CITY OF SEQUIM

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- MUNICIPAL FUNDING PROGRAM -
GUIDELINES AND PROCEDURES

PURPOSE AND ADMINISTRATION: The City of Sequim's Municipal Funding Program addresses community needs and public interests by awarding funds to eligible Applicants for specific purposes. These Guidelines outline the process for requesting Municipal Funds from the City of Sequim (City) in accordance with the guidance of the Sequim City Council and State of Washington and Federal laws.

The City Manager's Office administers the Municipal Funding Program. The City Council makes all Award decisions as part of the City's annual budget approval process and utilizes a Scoring system for all applications. Council approved its current scoring criteria in Resolution R2025-032.

The Municipal Funding Program will not be used to contract for City operations or projects that are initiated and administered by the City itself.

LIMITATIONS: The Washington State Constitution prohibits the gifting of public funds and lending of credit for private purposes (Article VIII, Section 5 and Article VIII, Section 7). Therefore, all requests for Municipal Funding made to the City must meet State requirements as programs or services that benefit the public *as a whole,* or services and support to the "poor and infirm." The Sequim City Council has identified the following areas that may be eligible for Municipal Funding in our community:

1. Health and Human Services ("poor and infirm") based on the guiding principles adopted in Resolution R2018-016;
2. Broad Public Benefit, including:
    a. Economic Development for disadvantaged communities or neglected areas;
    b. Minor Financial relief to local small businesses during a declared emergency such as the COVID-19 pandemic if applied for while the declaration is in effect;[1] and
    c. Recreational Opportunities.

[1] The City also offers grants targeted for tourism promotion to local businesses and organizations through the Lodging Tax Advisory Committee. Those grants are accepted, managed, and accounted for pursuant to separate guidelines and procedures.

In addition to the above considerations, the City Council has determined that Municipal Funding Program expenditures must not exceed 1.5% of the City's annual General Fund.

IMPORTANT: Municipal Funding Awards are contingent on City budget availability. Therefore, the City Council reserves the right to cancel or modify an Award based on an unpredicted financial condition. Awardees will be provided as much advance written notice of the cancellation or modification as possible.

GUIDELINES AND PROCEDURES:

1. Application Process

Applicants for Municipal Funding must use the approved Application form found on the City's website. Requests submitted without using the approved Application will be rejected.

Applications should be submitted between January 1st and no later than June 30th in the year preceding the potential Award.

Incomplete Applications will be returned for correction and resubmission. If resubmission does not occur within the open period, the Application will be rejected.

Municipal Funding Program Staff are available to answer questions regarding an Application. Email or in-person discussions are encouraged to ensure that an Application meets submittal requirements. However, Staff do not make Award decisions. Please submit your Application early enough to ensure time for Staff to answer your questions or provide requested feedback.

Council has set no cap on the amount of funding an Applicant may request. However, no more than 1.5% of the annual General Fund budget may go to support the Municipal Funding Program each year. Applications must include a proposed budget detailing all expenditures anticipated to be made in meeting the deliverables.

Council has determined that Organizations/Projects requesting Municipal Funds should plan for 100% of their proposed deliverables to occur in and benefit people living within the Sequim School District boundary, so as to be "Sequim-Centric".

All Applications will be scored by Staff and Council using Council's approved Scoring Criteria (R2025-032). Aggregate scores will be used as a tool to help guide Council's funding decisions but will not be the sole determining factor for an Award.

Awards will be only granted for one-year terms, with funds provided over the course of a 12-month period (January – December) based on Awardees' receipts, which may be submitted up to four times per year.

Subsequent funding requests must be reapplied annually. In addition, Awards may be rescinded or reduced mid-term if the City experiences an unforeseen budget issue or if an Awardee fails to comply with a material condition of the Award, including reporting requirements.

2. Funding Process

Municipal Funding Awards are part of the City of Sequim's annual budget process. For this reason, Applications must be made in the year preceding the potential Award to allow for budget planning.

Council makes all funding decisions, including whether to grant a particular Municipal Funding Award and the amount and other terms of the Award. Municipal Funding requests are brought to Council in July. Applicants will be notified of potential Awards prior to September. If Council declines to approve a Municipal Funding request, the Applicant will be provided notice of the denial. Council's decision is final.

Applicants may but are not required to attend City Council meetings where the proposed budget, including Municipal Funding, is discussed. The proposed budget is submitted to Council in September and undergoes review during subsequent Council meetings, including public hearings. A final budget is approved before the end of December each year. Applicants can attend in person or virtually to answer questions if called upon by Council. Council may request that Staff contact Applicants for additional information regarding their Application. Awards may be subject to change up until the annual budget is officially adopted by Council.

If Council approves an Award, City Staff will prepare a Municipal Funding Agreement or a more detailed contract between the City and the Applicant. The City's Finance and Legal Departments will determine the appropriate document to be used. For total Awards above the City Manager's signing authority, a detailed contract must be presented to Council to obtain authorization for the City Manager to execute it. Such contracts may be presented on the Consent Agenda.

3. Reporting Requirements

Every Municipal Funding Award will have reporting requirements that allow the City to properly account for the expenditure of taxpayer money. If an Award is approved, the City and the Awardee can negotiate additional details, but the following *minimum* requirements will apply to all Awards:

> Receipts and an annual report. Awardees must use the approved Annual Report form found on the City's website. Reports submitted without using the approved form will not be considered as compliant. The Annual Report will be used to describe the organization's progress toward deliverables detailed in the application and Agreement/Contract and include a detailed Expense Report of how City funds were used within the Awardees organization or project. The City may choose to require special reporting requirements which will be described in a Municipal Funding Agreement/ Contract. Periodic meetings with Staff or presentations to Council may be required.

Receipts must be submitted electronically via email to SequimFunding@sequimwa.gov. Organizations may submit receipts no more than quarterly.

All receipts and reports will be screened for compliance by Municipal Funding Program Staff. If reporting needs adjustments, the Awardee will receive notification by email providing a deadline to correct the matter. If reporting compliance is not met by the deadline, payments will be paused until compliance is achieved. Staff will notify Council before any pause in payment. Ongoing reporting issues could result in the City requesting the return of the full Award amount and/or denial of future Applications.

4. Reservation of Rights

These guidelines are not intended to create any third-party cause of action. These guidelines may be revised at any time at the City Council's discretion, with or without a recommendation from Staff. The City Manager may administratively revise the Guidelines to better implement Council's directions and Program goals. Guideline revisions will not apply to existing Awards; however, budget conditions and non-compliance with reporting requirements can impact an existing Award.

The City further reserves the right to rescind an Award, withhold or reduce a payment, or terminate an agreement if an Awardee fails or refuses to timely provide the deliverables or if Awardee's personnel are found to have committed an unethical or illegal act in the use of the Award or performance of the deliverables. The City Manager's Office will notify the Awardee in writing and may in the City Manager's discretion provide a 5-day opportunity to cure. Rescission of Awards and termination of agreements will require Council approval in advance or Council ratification after the fact. The City Manager's Office is responsible for ensuring prompt Council action.

THESE GUIDELINES ARE DEEMED TO BE POLICIES AND PROCEDURES RELATED TO THE AGENCY'S CORE MISSION OR FUNCTIONS, SUBJECT TO RETENTION PURSUANT TO STATE ARCHIVIST RETENTION SCHEDULE GS50-01-24.

SUBJECT: Municipal Funding Program (GS 50-01-24)	
Effective Date: January 14th, 2026	Approved by: Matthew B. Huish, City Manager Finance Dept. Approval: SH 11/25/25 Legal Dept. Approval: KNG 12/9/25