-	-	**77,130**
City of Tacoma	124,231	-	-	**124,231**
City of Everett	36,032	-	-	**36,032**
Total reimbursable cost	739,771	-	-	**739,771**
Total revenues	742,311	2,544	10,152	**768,779**
EXPENSES				
Accounting fees	2,000	2,000	2,000	**9,143**
Agency IT costs	-	-	-	**-**
Bank fees	22	53	20	**163**
Conference costs	-	175	1,000	**1,175**
Consulting	-	-	-	**-**
Capital Recovery Payment	-	-	-	**-**
Insurance	433	433	433	**1,732**
Labor costs	24,000	24,000	23,104	**104,961**
Legal fees	-	715	2,373	**3,088**
License and membership fees	-	25	-	**815**
Meals and entertainment	-	98	-	**217**
Office and operation supplies	677	34	120	**831**
Printing and copying	-	-	-	**-**
Technology costs	38,543	29,879	27,455	**125,722**
Transaction fees	6,556	1,124	1,169	**9,986**
Travel Expense	12	150	-	**197**
Total expenses	72,242	58,687	57,673	**258,030**
CHANGE IN NET ASSETS	670,069	(56,143)	(47,521)	**510,749**

FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED April 30, 2017

	Budget	YTD Budget	YTD Actual	Variance
REVENUES				
Fund carryover	$ 151,578	50,526	$ -	$ (50,526)
User fees	$ 56,000	18,667	29,008	10,341
Reimbursable cost/Capital cost recovery charges				
City of Seattle	$ 502,378	167,459	502,378	334,919
City of Bellevue	$ 77,130	25,710	77,130	51,420
City of Tacoma	$ 124,231	41,410	124,231	82,821
City of Everett	$ 36,032	12,011	36,032	24,021
Total reimbursable cost	739,771	246,590	739,771	493,181
Total revenues	947,349	315,783	768,779	452,996
EXPENSES				
Labor costs	333,952	111,317	104,961	(6,356)
Contracts	44,556	14,852	11,038	(3,814)
Overhead	55,031	18,344	6,106	(12,238)
Technology costs	457,000	152,333	135,708	(16,626)
Operating reserve	38,232	12,744	-	(12,744)
Capital cost recovery payments	12,000	4,000	-	(4,000)
Consulting	-	-	-	-
Meals and entertainment	-	-	217	217
Total operating expenses	940,771	313,590	258,030	(55,560)
CHANGE IN NET ASSETS			510,749	
NET ASSETS, AS OF JANUARY 1, 2017			308,155	
NET ASSETS, AS OF APRIL 30, 2017			818,904	
Schedule I - Contracts				
Accounting	26,506	8,835.39	9,143	308
Auditing	10,693	3,564.48	-	(3,564)
Insurance	5,882	1,960.58	1,732	(229)
Bank fees	1,474	491.42	163	(328)
Total	44,556	14,852	11,038	(3,814)
Schedule II - Overhead				
Legal	31,852	10,617	3,088	(7,530)
Office and operating supplies	5,347	1,782	831	(951)
Printing	5,347	1,782	-	(1,782)
Licenses/Memberships	5,347	1,782	2,187	405
Agency IT costs	2,139	713	-	(713)
Marketing	5,000	1,667		(1,667)
Total	55,031	18,344	6,106	(12,238)

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Financial Statements
March 31, 2017

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
March 31, 2017

ASSETS		
Cash	$	812,712
Accounts receivable		80
Due from		4,787
Prepaid		135,326
Total Current Assets		952,905
TOTAL ASSETS	$	952,905
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	62,238
Accrued liabilities	$	24,243
Total Current Liabilities		86,481
TOTAL LIABILITIES	$	86,481
NET ASSETS		
Net assets, unrestricted	$	308,155
Net Income		558,269
TOTAL NET ASSETS	$	866,424
TOTAL LIABILITIES AND NET ASSETS	$	952,905

FILE LOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH AND YEAR-TO-DATE ENDED March 31, 2017

	January	February	March	YTD
REVENUES				
User fees	13,772	2,540	2,544	**18,856**
Reimbursable cost/Capital cost recovery charges				
City of Seattle	-	502,378	-	**502,378**
City of Bellevue	-	77,130	-	**77,130**
City of Tacoma	-	124,231	-	**124,231**
City of Everett	-	36,032	-	**36,032**
Total reimbursable cost	-	739,771	-	**739,771**
Total revenues	13,772	742,311	2,544	**758,627**
EXPENSES				
Accounting fees	3,143	2,000	2,000	**7,143**
Agency IT costs	-	-	-	**-**
Bank fees	68	22	53	**143**
Conference costs	-	-	175	**175**
Consulting	-	-	-	**-**
Capital Recovery Payment	-	-	-	**-**
Insurance	433	433	433	**1,299**
Labor costs	33,858	24,000	24,000	**81,858**
Legal fees	-	-	715	**715**
License and membership fees	790	-	25	**815**
Meals and entertainment	120	-	98	**217**
Office and operation supplies	-	677	34	**711**
Printing and copying	-	-	-	**-**
Technology costs	29,845	38,543	29,879	**98,267**
Transaction fees	1,137	6,556	1,124	**8,817**
Travel Expense	36	12	150	**197**
Total expenses	69,429	72,242	58,687	**200,358**
CHANGE IN NET ASSETS	(55,657)	670,069	(56,143)	**558,269**

FILELOCAL
SCHEDULE OF BUDGET AND ACTUAL
FOR THE YEAR TO DATE ENDED March 31, 2017

	Budget	YTD Budget	YTD Actual	Variance
REVENUES				
Fund carryover	$ 151,578	37,895	$ -	$ (37,895)
User fees	$ 56,000	14,000	18,856	4,856
Reimbursable cost/Capital cost recovery charges				
City of Seattle	$ 502,378	125,595	502,378	376,783
City of Bellevue	$ 77,130	19,283	77,130	57,847
City of Tacoma	$ 124,231	31,058	124,231	93,173
City of Everett	$ 36,032	9,008	36,032	27,024
Total reimbursable cost	739,771	184,943	739,771	554,828
Total revenues	947,349	236,837	758,627	521,790
EXPENSES				
Labor costs	333,952	83,488	81,858	(1,630)
Contracts	44,556	11,139	8,585	(2,554)
Overhead	55,031	13,758	2,614	(11,144)
Technology costs	457,000	114,250	107,084	(7,166)
Operating reserve	38,232	9,558	-	(9,558)
Capital cost recovery payments	12,000	3,000	-	(3,000)
Consulting	-	-	-	-
Meals and entertainment	-	-	217	217
Total operating expenses	940,771	235,193	200,358	(34,835)
CHANGE IN NET ASSETS			558,269	
NET ASSETS, AS OF JANUARY 1, 2017			308,155	
NET ASSETS, AS OF FEBRUARY 28, 2017			866,424	
Schedule I - Contracts				
Accounting	26,506	6,627	7,143	517
Auditing	10,693	2,673	-	(2,673)
Insurance	5,882	1,470	1,299	(171)
Bank fees	1,474	369	143	(226)
Total	44,556	11,139	8,585	(2,554)
Schedule II - Overhead				
Legal	31,852	7,963	715	(7,248)
Office and operating supplies	5,347	1,337	711	(625)
Printing	5,347	1,337	-	(1,337)
Licenses/Memberships	5,347	1,337	1,187	(149)
Agency IT costs	2,139	535	-	(535)
Marketing	5,000	1,250		(1,250)
Total	55,031	13,758	2,614	(11,144)

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File Local Resolution FL2017-04
Briefing Paper
ILA Amendment - Extension of the 2012 Historical Count Allocation %

Date: June 12, 2017

Issue: Shall the Washington Multi-City Business License and Tax Portal (Agency) Executive Board amend the Interlocal Agreement signed in March 2014 to extend the use of 2012 historical transaction counts from 2018 to 2021 as the basis for deriving the cost allocation percentages to the Principals?

Operating Committee Recommendation: The Portal Agency Executive Board should pass Resolution 2017-04 approving the extension of the 2012 historical count allocation by 3 years to 2021.

Rationale: The Interlocal Agreement (ILA) was signed by the four founding cities in March 2014. Under this agreement, the allocation of the Agency's costs thru 2018 would be based on 2012 historical transaction counts. From and after 2019, the allocation will be based on the most recent actual number of transactions processed via the tax portal. See ILA section 13.g. So, for 2019, the 2017 actual transaction counts would be used.

The 2012 historical transaction count percentage, which has been used to allocate costs for years 2014 – 2018, is as follows: Bellevue 10%, Everett 5%, Seattle 69% and Tacoma 16%. Using actual counts through April 2017, the allocation percentages are materially different: Bellevue 46%, Everett 4%, Seattle 3% and Tacoma 47%. These differences are currently being addressed through the closure of the existing SELF system in Seattle and change to a new system (Praxis) in Everett.

Resolution 2017-04 would extend the use of the 2012 historical transaction counts by 3 years to allow for the actions in Seattle and Everett to fully take effect. That said, any amendment to the ILA for changes in principal contribution responsibilities (section 18.e) requires consent of the legislative authorities of all the Principals. If the Executive Board approves the use of 2012 historical transaction counts for the years 2019-2021, the Board members will need to work with their individual legislative bodies to adopt city-level resolutions approving this change to the ILA before it becomes effective.

RESOLUTION NO. 2017-04

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board amending the Interlocal Agreement to Extend Use of Historical Transaction Counts.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Agency") was originally established under the Interlocal Agreement By and Between the Cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014 ("Interlocal Agreement"); and

Whereas, Section 13.g. of the Interlocal Agreement provides that, for the years 2014-2018, the allocation of Agency costs among the Original Principals shall generally be based on 2012 transaction counts of each Original Principal as set forth in Exhibit A to the Interlocal Agreement; and further provides that, beginning in 2019 and afterward, Agency costs shall be allocated among the Original Principals based on the actual number of transactions processed through the Portal for each of such city; and

Whereas, due to various city-specific factors associated with implementation of the Portal in the Original Principal cities, the Original Principals have determined that converting to use of actual transaction counts as the basis for allocating Agency costs beginning in 2019 would be inequitable, and that continuing to use historical transaction counts of the Original Principals for an additional three years, through 2021, would be a preferable way to allocate Agency costs; and

Whereas, Section 18.e. of the Interlocal Agreement requires that any changes to the contribution responsibilities of Principal cities must be approved by the legislative authories of all Principals;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. Subject to the approval of each of the legislative bodies of the Original Principal Cities of Bellevue, Everett, Seattle, and Tacoma, Section 13.g. of the Interlocal Agreement is hereby amended as reflected in Attachment 1 hereto.

SECTION 2. Each member of the Executive Board, or his or her designee, is directed to work with the legislative body of his or her city to obtain its approval of the Interlocal Agreement as reflected in Attachment 1, hereto.

ADOPTED this _____ day of _____, 2017.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

_____
Board Secretary

_____
Board Chair

AMENDMENT NO. 1 TO THE WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY INTERLOCAL AGREEMENT BY AND BETWEEN THE CITIES OF BELLEVUE, EVERETT, SEATTLE, AND TACOMA

This Amendment modifies that certain Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, dated March 1, 2014 ("ILA"), entered into by and between the Cities of Bellevue, Everett, Seattle, and Tacoma (collectively, the "Original Principals").

WHEREAS, Section 13.g. of the ILA provides a method for allocating Agency costs among the Original Principals for the years 2014-2018, and another method for the years 2019-2021; and

WHEREAS, the Original Principals now desire to amend Section 13.g. of the ILA to revise how Agency costs are allocated among them during the years 2019-2021, so that the allocation method used in years 2014-2018 may continue to be used through 2021; and

WHEREAS, Section 18 of the ILA allows amendments to the ILA, and specifically allows amendments affecting the contribution responsibilities of the Principals, so long as such amendments are approved by the legislative authorities of all Principals;

NOW THEREFORE, the Original Principals hereby agree to amend the ILA as follows:

1. Section 13.g. of the ILA is hereby amended to read as follows:

g. Cost Allocation and Cost Recovery Principles. The PORTAL AGENCY budget shall be generally allocated between all Participating Cities based on the number of Transactions processed for each City on the Portal. In years 2014 through 2021, the number of Transactions for the Original Principals shall be based on 2012 historical actual pre-Portal use Transaction Counts (as set forth in Exhibit A). In years 2014 through 2018, the City Transaction Count for any other Participating City shall be based on the most recent historical data for that City prior to it joining the Portal. From and after 2019, the allocation among other Participating Cities will be determined by considering the actual number of Transactions (if the City had joined before 2019), historical tax and license information, and the experience of the Original Principals as to how quickly businesses have adopted use of the Portal since its launch. The details of the cost allocation calculation shall be set forth in the Portal Operations Policy. Nothing in this Agreement shall be construed to prohibit the Executive Board from including factors in addition to the number of City Transactions in the cost allocation formulas as between Participating Cities, so long as the primary basis for allocation remains the City Transaction count.

2. All other terms of the ILA remain in full force and effect.

//

//

AGREED TO BY:

City of Bellevue

_____
City Manager

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

City of Everett

_____
Mayor

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

City of Seattle

_____
Mayor

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

City of Tacoma

_____
City Manager

_____
Date

Approved as to Form:

_____
City Attorney

_____
Date

Key New City Onboarding Activities

1. Preadmission Meeting with the City
   a. Agency/System Overview
   b. Implementation Options
2. Onboarding Option/Schedule/Fees
3. Agency Yearly Fee Schedule
4. Onboarding City Type
5. Executive Board Approval

Onboarding Option/Schedule/Fees

1. Onboarding Option – Standardized City Template
   a. General Business Licensing, GBL Renewals, Taxes
   b. No Web Services/System Functionality Replaces the Web Calls

2. Onboarding Schedule – schedule in process

3. Fees

a.	Implementation Costs – eGov	$3,000
b.	Standardized City Template Recovery Charge	$2,000
c.	Total Cost	$5,000

Yearly Agency Fee's

	2016 Actuals	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Revenue							
Fund Carryover	465,898	151,578					
User Fees	31,796	61,833	181,200	239,320	323,252	445,577	625,135
Reimbursable Costs							
- City of Seattle	406,490	502,378	537,348	523,601	508,776	473,690	416,927
- City of Bellevue	59,172	73,130	78,221	76,220	74,062	68,954	60,691
- City of Tacoma	95,664	118,231	126,460	123,225	119,736	111,479	98,120
- City of Everett	27,536	34,032	36,400	35,469	34,465	32,088	28,243
- City of Lake Forest Park		3,704	8,852	8,626	8,382	7,804	6,868
Total Reimbursable Costs	588,862	731,475	787,282	767,141	745,420	694,015	610,850
Capital Cost Recovery Charges							
- City of Bellevue	8,000	4,000	6,000	6,000	6,000	6,000	6,000
- City of Tacoma	12,000	6,000	6,000	6,000	6,000	6,000	6,000
- City of Everett	4,000	2,000	2,000	2,000	2,000	2,000	2,000
- City of Lake Forest Park		417	1,000	1,000	2,000	2,000	2,000
Total Capital Cost Recovery Charges	24,000	12,417	15,000	15,000	16,000	16,000	16,000
Total Revenue	**1,110,556**	**957,303**	**983,482**	**1,021,461**	**1,084,672**	**1,155,592**	**1,251,985**
Expenditures							
Labor	277,413	333,952	343,971	354,290	364,918	375,866	387,142
Contracts	31,267	44,556	45,670	46,766	47,841	48,942	50,067
Overhead	40,203	55,031	56,407	57,761	59,089	60,448	61,839
Technology Costs	429,095	459,042	512,535	541,400	587,894	643,922	723,006
Operating Reserve	-	38,538	9,900	6,245	8,929	10,415	13,931
Capital Cost Recovery Payments	24,000	12,417	15,000	15,000	16,000	16,000	16,000
Total Expenditures	**801,978**	**943,536**	**983,482**	**1,021,461**	**1,084,672**	**1,155,592**	**1,251,985**
Excess (Deficit)	**308,578**	**13,768**	**-**	**-**	**-**	**-**	**-**

Key Assumptions

- Starting Budget was the February 2017 Draft Budget
- City of Lake Forest Park would onboard August 2017
- 3.5k Projected Transactions for Lake Forest Park and 2012 Historical Transaction #'s for 4 Principal Cities
- Assumes only Revenue/Cost increases related to 3.5k transactions

Onboarding City Type - Differences

Principal

1. Interlocal Agreement – City Legislative Authorization
2. Assist with the Management of the Agency
3. Voting Member of the Executive Board

Subscriber

1. Contract with the Agency – City Legislative Authorization
   a. Nature of the Services Provided – License, Renewal, Taxes
   b. Price of Admission - $5,000
   c. Duration of the Participation – 12/2018
   d. Any other Assistance Provided - none
2. Doesn't Assist with the Management of the Agency
3. Non-Voting Member of the Executive Board

Onboarding City Type – Pro's and Con's

Pro's to Bringing Lake Forest Park in as a Principal

1. Political benefit to having a smaller city's represented on the board
2. Strong commitment by the Board to ensure both large and small cities needs are represented as voting members on the Executive Board
3. Strong commitment by the Board to ensure both large and small cities needs are represented as Operating Committee Members
4. City of Lake Forest Park has voiced a strong interest and desire to actively participate the management of the Agency.
    a. Lake Forest Park Finance Director has a long history with FileLocal

Con's to Bringing Lake Forest Park in as a Principal

1. Small Cities should decide who the "Principal Representative" is on the Board/OC

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File Local Resolution FL2017-05
Briefing Paper
Lake Forest Park Admittance

Date: June 12, 2017

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the addition of a new city – City of Lake Forest Park – as a Principal or Subscriber city?

Operating Committee Recommendation: The Portal Agency Executive Board should pass Resolution 2017–05 approving the addition of the City of Lake Forest Park as a principal or subscriber city as determined by the FileLocal Executive Board (FLEB).

Rationale: The Agency was founded through an Interlocal Agreement ("ILA") signed in March 2014 by the cities of Bellevue, Everett, Seattle, and Tacoma. The founding cities ("Principals") created a web application gateway ("Portal") to collectively administer business licensing and tax collection that allows businesses in the Principal cities use a "one-stop" system for licensing and tax payments. The ILA anticipates the addition of new cities either as Principals or Subscribers, with the costs of operating the Portal thereby being spread among a greater number of participants. New cities may join as Principals by becoming signatories to the ILA after approval by a super-majority vote of the Executive Board. Cities joining as Principals obtain a voting seat on the Executive Board. Alternatively, new cities may join as "Subscribers" by entering into a separate agreement with the Agency, upon approval by super-majority vote of the Executive Board. In general, Subscriber cities do not have voting rights on the Executive Board, and they may have somewhat different financial obligations to the Agency, depending on the terms of the negotiated Subscriber agreement approved by the Board.

This Resolution approves the admittance of the City of Lake Forest Park as a Principal (Option 1) or a Subscriber (Option 2) city.

RESOLUTION NO. 2017-05

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board approving the addition of the City of Lake Forest Park as a Principal City.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Agency") was originally established under the Interlocal Agreement By and Between the Cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014 ("Interlocal Agreement"); and

Whereas, Section 8.c. and 8.d. of the Interlocal Agreement authorizes the Executive Board to approve, by super-majority vote, the admission of new cities as either Principals and Subscribers; and

Whereas, the City of Lake Forest Park has indicated its interest and desire to become a Principal of the Portal, and its willingness to execute the ILA, upon approval of its legislative body, and to fulfill any and financial terms and conditions included therein as the Executive Board may deem appropriate and consistent with the Agency's Bylaws and Portal Operations Policy;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby approves admission of the City of Lake Forest Park as a Principal of the Agency, pursuant to Section 8 of the ILA.

SECTION 2. The addition of the City of Lake Forest Park as a Principal is conditioned upon its execution of the ILA, provided such execution is authorized by the

City Council of the City of Lake Forest Park and completed by no later than August 12, 2017.

SECTION 3. The addition of the City of Lake Forest Park as a Participating City is further conditioned upon its written consent to comply with the Agency's Portal Operations Policy.

ADOPTED by super-marority vote, this 12th day of June, 2017.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

RESOLUTION NO. 2017-05

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board approving the addition of the City of Lake Forest Park as a Subscriber City.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Agency") was originally established under the Interlocal Agreement By and Between the Cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014 ("Interlocal Agreement"); and

Whereas, Section 8.c. and 8.d. of the Interlocal Agreement authorizes the Executive Board to approve, by super-majority vote, the admission of new cities as either Principals and Subscribers; and

Whereas, the City of Lake Forest Park has indicated its interest and desire to become a Subscriber of the Portal, and its willingness to execute a Subscriber Agreement in a form substantially similar to the agreement attached hereto as Attachment A, upon approval of its legislative body, and to fulfill any and financial terms and conditions included therein as the Executive Board may deem appropriate and consistent with the Agency's Bylaws and Portal Operations Policy;

Now Therefore, BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby approves admission of the City of Lake Forest Park as a Subscriber of the Agency, pursuant to Section 8 of the ILA.

SECTION 2. The addition of the City of Lake Forest Park as a Subscriber is conditioned upon its execution of the Subscriber Agreement in a form substantially similar to that which is attached hereto as Attachment A, provided such execution is authorized by the City Council of the City of Lake Forest Park and completed by no later than August 12, 2017.

SECTION 3. The addition of the City of Lake Forest Park as a Participating City is further conditioned upon its written consent to comply with the Agency's Portal Operations Policy.

ADOPTED by super-marority vote, this 12th day of June, 2017.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

RESOLUTION No. 2017-05

ATTACHMENT A

Approved key terms of Subscriber Agreement with the City of Lake Forest Park for admission to the FileLocal Portal:

1. Services to be provided to the City of Lake Forest Park:

    - General Business License Applications
    - General Business License Renewals
    - Tax Calculation and Collection for five (5) gross receipts taxes as defined by the City of Lake Forest Park.
    - Other Services as May Later Be Approved by the Executive Board

2. Up-front Payment by the City of Lake Forest Park for On-boarding Costs: $5,000

3. Duration of Participation: Through December 31, 2018, subject to future renewals on terms to be subsequently agreed between the City and FileLocal Agency.

Washington Multi-City Business Licenses and Tax Portal Agency

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Financial Statements for the Year Ended December 31, 2016

FRANCIS & COMPANY PLLC

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Washington Multi-City Business Licenses and Tax Portal Agency
Seattle, Washington

Management is responsible for the accompanying financial statements of Washington Multi-City Business Licenses and Tax Portal Agency (a public agency formed as a nonprofit corporation), which comprise the statement of net position as of December 31, 2016, and the related statements of revenues, expenses and changes in fund net position and of cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Francis & Company

Seattle, Washington
May 22, 2017

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206.282.3949 F

701 Dexter Ave. N., Suite 404
Seattle, Washington 98109

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WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the Washington Multi-City Business Licenses and Tax Portal Agency (FileLocal) for the fiscal year ended December 31, 2016. As this information is presented in summary form, it should be read in conjunction with the financial statements and footnotes as a whole.

FileLocal is a public agency formed as a nonprofit corporation on March 1, 2014 as authorized by the state Interlocal Cooperation Act (Ch. 39.34.RCW) and Chapter 24.06 RCW. FileLocal's primary purpose is to offer a web-based service that will make it easier for businesses to obtain business licenses and pay local Business & Occupation (B&O) taxes to its member cities. In 2014, the cities of Bellevue, Everett, Seattle and Tacoma came together to form FileLocal. The four founding cities are the "Principals" and have representation on the Executive Board which governs FileLocal. Additional Washington cities may apply to join FileLocal, either as a principal or as a subscriber. Principals have voting rights on the Executive Board; Subscribers have nonvoting representation on the Executive Board.

Financial Highlights

- In 2016, the founding four cities contributed a total of $612,862 to Filelocal.
- As of December 31, 2016, FileLocal reported a total net position of $298,297, all of which was unrestricted.

Overview of the Financial Statements

FileLocal is considered a stand-alone enterprise fund, and the financial statements are presented using the economic resource measurement focus and accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recognized in the period in which they are incurred.

The Statement of Net Position presents information about all of FileLocal's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position. When net position is compared for several years, increases and decreases may serve as a useful indicator of whether FileLocal's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information on how FileLocal's net position changed during the year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows.

The Statement of Cash Flows presents information on FileLocal's cash receipts, cash payments, and changes in cash during the year.

The basic financial statements can be found following this MD&A.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found following the basic financial statements.

Financial Analysis

Condensed Statement of Net Position	2016	2015
Current assets	412,563	$526,099
Total assets	412,563	526,099
Deferred outflows of resources	-	-
Current liabilities	114,266	60,201
Total liabilities	114,266	60,201
Deferred inflows of resources	-	-
Unrestricted	298,297	465,898
Total net position	$298,297	$465,898

The Statement of Net Position represents assets, liabilities and net position. The current assets were $412,563 at December 31, 2016, including cash of $408,868, accounts receivable of $2,455 and prepaid of $1,240. The total liabilities of $114,266 were primarily payable to City of Seattle. The amount of net position is the total assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources and over time may serve as a useful indicator of FileLocal's financial position. The total net position was $298,297, which was a decrease of $167,601 from the previous year.

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position	2016	2015
User fees	31,372	180
Reimbursable costs	612,862	534,548
Total revenue	644,234	534,728
Operating expenses		
Accounting fees	25,890	25,000
Technology costs	427,954	42,741
Bank and transaction fees	1,458	318
Conference costs	2,252	3,788
Consulting	3,375	
Capital recovery payment	24,000	
Insurance	5,200	5,000
Contract labor costs	287,271	239,197
Legal fees	29,408	22,671
License and membership fees	2,515	800
Travel and entertainment	1,319	
Other operating costs	1,193	2,339
Total expenses	811,835	341,854
Total change in net position	(167,601)	192,874
Net position, end of year	298,297	$465,898

Filelocal launched in service in July 2015 and the user fees for 2016 were $31,372. In addition, Filelocal received $612,862 of cost reimbursement from the four founding cities in 2016 as more spending were anticipated. Total expenditures increased $469,981, primarily due to an increase in technology and contract labor costs. As a result, Filelocal's total net position decreased by $167,601 compared to 2015.

Request for Information

This financial report is designed to provide a general overview of FileLocal's finances for all those with an interest in FileLocal's finances. Questions concerning any information provided in this report should be addressed to: FileLocal, 700 Fifth Avenue, Suite 4350 PO Box 94669, Seattle, Washington 98124-4669.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS		
CURRENT ASSETS		
Cash	$	408,868
Accounts receivable		2,455
Prepaid		1,240
Total current assets		412,563
TOTAL ASSETS	**$**	**412,563**
DEFERRED OUTFLOWS OF RESOURCES		-
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	114,266
Total current liabilities		114,266
TOTAL LIABILITIES		**114,266**
DEFERRED INFLOWS OF RESOURCES		-
NET POSITION		
Unrestricted		298,297
TOTAL NET POSITION	**$**	**298,297**

The notes to financial statements are an integral part of this statement.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES		
User fees	$	31,372
Total operating revenues		31,372
OPERATING EXPENSES		
Technology costs		427,954
Contract labor costs		287,271
Accounting fees		25,890
Bank and transaction fees		1,458
Conference costs		2,252
Consulting		3,375
Capital recovery payment		24,000
Insurance		5,200
Legal fees		29,408
License and membership fees		2,515
Travel		613
Meals and entertainment		706
Other operating costs		1,193
Total operating expenses		811,835
Operating (loss)		(780,463)
NON - OPERATING REVENUES (EXPENSES)		
Reimbursable costs		612,862
Total non-operating revenues (expenses)		612,862
INCREASE IN NET POSITION		(167,601)
NET POSITION - BEGINNING		465,898
NET POSITION - ENDING	$	298,297

The notes to financial statements are an integral part of this statement.

WASHINGTON MULTI-CITY BUSINESS LICENSES AND TAX PORTAL AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	$	(757,355)
User fees		31,091
Net cash (used) by operating activities		(726,264)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITES		
Reimbursable costs		612,862
Net cash provided by non-capital financing activities		612,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net cash provided by capital and related financing activities		-
CASH FLOWS FROM INVESTING ACTITIVITES		
Net cash provided by investing activities		-
NET INCREASE (DECREASE) IN CASH		(113,402)
CASH, BEGINNING OF THE YEAR		522,270
CASH, END OF THE YEAR	$	408,868
Reconciliation of Operating Loss to Net Cash Flows Provided (Used) By Operating Activities		
Operating loss	$	(780,463)
Adjustments to reconcile operating (loss) to		
net cash provided (used) by operating activities:		
Changes in assets and liabilities		
(Increase) in receivable		(281)
Decrease in prepaid		415
Increase in accounts payable		54,065
Net cash (used) by operating activities	$	(726,264)

The notes to financial statements are an integral part of this statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Washington Multi-City Business Licenses and Tax Portal Agency (FileLocal) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

As authorized under the state InterLocal Cooperation Act (Ch.39.34.RCW) and Chapter 24.06 RCW, the Washington Multi-City Business and Tax Portal Agency (FileLocal) was established on March 1, 2014 and began offering its services to businesses in July 2015. FileLocal is an instrumentality of its member cities, formed to carry out exclusively governmental activities to offer a web-based service that will make it easier for businesses to obtain business licenses and pay local Business & Occupation (B&O) taxes to its member cities. There are currently four founding cities: Bellevue, Everett, Seattle and Tacoma. During 2016, the Executive Board was the primary governing body of FileLocal. It was comprised of members from all four founding cities. FileLocal did not have any component units as of December 31, 2016.

Basis of Accounting and Reporting

FileLocal is considered a single enterprise fund which is accounted for on an economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with its activities are included on the statement of net position. Net position is reported in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. FileLocal discloses changes in cash flows by a separate statement that presents its operating, noncapital financing, capital and related financing, and investing activities.

FileLocal uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred.

FileLocal distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services in connection with the FileLocal's principal ongoing operations. The operating expenses include contract labor cost, professional fees, office supplies and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ((CONTINUED)

Cash and Cash Equivalent
For cash flow purposes, highly liquid investments with an original maturity of less than three months are considered cash equivalents

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - CASH

FileLocal has a deposit account at Wells Fargo, which is covered by Federal Deposit Insurance (FDIC). Over time, the deposit amount may exceed the deposit insurance limit. FileLocal has not experienced any losses.

NOTE 3- RISK MANAGEMENT

FileLocal is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, etc.

Filelocal is a member of the Washington Cities Insurance Authority (WCIA) and manages the risks through its participation in a risk pool provided by WCIA.

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 179 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are $4 million per occurrence self-insured layer, and $16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are $20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

NOTE 3- RISK MANAGEMENT (CONTINUED)

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

NOTE 5 - RELATED PARTY

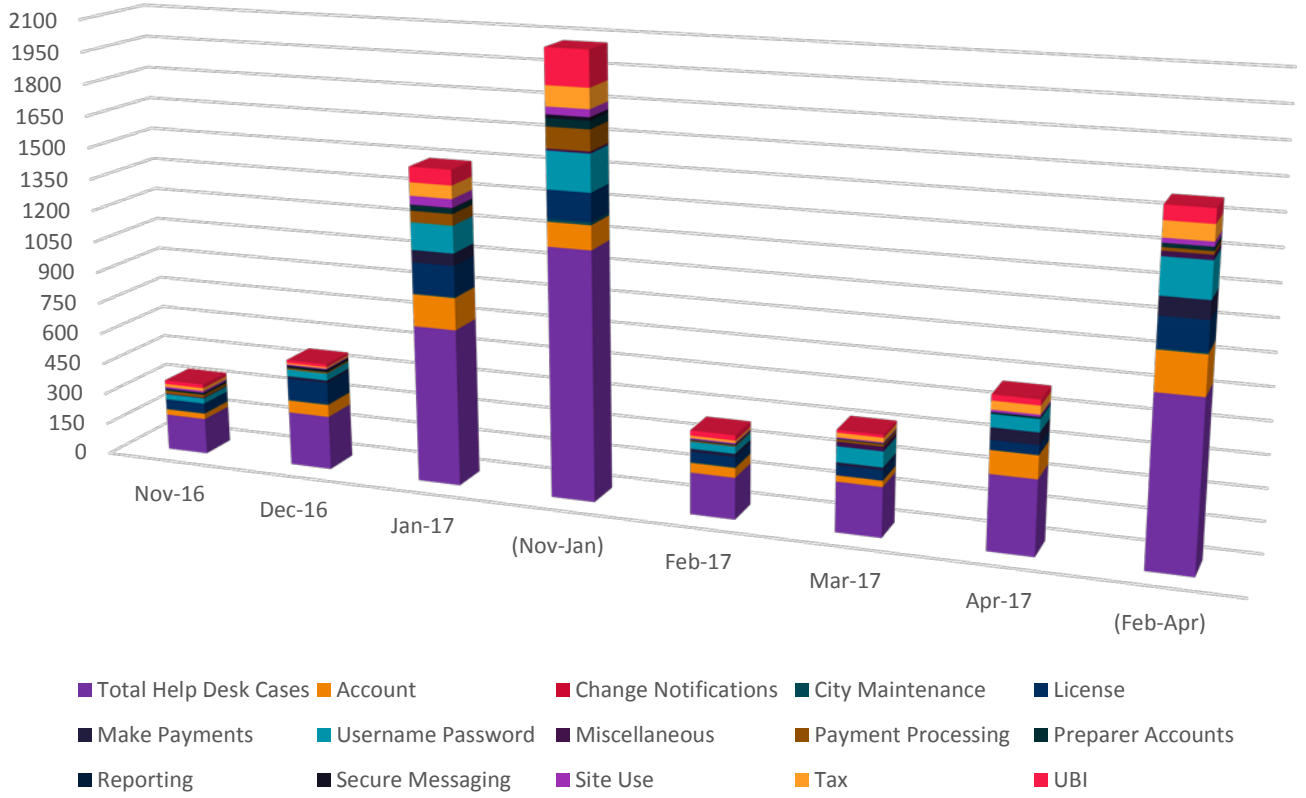
FileLocal was established by four founding cities, and each city was required to reimburse operating costs in excess of user fees received, based on the methodologies defined in the Inter-local Government Agreement. During 2016, a total contribution of $612,862 was made by the four founding cities.

City of Seattle provided labor and technology services to Filelocal and these costs were billed to FileLocal for reimbursement. During 2016, City of Seattle charged total contract labor cost of $287,271 to FileLocal. An outstanding balance of $82,858 was payable to City of Seattle as of December 31, 2016.

FileLocal: Monthly Business Review

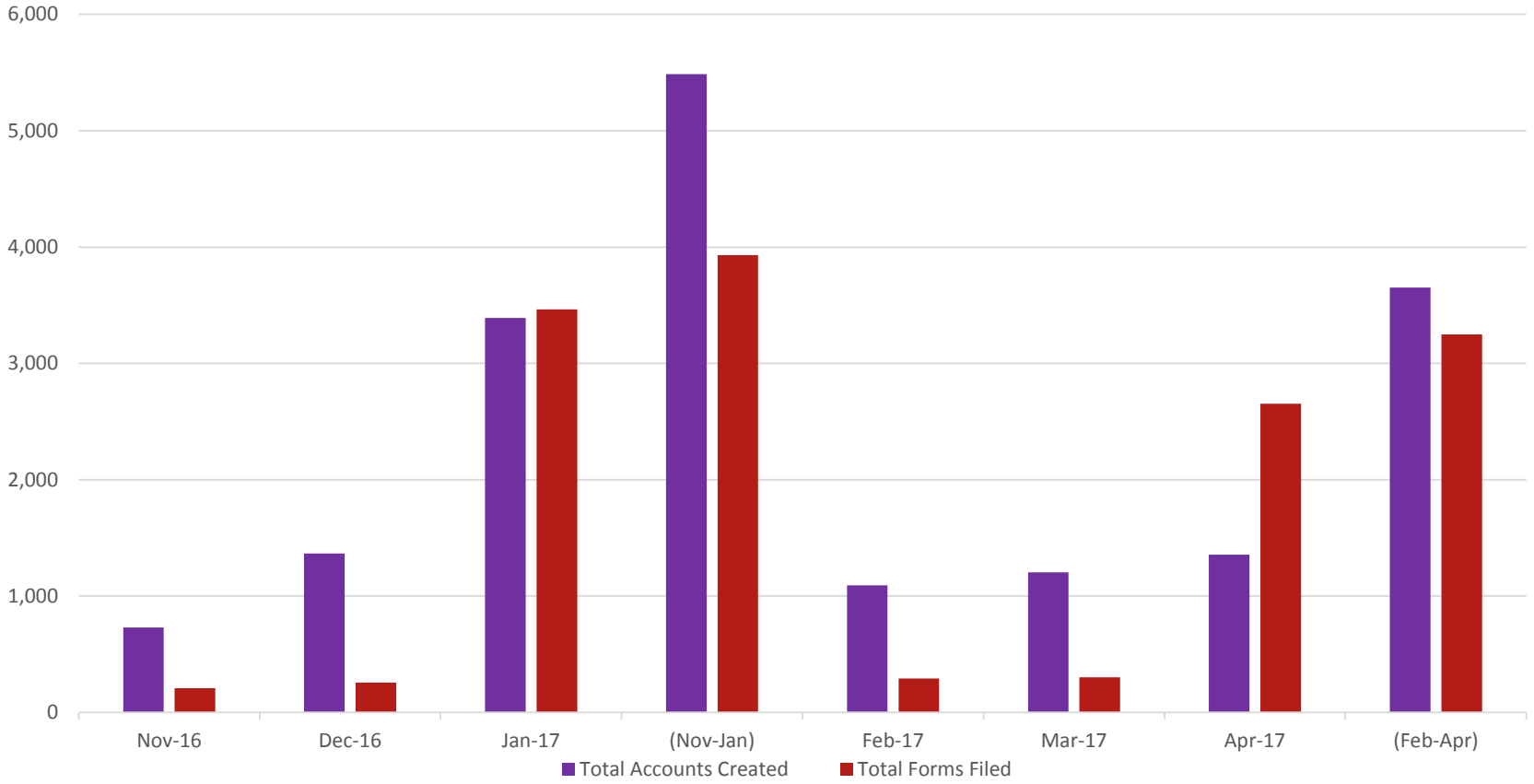
May 2017

Help Desk - by Functional Category/Month



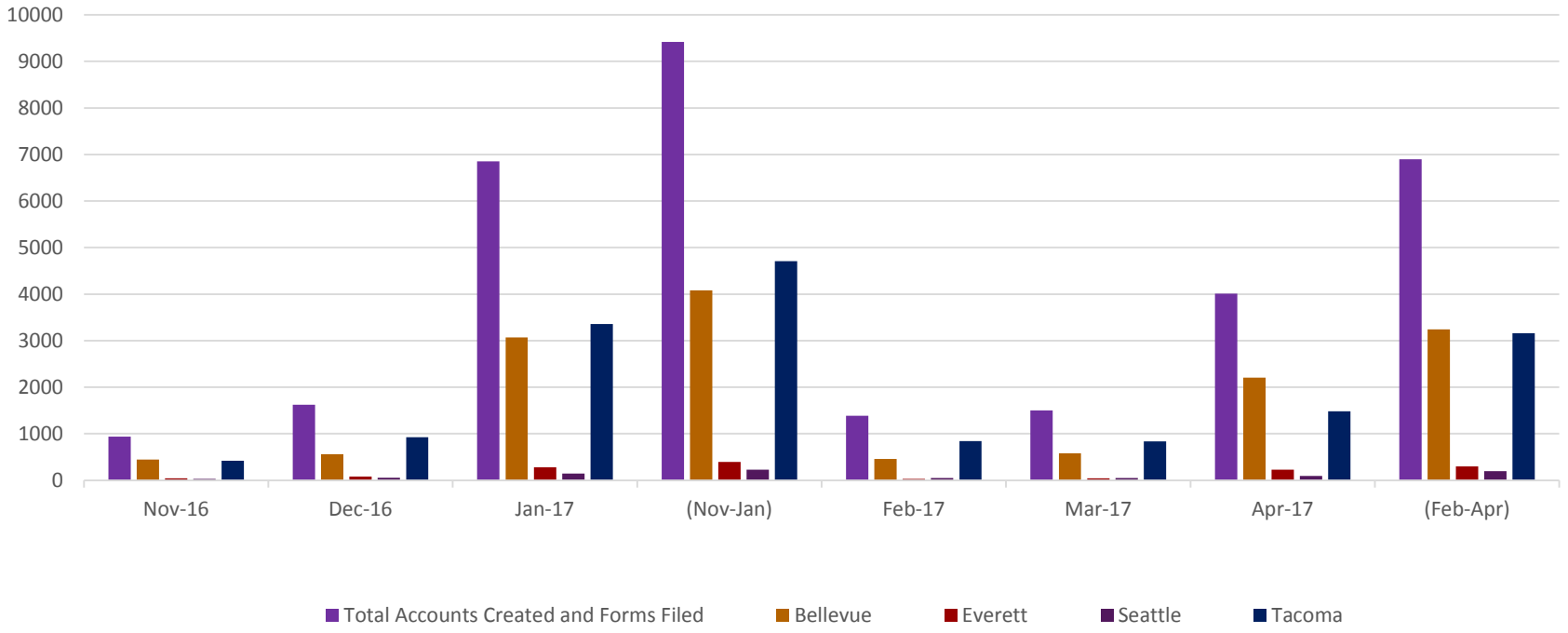
Help desk calls totaled 353 for the month of April. As a % of accounts created and forms filed this is 8.8% which is significantly down from the previous 5 months including January (10.9%) which was also a quarterly filing month. Three categories stood out - account setup, payments and password resets.

Total Accounts Created and Forms Filed



Total Accounts Created/Forms Filed declined by 2,516 (27%) Qtr. on Qtr. Accounts Created declined 1,834 (33%) and Forms Filed declined 682 (17%%). Forms with Zero Liability declined by 503 forms, forms with payments declined by 168 (7%) and misc. forms declined by 11. That said, the decline was expected due to yearly filers/renewals in the previous quarter.

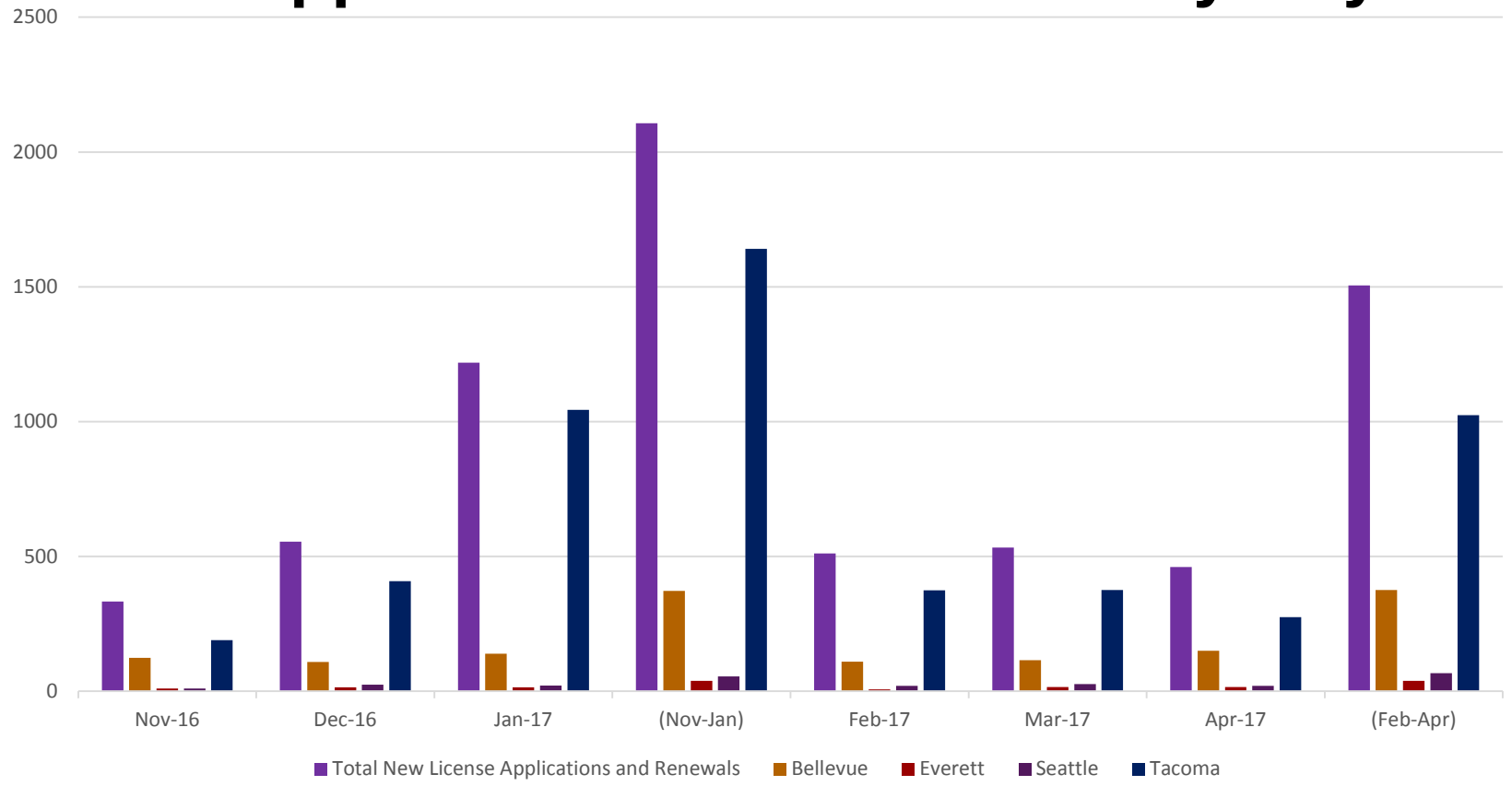
Accounts Created and Forms Filed By City



*** By City is projected using overall city usage**

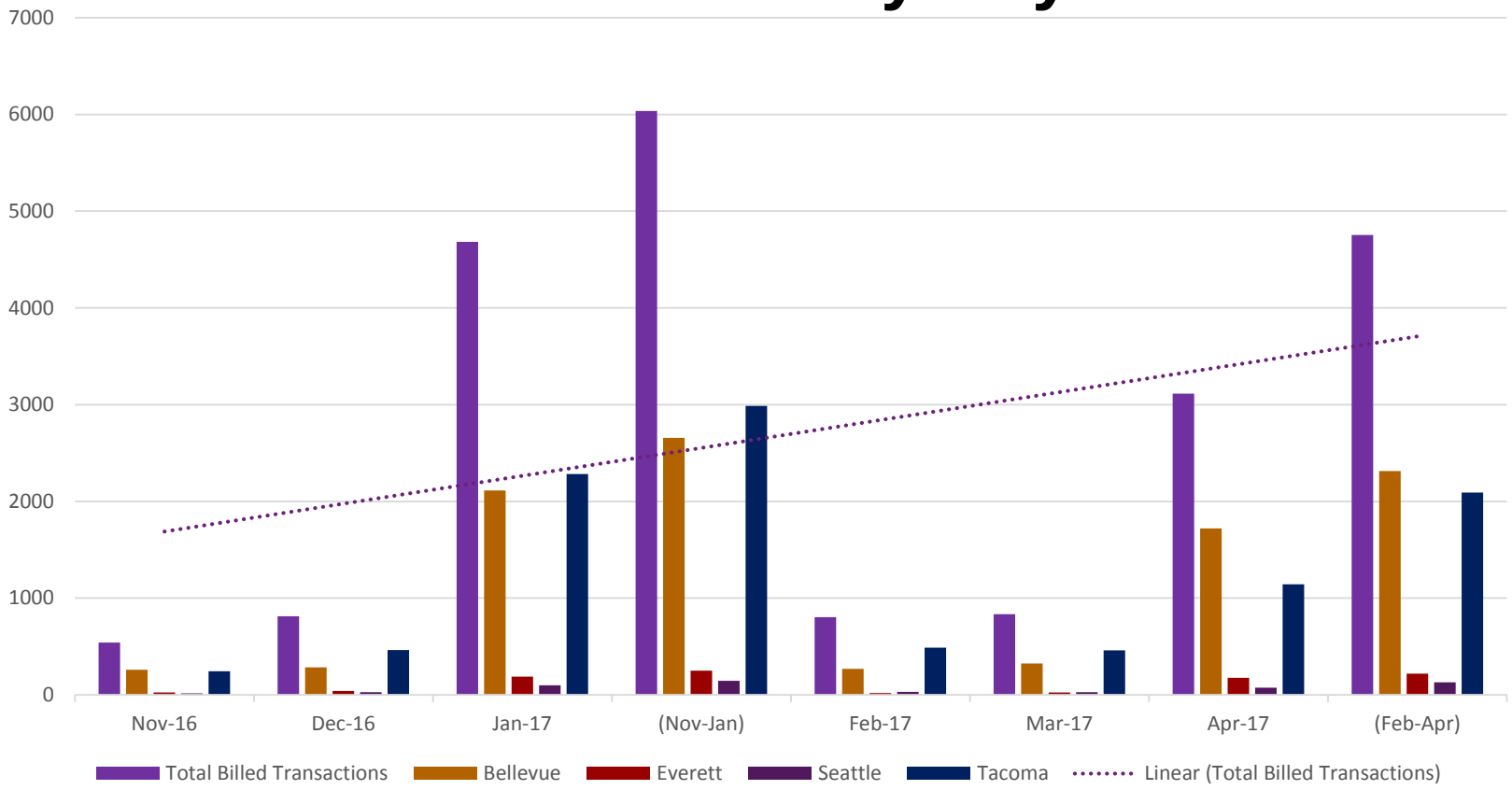
Total Accounts Created/Forms Filed by City is down 2,516 (27%). All four cities are down - Tacoma is down 1,552 (33%), Bellevue is down 833 (20%), Seattle is down 36 (16%) and Everett is down 95 (16%). That said, the decline was expected due to yearly filers/renewals in the previous quarter.

License Applications and Renewals by City/Total



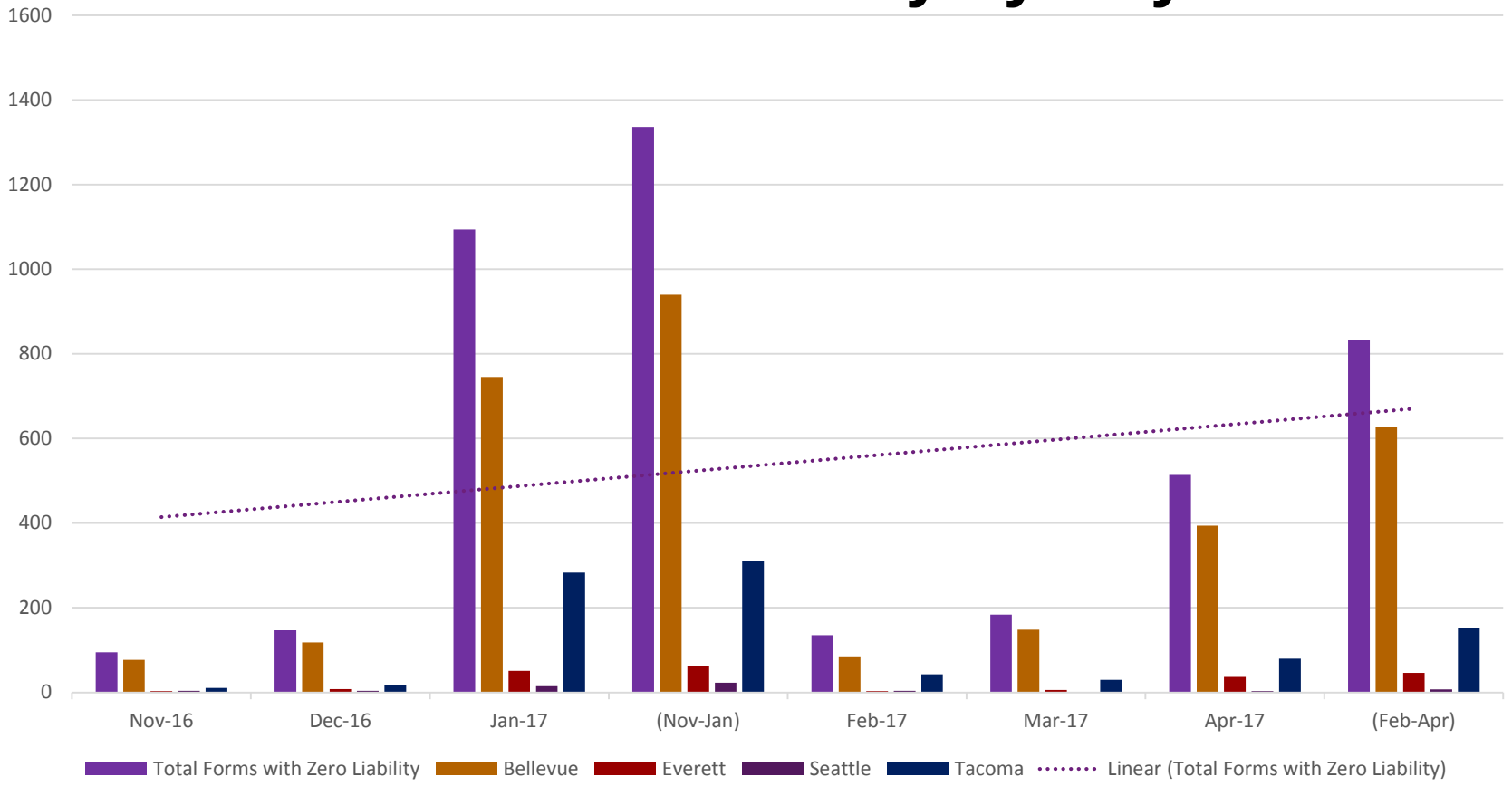
Total License Applications and Renewals by City is down 602 (29%) Qtr. on Qtr. Applications are up or flat for all four cities 70 (6%) while renewals are down 672 (65%). Overall, Tacoma down 617 (38%), Bellevue up 3 (1%), Everett flat 0 (0%), Seattle up 12 (22%).

Total Transactions by City/Month



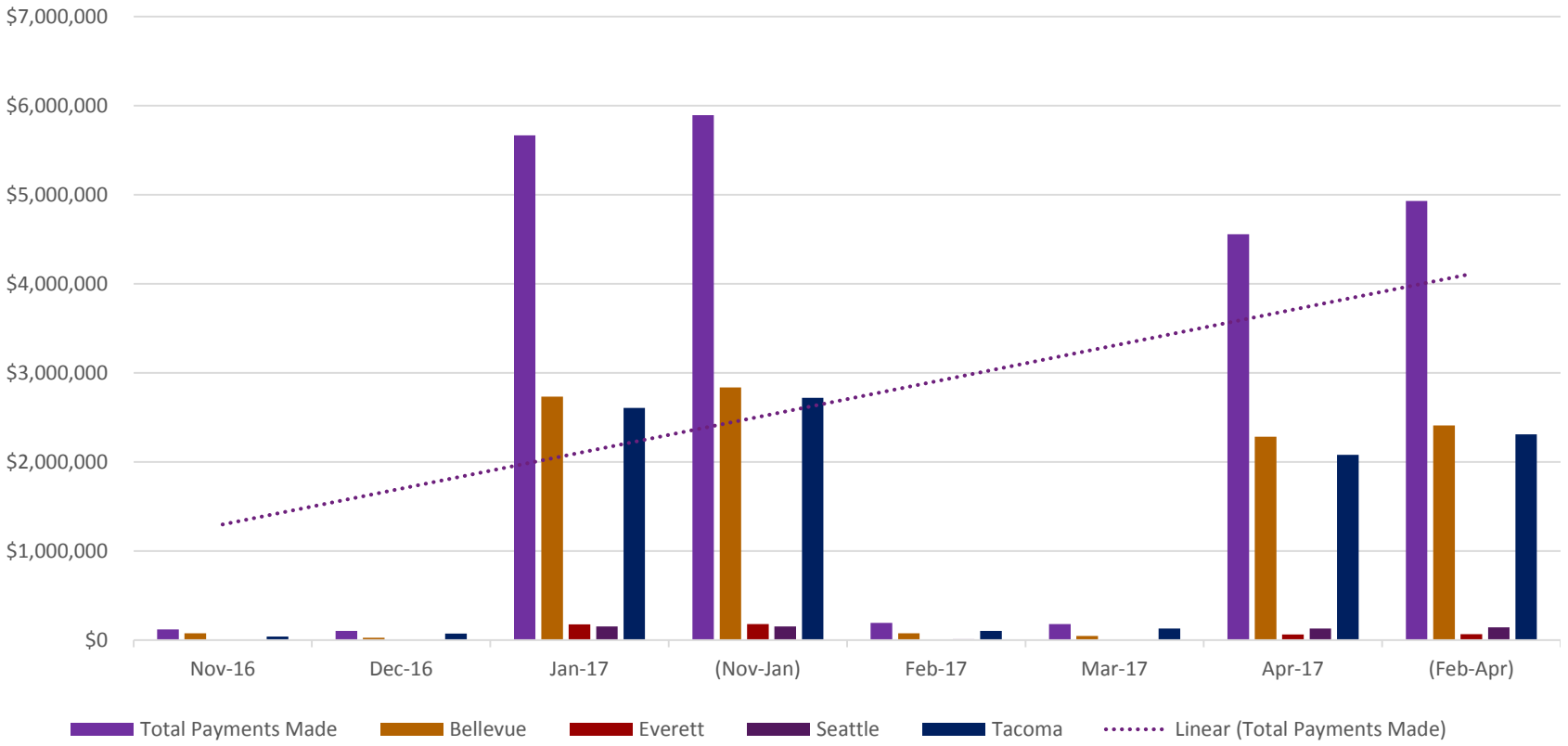
Total Transactions by City and Month is down 1,284 (21%) Qtr. on Qtr. All four cities are down - Tacoma is down 895 (30%), Bellevue is down 342 (13%), Everett is down 33 (13%) and Seattle is down 14 (10%). That said, the decline was expected due to yearly filers/renewals in the previous quarter.

Forms with Zero Liability by City/Month



Forms with zero liability are down 503 (38%) forms Qtr. on Qtr. All four cities are down - Bellevue is down 313 (33%), Everett is down 16 (26%), Seattle is down 16 (70%), and Tacoma is down 158 (51%). That said, the decline was expected due to yearly filers/renewals in the previous quarter.

Payments by City/Month



Total payments are down $964,579 (16%) Qtr. on Qtr. All four cities are down - Bellevue is down $427,975 (15%), Everett is down $114,226 (63%), Seattle is down $11,944 (8%) and Tacoma is down $410,414 (15%). The decline was expected and less as a % than the other charts. This difference is due to requirements related to quarterly versus annual filers.