

## **AGENDA**

#### **CLICK HERE TO COMMENT ON AGENDA ITEMS STAFF PRESENTATIONS PUBLIC COMMENT**

#### SHORELINE CITY COUNCIL WORKSHOP DINNER MEETING

Monday, June 9, 2014 5:45 p.m.

Conference Room 104 · Shoreline City Hall 17500 Midvale Avenue North

**TOPIC/GUESTS:** City of Bothell Economic Development

#### SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, June 9, 2014 7:00 p.m.

2.

Council Chamber · Shoreline City Hall 17500 Midvale Avenue North

Page **Estimated** Time 7:00

- 1. CALL TO ORDER
- FLAG SALUTE/ROLL CALL 3. REPORT OF THE CITY MANAGER
- 4. **COUNCIL REPORTS**
- 5. **PUBLIC COMMENT**

Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. When representing the official position of a State registered non-profit organization or agency or a City-recognized organization, a speaker will be given 5 minutes and it will be recorded as the official position of that organization. Each organization shall have only one, five-minute presentation. Speakers are asked to sign up prior to the start of the Public Comment period. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed. If time remains, the Presiding Officer will call individuals wishing to speak to topics not listed on the agenda generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.

#### APPROVAL OF THE AGENDA 7:20 6.

#### 7. CONSENT CALENDAR

7:20

7b-1

- (a) Approval of expenses and payroll as of May 23, 2014 in the amount 7a-1 of \$4,050,282.62
- (b) Authorization to participate in the King County Community Development Block Grant Consortium and HOME Partnerships for the Federal Fiscal years 2015-2017
- (c) Approval of Amendment No. 1 to the Human Services Pooled Fund 7c-1

#### 8. **ACTION ITEMS**

(a) Motion to Authorize the City Manager to Execute a Contract with 8a-1 7:20 TruGreen Landcare for Right-of-way Landscaping Services

#### 9. STUDY ITEMS

10.	ADJOURNMENT		8:25
	(b) Discussion of the Costs of Development	<u>9b-1</u>	7:55
	(a) Discussion of Res. No. 359 Amending the Personnel Policies	<u>9a-1</u>	7:40

The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 801-2231 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 801-2236 or see the web page at <a href="www.shorelinewa.gov">www.shorelinewa.gov</a>. Council meetings are shown on Comcast Cable Services Channel 21 and Verizon Cable Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <a href="http://shorelinewa.gov">http://shorelinewa.gov</a>.

Council Meeting Date: June 9, 2014 Agenda Item: 7(a)

## CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Approval of Expenses and Payroll as of May 23, 2014

**DEPARTMENT:** Administrative Services

PRESENTED BY: R. A. Hartwig, Administrative Services Director

### **EXECUTIVE / COUNCIL SUMMARY**

It is necessary for the Council to formally approve expenses at the City Council meetings. The following claims/expenses have been reviewed pursuant to Chapter 42.24 RCW (Revised Code of Washington) "Payment of claims for expenses, material, purchases-advancements."

### **RECOMMENDATION**

Motion: I move to approve Payroll and Claims in the amount of the following detail: \$4,050,282.62 specified in

#### \*Payroll and Benefits:

			EFT	Payroll	Benefit	
	Payroll	Payment	Numbers	Checks	Checks	Amount
_	Period	Date	(EF)	(PR)	(AP)	Paid
	4/13/14-4/26/14	5/2/2014	55442-55640	13121-13141	56796-56801	\$438,460.15
	4/27/14-5/10/14	5/16/2014	55641-55840	13142-13164	56871-56876	\$460,769.34
						\$899,229.49

#### \*Wire Transfers:

Expense		
Register	Wire Transfer	Amount
Dated	Number	Paid
4/28/2014	1081	\$2,883.02
		\$2,883.02

#### \*Accounts Payable Claims:

Expense	Check	Check	
Register	Number	Number	Amount
Dated	(Begin)	(End)	Paid
5/1/2014	56668	56684	\$87,700.81
5/1/2014	56685	56699	\$167,295.90
5/1/2014	56700	56719	\$76,644.84
5/7/2014	56720	56729	\$12,472.67
5/7/2014	56730	56752	\$53,157.27
5/7/2014	56753	56786	\$370,820.83
5/7/2014	56436	56436	(\$299.91)
5/7/2014	56787	56795	\$3,716.94
5/12/2014	56802	56803	\$151,584.21

## \*Accounts Payable Claims:

Expense	Check	Check	
Register	Number	Number	Amount
Dated	(Begin)	(End)	Paid
5/13/2014	56508	56508	(\$276.00)
5/14/2014	56804	56827	\$2,165,773.60
5/14/2014	56828	56841	\$22,229.59
5/15/2014	56842	56865	\$35,685.69
5/15/2014	56866	56870	\$1,563.67
5/21/2014	56877	56878	\$100.00
			\$3,148,170.11

Council Meeting Date: June 9, 2014 Agenda Item: 7(b)

## **CITY COUNCIL AGENDA ITEM**

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorization to participate in the King County Community Development Block Grant Consortium and Home Partnerships for			
	the Federal Fiscal years 2015-2017			
DEPARTMENT:	Community Services Division			
PRESENTED BY:	Rob Beem, Community Services Manager			
ACTION:	Ordinance Resolution <u>X</u> Motion Discussion Public Hearing			

#### PROBLEM/ISSUE STATEMENT:

Shoreline participates with other cities and King County in a consortium to receive and expend funds from the Department of Housing and Urban Development (HUD) under the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME). This is formally called the CDBG/HOME Consortium. The City's membership in this group is subject to renewal every three years. The Consortium has proven to be an effective and efficient way for the City to receive and program its HUD funds. The City must notify both King County and HUD of our continued participation in the Consortium no later than June 20, 2014.

Currently Shoreline contracts with King County to operate the overall CDBG/HOME program. The interlocal agreement the City has with the County stipulates that CDBG funds be allocated by formula to support the County's administrative costs, an amount to operate a countywide eviction prevention program and to fund major home repair. Shoreline determines how the balance of funds are allocated using HUD program guidelines that define which types of activities – capital, housing, direct services, or local administration - can be funded.

#### **RESOURCE/FINANCIAL IMPACT:**

As a member of the CDBG/HOME Consortium the City will continue to benefit from annual CDBG revenues of approximately \$309,000, which we use in part for operation of the human services program and to support other housing and capital needs of our residents. There is no financial impact of participating in the HOME Partnership.

#### RECOMMENDATION

Staff recommends that the City Council move to authorize the City Manager to enter into interlocal cooperation agreements with King County governing the City's participation as a member of the Community Development Block Grant Consortium and HOME Investment Partnerships for federal FY 2015-2017.

Approved By: City Manager **DT** City Attorney **IS** 

#### INTRODUCTION

The City receives its share of the federal Community Development Block Grant (CDBG) as a member of the King County CDBG/HOME Consortium. For 2014 this amounted to a CDBG grant of \$309,560. Every three years the City must affirm its choice to participate in the Consortium. The proposed agreements continue our current participation as a Consortium member. Under this arrangement a portion of the CDBG grant, 52%, is allocated by formula to fund countywide housing related programs and program operation. The balance, 48%, is allocated annually by Shoreline as part of our regular human services allocation process. Allocations from HOME funds are dependent on applications from affordable housing developers. The proposed agreements are a continuation of the current practice and make only minor technical modifications needed to comply with federal requirements.

#### **BACKGROUND**

King County and some cities across the county jointly administer federal and local funds targeted for housing through a consortium. As a consortium member, the City has a seat on the Joint Recommendations Committee (JRC), which reviews and approves the use of federal CDBG, HOME Investment Partnerships and housing development funds raised at the County level. The City has participated in this Consortium since 1997.

Every three years the City has the option of leaving the Consortium and receiving its share of CDBG funding directly from the Department of Housing and Urban Development (HUD). Managing and administering the whole CDBG program ourselves would increase funds available for City staffing and administration of the program by 10% (roughly \$30,000), but would require significantly greater levels of administrative responsibility and cost.

By continuing to participate in the HOME Partnership, affordable housing developers will continue to have access to a Countywide pool of funding that supports development, rehabilitation and preservation of affordable housing for projects in Shoreline. Unlike the CDBG, the City does not have an option to receive HOME funds directly. The alternative to participating with King County is to allow access to the Statewide HOME program.

City staff has worked with King County and the cities of Renton, Redmond, and Kirkland to update the three-year interlocal cooperation agreements (ICAs) found in Attachment A, CDBG and Attachment B, HOME Partnership.

#### DISCUSSION

Since its creation over 20 years ago, the CDBG Consortium has supported almost all King County cities' participation in the CDBG program, with the exceptions of Seattle, Bellevue, Auburn, Federal Way and Kent (although these cities are members of the HOME Partnership.) The cities of Shoreline, Redmond, Renton and soon Kirkland are

also CDBG entitlement cities. These four have opted to operate in partnership with King County to operate their CDBG programs. Other non-entitlement cities such as Bothell, Lake Forest Park, Kenmore and SeaTac are required by HUD to participate in the Consortium in order receive CDBG funding.

The CDBG ICA sets funding percentages for administrative costs, the operation of a countywide eviction prevention program and major home repair program. Shoreline determines how the balance of funds are to be allocated using HUD program guidelines that define which types of activities – capital, housing or direct services- can be funded.

The following chart summarizes the key components and costs of the proposed CDBG-ICA with King County:

Item	Interlocal Agreement Components	2011 Funding Level Example \$309,560
Item	ns Administered/Contracted Through King C	County
, ,	receives a total of 12% (\$37,141) for program	-
reporting, capi	tal wage rate management, etc. The remaining	g programs listed
	are managed through King County.	
Administration-	Fixed at 10% of City's total CDBG	\$30,950
King County	allocation. Supports contracting, HUD	
	reporting, Consolidated Plan development,	
	etc.	
Capital	County responsible for project management	\$6,191
Administration	and compliance with Federal regulations. County can charge up to a 2% of the total	
<ul> <li>King County</li> </ul>		
	CDBG Program for project implementation.	
Major Home	Funding set at 25% City's total CDBG	\$77,390
Repair	allocation. All Consortium cities participate.	
	Program provides loans and grants to	
	income-qualified residents for home repairs.	
Housing	Funded at 5% of City's CDBG allocation.	\$15,475
Stability	This regional program provides assistance	
Program	to residents to prevent homelessness.	

Items Managed Through Shoreline City yearly enters into an agreement with King County for the revenues to implement these program areas.				
Administration- Fixed at 10% of City's total CDBG \$30,950 Shoreline allocation. Supports the planning and				
Shoreline				
administration related to administering the				
funds locally (contracting, etc.).				
Human	Fixed at 10% of City's total CDBG allocation. City determines agencies funded	\$30,950		
Services				
	and administers contracts.			

Capital	Remaining funds after the dedicated set- asides listed above are made available for City determined activities funded provided that:	\$117,632
	<ul> <li>Projects are at least \$30,000</li> <li>No more than two "stand alone" projects are funded</li> <li>Unlimited number of allocations to activities funded by others in the Consortium.</li> </ul>	

#### **ALTERNATIVES ANALYZED**

The City has two options for receiving its Community Development Block Grant: remain a member of the Consortium or become a separate entitlement jurisdiction.

#### Remaining a Member of the Consortium: CDBG

As a member of the Consortium the City continues the current practice of contracting with King County to manage the overall relationship with HUD and certain aspects of the CDBG program's administration. The Consortium sets some parameters as to how the CDBG funds will be used, such as the percentage of funding that goes to home repair and the total number of and size of capital projects.

Advantages of being part of this Consortium include:

- Projects and programs that benefit Shoreline residents can also be supported by funding from other cities in the Consortium.
- Administrative work load is greatly reduced, as King County manages the relationship with HUD and retains responsibility to the federal government for all activities undertaken with CDBG funds.
- Shoreline has representation on the Joint Recommendation Committee (JRC) that adopts policies of the Consortium and at the staff level in a variety of working groups.
- The City retains the ability to support in-house staffing that is needed to plan for and to implement the CDBG program.

Disadvantages of being part of this Consortium include:

- The City does not have full control over its CDBG program.
- The City would be limited in the number of stand-alone capital projects per year that can be funded, reducing the City's ability to allocate smaller amounts of funding to a number of projects.
- The City must abide by Consortium-wide decisions on funding levels of the Housing Stability Project (Eviction prevention) and home repair.

#### Operating as a Stand Alone CDBG Entitlement Jurisdiction

Leaving the Consortium would establish Shoreline as a direct entitlement jurisdiction for the 2015-2017 period. In this instance the City would assume full responsibility and

control over the relationship with HUD and in doing so would require taking on new tasks and increasing work load.

Advantages of operating as an entitlement jurisdiction include:

- The City has greater flexibility and more control over its CDBG program within the federal guidelines. No funds are allocated by formula.
- 100% of the funds could be allocated to Shoreline programs; the City would have the choice to participate in county-wide programs that also serve its residents.

Disadvantages of operating as an entitlement jurisdiction include:

- The City would be directly responsible to HUD and the federal government for all activities undertaken with CDBG funds and for administration of the program. This would be a significant increase in work load and responsibility, which would likely require additional staff support. If there is not budgetary support for additional staffing, there would be an extremely high level of opportunity costs for Community Services Division and Administrative Services staff with regard to other work tasks that would not be able to be accomplished in order to administer this program.
- Projects funded would be limited by staff capacity to implement projects.
- There would be no access to the Consortium's funding from other cities and for economic development activities.

Based on these advantages and disadvantages, staff recommends that the City continue with the consortium model, which allows the City to make cost effective use of this resource. The programs that are set by formula assist Shoreline residents and are consistent with our human services goals. The small increase in flexibility and control gained by becoming a stand alone entitlement is far outweighed by the cost and complexity of managing the CDBG program on our own.

#### Remaining a Member of the Consortium: HOME Partnerships

King County receives an allocation of HOME funds for the entirety of the County. In 2014 this amounted to \$2,600,000. As a member of the HOME Partnership, the City has a voice in how funds are used and projects within the City are eligible to receive HOME funding. These funds are used to assist with rehabilitation of affordably priced housing, affordable rental housing, first time homeownership programs and preservation of affordable housing. In Shoreline, HOME funds have been used to augment the major home repair program and to fund emergency grants for home repairs as part of the KC Home Repair Program. This option will continue should Shoreline remain a member of the HOME Partnership.

#### Electing not to join the HOME Partnership

If the City opted not to become a member of the HOME Partnership, we would have no voice in how this funding is allocated, nor would projects within our jurisdiction be eligible to receive funding from the Partnership. This would both eliminate the use of HOME funds for home repairs and emergency grants in Shoreline and pose

administrative complications for the operation of the King County Home Repair Program.

Additionally, while projects would have access to the State's program and pool of funds, the State's HOME program prioritizes areas that have less access to other housing development funds. King County has perhaps the most capable and well funded housing program in the State. As such projects from this area are not likely to score well and to be competitive for State funding.

This proposed agreement provides the City and its residents with the same benefits from using CDBG and HOME funds in the future as they receive today. Shoreline continues to have the flexibility to allocate funds to activities that deliver services to Shoreline residents. The City's economic development activities retain access to the large Consortium wide pool of loan and loan guarantee funds. The City continues to be able to partner with other Consortium communities in activities that support Shoreline residents' needs whether or not those activities are physically located in Shoreline.

#### **RESOURCE/FINANCIAL IMPACT**

As a member of the CDBG Consortium the City will continue to benefit from annual CDBG revenues of approximately \$309,000, which the City uses in part for operation of the human services program and to support other housing and capital needs of our residents. There is no financial impact of participating in the HOME Partnership.

#### **RECOMMENDATION**

Staff recommends that the City Council move to authorize the City Manager to enter into interlocal cooperation agreements with King County governing the City's participation as a member of the Community Development Block Grant Consortium and HOME Investment Partnerships for federal FY 2015-2017.

#### **ATTACHMENTS**

Attachment A: Joint Interlocal Cooperation Agreement Regarding the Community

Development Block Grant Program

Attachment B: HOME Investment Partnerships Program Interlocal Cooperation

Agreement

# JOINT INTERLOCAL AGREEMENT REGARDING THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

THIS AGREEMENT is entered into by and between King County (hereinafter the "County") and the City of SHORELINE, (hereinafter the "City") said parties to this Agreement each being a unit of general local government in the State of Washington.

#### WITNESSETH:

WHEREAS, the federal government, through adoption and administration of the Housing and Community Development Act of 1974 (the "Act"), as amended, will make available to King County Community Development Block Grant funds, hereinafter referred to as "CDBG", for expenditure during the 2015, 2016 and 2017 funding years; and

WHEREAS, the area encompassed by unincorporated King County and all participating cities, has been designated by the United States Department of Housing and Urban Development ("HUD"), as an urban county for the purpose of receiving CDBG funds; and

WHEREAS, the Act directs HUD to distribute to each urban county a share of the annual appropriation of CDBG funds based on formula, taking into consideration the social and economic characteristics of the urban county; and

WHEREAS, the Act allows participation of units of general government within an urban county in undertaking activities that further the goals of the CDBG program within the urban county; and

WHEREAS, upon HUD approval of the joint request and cooperation agreement, a metropolitan city becomes a part of the urban county for purposes of program planning and implementation for the entire period of the urban county qualification, and for the CDBG program, will be treated by HUD as any other unit of general local government that is a part of the urban county; and

WHEREAS, a metropolitan city or an urban county may be part of a consortium; and

WHEREAS, the County and the City agree that it is mutually desirable and beneficial to form a consortium that includes other participating jurisdictions ("Consortium") to implement the terms of this Interlocal Agreement; and

WHEREAS, the CDBG Regulations require the acceptance of the consolidated housing and community development plan ("Consolidated Plan") by participating jurisdictions; and

WHEREAS, the County and the participating jurisdictions agree that it is mutually desirable and beneficial to enter into a consortium arrangement pursuant to and authorized by the National Affordable Housing Act of 1990, as amended, 42 USC 12701 et. seq. and 24 CFR Part 92 for purposes of the HOME Investment Partnerships Program, hereinafter referred to as "HOME Program," and to cooperate in undertaking HOME Program activities; and

WHEREAS, King County and the participating jurisdictions agree that it is mutually desirable and beneficial to enter into a consortium arrangement pursuant to and authorized by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009, for purposes of the Emergency Solutions Grant Program, hereinafter referred to as "ESG", and to cooperate in undertaking ESG activities; and

WHEREAS, the County shall undertake CDBG, ESG and HOME Program-funded activities in participating incorporated jurisdictions as specified in the Consolidated Plan by granting funds to those jurisdictions and to other qualifying entities to carry out such activities; and

WHEREAS, the County is responsible to the federal government for all activities undertaken with CDBG funds and shall ensure that all CDBG assurances and certifications King County is required to submit to HUD with the Annual Action Plan are met; and

WHEREAS, the County and the City are committed to targeting CDBG, ESG and HOME Program funds to ensure benefit for very low to moderate-income persons as defined by HUD; and

WHEREAS, the County and the City recognize that needs of very low to moderate-income persons may cross jurisdictional boundaries and therefore can be considered regional and sub-regional needs as well as local needs; and

WHEREAS, the County, in conjunction with the participating jurisdictions, must submit an Annual Action Plan to HUD, which is a requirement to receive CDBG funds; and

WHEREAS, the purpose of this Joint Interlocal Agreement, entered into pursuant to and in accordance with the State Interlocal Cooperation Act, RCW Chapter 39.34, is for planning the distribution and administration of CDBG, ESG, HOME Program, and other federal funds received on behalf of the Consortium from HUD, and for execution of activities in accordance with and under authority of the Act:

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING CIRCUMSTANCES AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS AGREED THAT:

#### I. GENERAL AGREEMENT

The County and City agree to cooperate to undertake, or assist in undertaking, activities which further the development of viable urban communities, including community renewal and lower-income housing assistance activities, funded from annual CDBG, ESG and HOME Program funds from federal fiscal years 2015, 2016 and 2017 appropriations, from recaptured funds and from any program income generated from the expenditure of such funds. These activities include the provision of decent housing, homeless assistance, and a suitable living environment and economic development opportunities, principally for persons with very low to moderate incomes.

#### II. DEFINITIONS

- A. "JRC" means the inter-jurisdictional Joint Recommendations Committee as described in Section V of this Agreement.
- B. "CDBG Consortium Partners" means jurisdictions that are official HUD-recognized participants in the CDBG Consortium through a signed Interlocal Agreement.
- C. "Consolidated Plan" is the King County Consortium Consolidated Housing and Community Development Plan, a HUD-required plan that identifies needs and contains a strategic plan to guide the investment of HUD CDBG, HOME and ESG funds for a multi-year period not to exceed five years.
- D. "Entitlement amount" means the amount of funds that a metropolitan city is entitled to receive under the Entitlement Grant Program as determined by formula set forth in Section 106 of the Act.
- E. "Program income" means gross income received by the City directly generated from the use of City CDBG funds which includes income from the Housing Repair Program projects within the City and a pro rata share of net income generated from float loan activity. Pro rata calculations will use the amount in II (B).
- F. "Recaptured funds" means a fund balance that remains at the close of a project activity, cancellation of an awarded project or a repayment of funds that is required due to determination of ineligible activity by HUD, change of use from original grant award or sale of property.
- G. "New stand-alone capital project" means a project that requires the establishment of a new HUD Integrated Disbursement & Information System ("IDIS") activity number as opposed to an existing project where supplemental funding is being added.
- H. "Stand-alone public service project" means a project that has not been funded by the sub-regional process utilized by those non-entitlement consortium cities signing the King County Consortium Interlocal Cooperation Agreement for the Community Development Block Grant Program in the applicable program year. A City's stand-alone public service project may consist of more than one contract with more than one agency, as long as only one HUD IDIS activity number is required for the project activity, and the City submits all information, reports and invoices to the County as one project activity.
- I. "Joint Agreement Cities" means CDBG entitlement cities that choose to participate in the King County CDBG Consortium for administration of CDBG funds as a party to this Agreement.

#### III. GENERAL DISTRIBUTION OF FUNDS

The distribution of CDBG funds between the County and the City, as a participant in the King County urban county consortium as a Joint Agreement partner, shall be governed by the provisions below.

- A. Each year the County will retain, for all of the administration, planning and fund management responsibilities of the County, an amount of the Administration and Planning set-aside of the City's CDBG entitlement equal to fifty (50) percent of the maximum amount allowable by HUD for Administration and Planning. The remaining fifty (50) percent of the maximum amount allowable by HUD for Administration and Planning will be allocated by the City and may be used to plan and administer the City's CDBG projects in accordance with this Agreement. The maximum amount currently allowed by HUD for the Administration and Planning set-aside is twenty (20) percent of the City's CDBG entitlement plus twenty (20) percent of program income. If the current maximum allowable percentage for Administration and Planning is changed for the CDBG Program at the federal level, the City and County may negotiate to change the percentage of funds retained for administration, planning and fund management.
- B. The County will retain an amount equal to two (2) percent of the City's CDBG entitlement plus two (2) percent of program income each year for eligible project management related costs for the implementation of capital projects funded by the City. This amount may not be adequate to cover a subsequent capital project after recapture of funds from a previous project, and will be negotiated between the City and the County, based on the circumstances.
- C. The Human Services Set-aside shall be the maximum allowable by HUD for human services [currently fifteen (15) percent of the funds available from the City's CDBG entitlement plus fifteen (15) percent of program income]. Five (5) percent of the Human Services Set-aside shall be retained for Consortium-wide public services addressing homelessness, as determined by the CDBG Consortium partners and stakeholders pursuant to the current Consortium Consolidated Plan. The remaining ten (10) percent will be available for public services as allocated by the City in accordance with this Agreement.
- D. Twenty (20) percent of the funds available from the City's CDBG entitlement plus twenty (20) percent of program income shall be retained for the Consortium-wide Housing Repair program. The JRC may periodically review and recommend increases or decreases to this percentage if, in its judgment, there has been a substantial change in the Consortium's overall funding or in the need for housing repair that justifies an increase or decrease. The remaining capital funds will be allocated by the City in accordance with this Agreement.
- E. The balance of the City's entitlement and any remaining program income and recaptured funds from city-funded projects, may be allocated to projects selected by the City, provided they are consistent with the provisions of Section IV below.
- F. The CDBG Consortium Partners may propose King County Consortium CDBG, ESG and HOME Guidelines, for approval by the JRC, to guide the Consortium regarding details of program implementation, including, but not limited to, funding guidelines, frequency of application processes, Consortium procedures and goals for geographic equity in the distribution of funds over time.

#### IV. USE OF FUNDS: GENERAL PROVISIONS

- A. Funds shall be used to support the goals, objectives and strategies of the King County Consortium Consolidated Housing and Community Development Plan.
- B. Funds shall be used in accordance with the CDBG regulations at 24 CFR Part 570, ESG regulations at 24 CFR Part 576, HOME Program regulations at 24 CFR Part 92, and all other applicable federal regulations.
- C. The City agrees to a maximum of two new stand-alone capital projects per year with a maximum of one project that may trigger Davis Bacon labor standards annually. Capital funds not used for these stand alone capital projects may be allocated to sub-regional projects by the City unless returned by City to the sub-regional fund. The City may be allowed to do one additional stand-alone capital project in a given year, if there is a compelling reason, and the City secures agreement from another Joint Agreement City that is only doing one project in the applicable year, to loan the City their capacity for a second project.
- D. Public Service funds. The City agrees to a maximum of four stand-alone public service projects, which each require only one HUD IDIS activity number per project each year. The City may have as many contracts with agencies as desired for each project activity. Funds contributed to a sub-regional public service project would not count as part of the four stand-alone projects in this Agreement.
- E. No project funding minimum is established in this Agreement. Project minimums that may be established by the JRC for the CDBG Consortium sub-regional funding shall not be binding on the Joint Agreement cities.
- F. Section 108 Loans. The City may participate in Section 108 Loan activity of the Regular CDBG Consortium, and may initiate a request for the CDBG Consortium to consider a Section 108 Loan of an amount larger than six times 60 percent of the City's entitlement amount, but within the limits of JRC adopted CDBG Guidelines, if the City participates in all other Section 108 Loans of the Regular CDBG Consortium and pays an equitable percentage of any Section 108 Loans that require repayment with CDBG funds. The Section 108 Loan request must be reviewed and approved by the JRC.

If the City does not elect to participate with the Regular CDBG Consortium in Section 108 Loans, then the City may approach the County to consider a Section 108 Loan of the limited amount of six times 60 percent of the City's entitlement amount, with any potential loan repayment to be exclusively the responsibility of the City, and with the workload required to execute the Section 108 Loan to be negotiated between the City and the County on a per loan basis.

#### V. <u>JOINT RECOMMENDATIONS COMMITTEE</u>

An inter-jurisdictional Joint Recommendations Committee ("JRC") was established through the 2009 – 2011 CDBG Consortium Interlocal Cooperation Agreement and through King County Code 24.13, and is hereby adopted as part of this Agreement.

- A. Composition—The JRC for the CDBG, ESG and HOME Consortium is composed of three county representatives and eight cities representatives.
  - 1. The three county representatives shall be King County Executive staff with broad policy responsibilities and/or department directors. County representatives shall be specified in writing and, where possible, shall be consistently the same persons from meeting to meeting.
  - 2. Four of the cities representatives shall be from those non-entitlement consortium cities signing the King County Consortium Interlocal Cooperation Agreement Regarding the Community Development Block Grant Program, two from each sub-region.
  - 3. The remaining four cities representatives shall be from cities that qualify to receive CDBG or entitlement funds directly from HUD that are signing either a Joint Agreement or HOME Program Agreement. These latter four representatives shall have no vote on matters specific to the jurisdictions of the King County Consortium Interlocal Cooperation Agreement Regarding the Community Development Block Grant Program.
  - 4. Two of the eight cities representatives shall be rotated among the CDBG Joint Agreement Cities. The two representatives will vote on issues affecting Joint Agreement Cities that are specific to this Agreement.
  - 5. For the two Joint Agreement City rotating positions, the Joint Agreement Cities will notify the County by the end of the second week in February of each year, who the two Joint Agreement City representatives will be for that year.
  - 6. The chairperson and vice-chairperson of the JRC shall be chosen from among the members of the JRC by a majority vote of the members for a term of one year beginning with the first meeting of the calendar year. Attendance of five members of the entire body of eleven members of the JRC for the CDBG/HOME Consortium shall constitute a quorum for voting matters in which all members of the JRC are eligible to vote. For voting items of the Regular CDBG Consortium, in which only seven members identified in sub-sections 1 and 2 of this section may vote, four members shall constitute a quorum, made up of two King County representatives and two city representatives.
- B. The King County Executive shall appoint the three county representatives. The participating cities of the King County Consortium Interlocal Cooperation Agreement shall provide for the appointment of their shared representatives in a manner to be determined by those cities through the Sound Cities Association or other agreed-upon mechanism for the execution of shared appointing authority. The Sound Cities Association or other agreed mechanism will select four jurisdictions of varying size from among those signing this Agreement, two from the north/east sub-region and two from the south sub-region. The cities representatives shall be elected officials, chief administrative officers, or persons

who report directly to the chief administrative officer, who have broad policy responsibilities; e.g., planning directors, department directors, etc. Members of the JRC shall serve for two years, or at the pleasure of their respective appointing authorities.

- C. Powers and Duties—The JRC shall be empowered to:
  - 1. Review and recommend to the King County Executive all policy matters concerning the Consortium CDBG, ESG and HOME Programs, including but not limited to the Consolidated Plan and related plans and policies.
  - 2. Review and recommend to the King County Executive the projects and programs to be undertaken with CDBG funds, ESG funds and HOME Program funds, including the Administrative Set-aside.
  - 3. Monitor and ensure that for all geographic areas and participating jurisdictions that benefit from CDBG, ESG and HOME Program funded activities over time, so far as is feasible considering eligible applications submitted within the goals, objectives and strategies of the Consolidated Plan: 1) there is equity in distribution of funds pursuant to proportion of the region's low to moderate-income population; and, 2) equity is achieved over time pursuant to Consortium Guidelines adopted by the JRC.
- D. Advisory Committees to JRC In fulfilling its duty to review and recommend projects and programs to be undertaken with CDBG, ESG and HOME Program funds, the JRC shall consider the advice of inter-jurisdictional advisory committees. Sub-regional advisory committees, made up of one representative from each participating jurisdiction in a sub-region that wishes to participate, shall be convened to assist in the review and recommendation of projects and programs to be undertaken in that sub-region. The JRC may also solicit recommendations from other inter-jurisdictional housing and community development committees.

#### VI. RESPONSIBILITIES AND POWERS OF KING COUNTY

A. Notwithstanding any other provision contained in this Agreement, the County as the applicant and grantee for CDBG, ESG and HOME Program funds has responsibility for and assumes all obligations in the execution of the CDBG, ESG and HOME Programs, including final responsibility for selecting and executing activities, ensuring compliance with federal requirements and submitting to HUD the Consolidated Plan, Annual Action Plan, and related plans. Nothing contained in this Agreement shall be construed as an abdication of those responsibilities and obligations.

The County will bear responsibility for:

- 1. the HUD-related portions of program planning
- 2. preparing and submitting the Annual Action Plan and application to HUD preparing and submitting amendments to the Annual Action Plan
- 3. setting up the projects in the HUD IDIS system

- 4. preparing and submitting all other HUD-required planning documents (Consolidated Plan and any amendments; the Analysis of Impediments to Fair Housing Choice and the Fair Housing Action Plan; the Homeless Continuum of Care Plan and the Homeless Management Information System; the Lead Paint Hazard Reduction Plan; etc.)
- 5. working with Regular CDBG Consortium members and Joint Agreement Consortium members to develop common guidelines, operating procedures and/or best practices that will help clarify consortium processes and facilitate coordination and strong working relationships.
- B. The Metropolitan King County Council shall have authority and responsibility for all policy matters, including the Consolidated Plan, upon review and recommendation by the JRC.
- C. The Metropolitan King County Council shall have authority and responsibility for all fund allocation matters, including approval of the annual CDBG, ESG and HOME Program Administrative Set-asides and appropriation of all CDBG, ESG and HOME Program funds.
- D. The King County Executive, as administrator of the CDBG, ESG and HOME Program, shall have authority and responsibility for all administrative requirements for which the County is responsible to the federal government.
- E. The King County Executive shall have authority and responsibility for all fund control and disbursements.
- F. The King County Executive shall have the authority and responsibility to staff the JRC and provide liaison between HUD and the Urban County Consortium. County Executive staff shall prepare and present to the JRC evaluation reports or recommendations concerning specific proposals or policies, and any other material deemed necessary by the JRC to help it fulfill its powers and duties.
- G. King County Executive staff shall have the authority and responsibility to communicate and consult with the Joint Agreement City on CDBG, ESG and HOME Program policy and program matters in a timely manner.
- H. King County Executive staff shall provide periodic reports on clients served by jurisdictions in the Housing Stability and Housing Repair programs and on the status of CDBG, ESG and HOME Program funded projects and make them available to all participating jurisdictions and the JRC.
- I. King County Executive staff shall administer contracts and provide technical assistance and monitoring, both in the development of viable CDBG, ESG and HOME Program proposals and in complying with CDBG, ESG and HOME Program contractual requirements.
- J. King County Executive staff shall have environmental review responsibility for purposes of fulfilling requirements of the National Environmental Policy Act, under which King County may require the local incorporated jurisdiction or contractor to furnish data, information, and assistance for King County's review

- and assessment of whether preparation of an environmental impact statement is required. Additional environmental review costs may be charged directly to individual project activity and will be addressed in the proposed project application.
- K. King County Executive staff shall implement City funded capital projects, except City administered projects as noted below.
- L. King County, as the official applicant, shall have the authority and responsibility to ensure that any property acquired or assisted with CDBG funds is disposed of or used in accordance with federal regulations.

#### VII. <u>RESPONSIBILITIES OF THE CITY</u>

- A. The City shall cooperate in the development of the Consolidated Plan and related plans.
- B. The City shall assign a staff person to be the primary contact for the County on CDBG, ESG and HOME Program issues. The assigned CDBG, ESG and HOME Program contact person is responsible for communicating relevant information to others at the city.
- C. The City will bear all responsibility for local annual program planning, using financial projections that will be provided by the County.

#### The City will ensure:

- 1. that all selected projects (1) are an eligible activity, (2) meet a national objective, and (3) are consistent with the goals, objectives and strategies of the King County Consortium Consolidated Housing and Community Development Plan and all applicable JRC Guidelines and Policies,
- 2. that the public participation requirements are met and documented and will provide certification of such to the County,
- 3. that all requested information by the County will be submitted in a timely manner that allows the County enough time to meet HUD timelines, and
- 4. that the need for amendments to the annual Action Plan will be minimized, and the City will observe deadlines for submitting Action Plan materials pursuant to the CDBG Consortium's adopted guidelines.
- D. The Joint Agreement city and/or their funded agencies owning community facilities or other real property acquired or improved in whole or in part with CDBG funds shall comply with use restrictions as required by HUD and as required by any relevant policies adopted by the JRC.
  - During the period of the use restriction, the City shall notify County prior
    to any modification or change in the use of real property acquired or
    improved in whole or in part with CDBG funds. This includes any
    modification or change in use from that planned at the time of the
    acquisition or improvement, including disposition.

- 2. During the period of the use restriction, if the City property acquired or improved with CDBG funds is sold or transferred for a use which does not qualify under the applicable regulations, the City shall reimburse the County in an amount equal to the current fair market value (less any portion thereof attributable to expenditures of funds other than CDBG funds).
- 3. The City will inform any agency awarded capital funding of the requirement for security documents to be recorded for each capital project activity in accordance with execution of a contract between the awarded agency and the County, and will inform the agency that the County will incorporate the security requirement into the contracting process.
- E. City staff shall implement CDBG-funded projects within the program year and submit both vouchers and required reports to the County in a complete and timely manner. Prior to the first and last payment on capital projects exclusive of Housing Repair, acquisition and Community Based Development Organization projects, pre-approval must be received from County staff that federal labor requirements have been met.
- F. City legislative bodies shall approve or disapprove via motion or resolution all CDBG activities, locations, and allocations submitted by Joint Agreement City staff.
- G. The City will be responsible for subcontracting with third parties for services provided by a Community Based Development Organization for employee development services; and for public service and city managed projects, except for labor standards and relocation where responsibility will be shared with the County (see below). If federal requirements have an unforeseen budget implication (for example, if the City has not foreseen the need for relocation) the City will be responsible for the increased budget.
- H. The City shall fulfill to the County's reasonable satisfaction all relevant requirements of federal laws and regulations that apply to King County as applicant, including assurances and certifications described below.
- I. The City certifies that it has adopted and is enforcing:
  - 1. a policy that prohibits the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  - 2. a policy that enforces applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of non-violent civil rights demonstrations within jurisdiction.
- J. Pursuant to 24 CFR 570.501(b), the City is subject to the same requirements applicable to subrecipients when they receive CDBG funds to implement an activity. The applicable requirements include, but are not limited to, a written agreement with the County that complies with 24 CFR 570.503 and includes

- provisions not limited to: statement of work; records and reports; program income; uniform administrative items; other program requirements; conditions for religious organizations; suspension and termination; and reversion of assets.
- K. The City understands that it may not apply for CDBG grant entitlement funds from HUD for the period of participation in this Agreement.
- L. The City in its participation in the CDBG urban county consortium through this Interlocal Agreement understands that it is also part of the Urban County for the HOME Program and that it may not participate in a HOME consortium except through the Urban County, regardless of whether the Urban County receives a HOME formula allocation; and also understands that the city is part of the urban county for the ESG Program and may only receive a formula allocation for ESG through the urban county consortium.
- M. When undertaking activities and/or projects with CDBG funds distributed under this Agreement, the City shall retain full civil and criminal liability as though these funds were locally generated.
- N. The City retains responsibility in fulfilling the requirements of the State Environmental Policy Act under which County shall have review responsibility only.

#### VIII. SHARED RESPONSIBILITY

- A. Federal Labor Standards:
  - 1. The County will determine appropriate wage rates for inclusion in the construction bids and contracts, and hold preconstruction conferences with contractors, which City staff will also be required to attend.
  - 2. The County will be responsible for reviewing and approving weekly certified contractor payrolls (wage rates, benefits, proper apprentice-journey ratios, etc.). The County will complete a review of initial payrolls submitted to County staff within 10 working business days of receipt from the contractor or the City before payment will be made by the contracting agency.
  - 3. The County will enforce contractor compliance with federal labor standards if the City waits to pay first and last construction draws until after the County approves the certified payrolls. If the City pays before the County approves, the City will be responsible for any compliance problems.
  - 4. The County will be responsible for submitting information for the semi-annual contractor/subcontractor report and the Section 3 report to HUD.
  - 5. The County will provide technical assistance to identify Davis-Bacon issues during the application process.
  - 6. The County will handle non-compliance issues provided the above requirements are met.

#### B. Uniform Relocation Act/Barney Frank:

- 1. The City is responsible for identifying proposed projects that may trigger relocation and replacement housing requirements, and for budgeting sufficient funds in the project up front to address these issues.
- 2. The County will provide advice and technical assistance if consulted ahead of time and will handle any necessary relocation processes.
- 3. The City and/or funded agency will be responsible for any unforeseen relocation costs. Any unresolved relocation cost will be charged against the City's grant amount after due diligence is completed in collecting payment of funds from the funded agency.

#### C. Financial/Fund Management:

The County will be responsible for contracting with HUD for the grant funds; recording and tracking loan repayments and other program income; determining funds available under the caps; setting up and drawing down from IDIS; paying vouchers submitted by the city; doing budget revisions upon amendment; reconciling balances, program income, and funds available for carry over or reallocation at year's end; tracking overall expenditure rate; financial reporting to HUD, etc.

#### D. Reporting:

- 1. The City will report accomplishments to the County on each of their public service and stand alone projects.
- 2. The County will prepare all required reports to HUD, including, but not limited to: Consolidated Housing and Community Development Plan, Action Plan, Consolidated Annual Performance and Evaluation Report ("CAPER"), semi-annual reports on contracting/subcontracting, Section 3, Davis Bacon and labor standards, Analysis of Impediments to Fair Housing Choice and Fair Housing Action Plan, and quarterly Federal Cash Transaction Reports.
- 3. The County will report quarterly on capital project status and on housing repair activity. The Housing Stability Program report will be prepared and reviewed twice a year, with updates provided, as warranted, on the geographic location of clients served.

#### E. Monitoring:

- 1. The City will annually monitor the agencies with which it subcontracts to ensure compliance with all federal, state and county requirements associated with CDBG funding with an on-site monitoring visit not less than every two years.
- 2. The County will monitor the City (and may monitor selected subcontracting agencies). County will be monitored by HUD, the State Auditor, and by the HUD Inspector General.

- 3. County staff will communicate with City staff at least quarterly to send relevant reports, monitor, provide technical assistance, and discuss capital project status. County and City staff will determine, collectively, if a face-to-face meeting is required from time to time.
- F. The City will provide the County all information necessary from its application process for contracting and implementation purposes for all other stand-alone capital projects.
- G. City staff may participate in other Consortium-wide planning activities envisioned in the Consolidated Plan such as Interjurisdictional Advisory Group meetings regarding the HOME Program, Housing Stability Program, Regional Affordable Housing Program ("RAHP") and other regional and sub-regional processes.
- H. The City and County understand that they may not sell, trade or otherwise transfer all or any portion of the urban county consortium CDBG funds to another metropolitan city, urban county unit of general local government, Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under Title I of the Act.

#### IX. GENERAL TERMS

- Α. This Agreement shall extend through the 2015, 2016 and 2017 program years, and shall remain in effect until the CDBG funds, ESG funds, Home Program funds and program income received with respect to activities carried out during the three-year qualification period are expended and the funded activities completed. This Agreement shall be automatically renewed for participation in successive three-year qualification periods, unless the County or the City provides written notice that it wishes to amend this Agreement or elects not to participate in the new qualification period by the date set forth by the United States Department of Housing and Urban Development (HUD) in subsequent Urban County Qualification Notices. By the date specified in HUD's Urban County Qualification Notice for the next qualification period, King County will notify each participating city in writing of its right not to participate, and a copy of King County's written notification will be sent to HUD by the date specified in the urban county qualification schedule. Each party to this Agreement must adopt amendments necessary to meet the requirements for cooperation agreements as set forth in the Urban County Qualification Notice applicable for a subsequent threeyear county qualification period, and to submit such amendment to HUD, as provided in the notice. Failure to comply with the notice will void the automatic renewal for such qualification period.
- B. Pursuant to 24 CFR Part 570.307(d)(2), during the period of qualification no included unit of general local government may terminate or withdraw from the cooperation agreement while it remains in effect.

- C. It is understood that by signing this Agreement, the City shall accept and agree to comply with the policies and implementation of the King County Consortium Consolidated Plan.
- D. Parties to this Agreement must take all required actions necessary to assure compliance with King County's certification under Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, regarding Title VI of the Civil Rights Act of 1964, (Title III of the Civil Rights Act), the Fair Housing Act as amended, affirmatively furthering fair housing, Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, which incorporates Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and other applicable laws.
- E. City agrees to affirmatively further fair housing and will ensure that no CDBG, ESG or HOME Program funds shall be expended for activities that do not affirmatively further fair housing within its jurisdiction or that impede the County's actions to comply with its fair housing certification. For purposes of this section, "affirmatively furthering fair housing" includes participation in the process of developing an Analysis of Impediments to Fair Housing Choice and a Fair Housing Action Plan. While King County has the primary responsibility for the development of these reports to HUD pursuant to Section VI (A) of this Agreement, upon request, the City shall provide assistance to the County in preparing such reports. The City acknowledges that the urban county consortium is prohibited from funding activities in, or in support of, any cooperating unit of general local government that does not affirmatively further fair housing within its own jurisdiction or that impedes the county's actions to comply with the county's fair housing certification.
- F. Parties to this Agreement agree to negotiate in good faith any issues that may arise that are not specifically addressed by this Agreement.
- G. This Agreement shall be executed in three counterparts, each of which shall be deemed an original, by the chief executive officers of the County and the City, pursuant to the authority granted them by their respective governing bodies. One of the signed Agreements shall be filed by the County with the Region X office of HUD, one shall be filed with the City and one shall be filed with the County. Prior to its taking effect, the fully executed Agreement shall be filed with the County Auditor, or, alternatively, listed by subject on a public agency's web site or other electronically retrievable public source.
- H. It is recognized that amendment to the provisions of this Agreement may be appropriate, and such amendment shall take place when the parties to this Agreement have executed a written amendment to this Agreement.
- I. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based on any provision of this Agreement.

## KING COUNTY, WASHINGTON

## CITY OF SHORELINE

for King County Executive	By: Signature
	Dobby Town
Adrienne Quinn Printed Name	Debby Tarry Printed Name
Timed Name	Timed Name
Director, Department of Community and	
Human Services	City Manager
Title	Title
Date	Date
Approved as to Form: OFFICE OF THE KING COUNTY PROSECUTING ATTORNEY	Approved as to Form: CITY OF SHORELINE CITY ATTORNEY
	City Attorney  ATTEST: CITY OF SHORELINE
	City Clerk

# HOME INVESTMENT PARTNERSHIPS PROGRAM INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT is entered into between King County, hereinafter referred to as the "County," and the City of <u>SHORELINE</u> hereinafter referred to as the "City," said parties to the Agreement each being a unit of general local government of the State of Washington.

#### **RECITALS**

WHEREAS, King County is an urban county, as defined by 24 CFR 92.2 and 24 CFR 570.3; and

WHEREAS, a unit of general local government that is located within in an urban county may be part of a HOME consortium only through the urban county; and

WHEREAS, the City and King County agree that it is mutually desirable and beneficial to enter into a consortium arrangement for purposes of the HOME Investment Partnerships Program, hereinafter referred to as "HOME Program";

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING CIRCUMSTANCES, AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS AGREED THAT:

- 1. This Agreement is made pursuant to the National Affordable Housing Act of 1990, as amended, 42 USC § 12701 et. seq. (the "Act") and RCW 39.34, the Intergovernmental Cooperation Act.
- 2. The City and the County agree to cooperate to undertake or assist in undertaking HOME Program housing assistance activities which are eligible under 24 CFR Part 92.
- 3. The County is hereby authorized to act as the representative member on behalf of the Consortium for the purposes of the HOME Program. The County as the applicant, grantee and lead entity for the HOME Program funds has responsibility for and assumes all obligations in the executing the HOME Program, including the ability to adopt amendments to this Agreement for the purpose of adding new members on behalf of the HOME Consortium and for the purpose of incorporating changes necessary to meet U.S. Department of Housing and Urban Development (HUD) requirements for consortium agreements under the applicable HUD notice of procedures for designation of consortia as a participating jurisdiction for HOME; final responsibility for selecting and executing activities; ensuring compliance with federal requirements and submitting to HUD the Consolidated Housing and Community Development Plan (Consolidated Plan), Annual Action Plans, and related plans and reports, including the Analysis of Impediments to Fair Housing Choice and the Fair Housing Action Plan. Nothing contained in this Agreement shall be construed as an abdication of those responsibilities and obligations.

The City agrees to cooperate fully with the County in the development and preparation of the Consolidated Plan and related plans, and to prepare and provide those elements specifically pertaining to the City.

- 4. This Agreement shall remain in full force and effect for the period necessary to plan and carry out all activities that will be funded from HOME funds awarded for the 2015, 2016 and 2017 federal fiscal years, the three-year qualification period that coincides with the Agreement for the Distribution and Administration of the King County Consortium's Community Development Block Grant, or until the County's designation as a participating HOME jurisdiction or an urban county is rescinded by the United States Department of Housing and Urban Development, whichever is shorter.
- 5. This Agreement will be automatically renewed for participation in successive qualification periods of three federal fiscal years each. No later than the date specified by HUD's consortia designation notice or HOME Consortia web page, King County shall notify each HOME consortium member in writing of its right to decide not to participate in the Consortium for the next qualification period, and King County will send copies of those written notices to the HUD local field office by the date specified in the qualification notice. Unless the County or the City provides written notice it wishes to amend the Agreement, or elects not to participate in the new qualification period in writing to both King County and the HUD local field office by the date set forth in the HUD qualification notice applicable to subsequent three-year qualification periods, this Agreement shall automatically renew. Before the beginning of each new qualification period, King County shall submit to HUD a statement of whether or not any amendments have been made to this Agreement, a copy of each amendment, and if the Consortium's membership has changed, the state certification required under 24 CFR, Section 92.101(a)(2)(i). This automatic renewal provision will be void if King County fails to submit a copy of each amendment to this Agreement as required under this automatic renewal provision.
- 6. The City and the County agree to adopt any amendments to this Agreement other than the incorporation of changes necessary to meet the requirements for cooperation agreements set forth in the applicable HUD HOME consortia qualification notice for a subsequent three-year qualification period, which King County as the lead entity shall act upon pursuant to Section 3 of this Agreement. King County shall submit any other amendments adopted by the City and County to the HUD local field office by the applicable deadline.
- 7. During the term of this Agreement, neither the County nor the City may withdraw from participation from their respective obligations under this Agreement.
- 8. By executing the HOME Agreement, the City understands that it may not participate in a HOME consortium except through the County, regardless of whether the County receives a HOME formula allocation.
- 9. This Agreement shall be executed in three counterparts, each of which shall be deemed an original, by the chief executive officers of the County and the City, pursuant to the authority granted them by their respective governing bodies. One of the signed Agreements shall be filed by the County with the Region X office of HUD, one shall be filed with the City and one shall be filed with the County. Prior to its taking effect, the fully executed Agreement shall be filed with the County Auditor, or, alternatively, listed by subject on a public agency's web site or other electronically retrievable public source.
- 10. The parties to this Agreement hereby agree to affirmatively further fair housing and to ensure that no HOME funds are expended for activities that do not affirmatively further fair housing

within the boundaries of their jurisdiction or for activities that impede the County's actions to comply with its fair housing certification. For purposes of this section, "affirmatively furthering fair housing" includes participation in the process of developing an Analysis of Impediments to Fair Housing Choice and a Fair Housing Action Plan. While King County has the primary responsibility for the development of these reports to HUD pursuant to Section 3 of this Agreement, upon request, the City shall provide assistance to the County in preparing such reports.

11. Joint Recommendations Committee Composition. An inter-jurisdictional Joint Recommendations Committee ("JRC") shall be established through the 2015 – 2017 Consortium Interlocal Cooperation Agreement.

The JRC shall be composed of three county representatives and eight cities representatives.

The three county representatives shall be King County Executive staff with broad policy responsibilities and/or department directors. County representatives shall be specified in writing and, where possible, shall be consistently the same persons from meeting to meeting.

Four of the cities representatives shall be from non-entitlement consortium cities signing the King County Consortium Regular Interlocal Cooperation Agreement Regarding the Community Development Block Grant (CDBG) Program, two from each sub-region, as appointed by Sound Cities Association.

The remaining four cities representatives shall be from cities that qualify to receive CDBG funds directly from HUD, but are signing a Joint Agreement Regarding the CDBG Program and a HOME Program Agreement with King County; or receive their own CDBG grant directly from HUD and signing a HOME Program-only Agreement with King County. These latter four representatives shall have no vote on matters specific to the jurisdictions of the King County Consortium Regular Interlocal Cooperation Agreement Regarding the CDBG Program.

Two of the eight cities representatives shall be rotated among the HOME Program-only Agreement Cities, and two of the eight cities representatives shall be rotated among the cities signing a Joint Agreement Regarding the CDBG Program and a HOME Program Agreement. Those four representatives will vote on issues affecting HOME Program Agreement Cities that are specific to this Agreement.

For the HOME Program-only Agreement Cities' rotating positions, the HOME Program Agreement Cities will notify the County by the end of the second week in February of each year, who the two HOME Program-only Agreement City representatives will be for that year.

The chairperson and vice-chairperson of the JRC shall be chosen from among the members of the JRC by a majority vote of the members for a term of one year beginning with the first meeting of the calendar year. Attendance of five members shall constitute a quorum.

12. JRC Appointments. The King County Executive shall appoint the three county representatives. The participating cities of the King County Consortium Interlocal Cooperation Agreement for the Community Development Block Grant Program shall provide for the appointment of their shared representatives in a manner to be determined by those cities through the Suburban Cities Association or other agreed-upon mechanism for the

execution of shared appointing authority. The Suburban Cities Association or other agreed mechanism will select four jurisdictions of varying size from among those signing this agreement, two from the north/east sub-region and two from the south sub-region. The cities representatives shall be elected officials, chief administrative officers, or persons who report directly to the chief administrative officer and who have broad policy responsibilities; e.g., planning directors, department directors, etc. Members of the JRC shall serve for two years, or at the pleasure of their respective appointing authorities.

- 13. Powers and Duties of the JRC. The JRC shall be empowered to:
  - a. Review and recommend to the King County Executive all policy matters concerning the King County CDBG Consortium and HOME Program Consortium, including but not limited to the Consolidated Plan and related plans and policies.
  - b. Review and recommend to the King County Executive the projects and programs to be undertaken with King County CDBG Consortium funds and HOME Program Consortium funds, including the Administrative Set-aside.
  - c. Monitor and ensure that all geographic areas and participating jurisdictions benefit fairly from King County CDBG Consortium and HOME Program Consortium funded activities over the three-year agreement period, so far as is feasible and within the goals and objectives of the Consolidated Plan.
- 14. Advisory Committees to the JRC. In fulfilling its duty to review and recommend projects and programs to be undertaken with HOME Program funds, the JRC shall consider the advice of inter-jurisdictional advisory committees. Sub-regional advisory committees, made up of one representative from each participating jurisdiction in a sub-region that wishes to participate, shall be convened to assist in the review and recommendation of projects and programs to be undertaken in that sub-region. The JRC may also solicit recommendations from other inter-jurisdictional housing and community development committees.
- 15. The City shall assist the County in developing the Consortium's HOME Program by participating in development of the Consolidated Plan to accommodate both the collective and individual housing objectives contained within local comprehensive plans or other adopted plans of the City and the County.
- 16. The City and County shall each assign a staff person to serve as the primary contact for the administration of this Agreement. The assigned contact person is responsible for communicating relevant information to their respective jurisdiction.
- 17. This Agreement applies to the Consortium's acceptance of other federal housing-related funds which may be allocated by formula to the Consortium. Allocation decisions for these funds will be subject to policies and procedures developed by the advisory committees to the JRC and adopted by the JRC.

18. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based on any provision of this Agreement.

KING COUNTY, WASHINGTON	CITY OF SHORELINE
for King County Executive	By: Signature
Adrienne Quinn	Debby Tarry
Printed Name	Printed Name
Director, Department of Community and	C'tes Manage
Human Services Title	City Manager Title
Title	Title
Date	Date
Approved as to Form:	Approved as to Form:
OFFICE OF THE KING COUNTY	CITY OF SHORELINE
PROSECUTING ATTORNEY	CITY ATTORNEY
	City Attorney
	ATTEST:
	CITY OF SHORELINE
	City Clerk
	<del>-</del>

Council Meeting Date: June 9, 2014	Agenda Item:	7(c)

#### CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorization of an Extension of the Memorandum of Understanding Establishing the Human Services Pooled Fund		
DEPARTMENT:	Community Services Division		
PRESENTED BY:	Rob Beem, CSD Manager		
ACTION:	Ordinance Resolution _X_ Motion		
	Discussion Public Hearing		

#### PROBLEM/ISSUE STATEMENT:

The City and six other North and East King County cities administer portions of their Human Services Funding through a Pooled Fund administered by the City of Bellevue. This allows for a more efficient process of contracting with agencies and for programs that several cities jointly fund. The 2008 Memorandum of Understanding (MOU) establishing the Pooled Fund is attached to this staff report as Attachment A.

Now, Shoreline and the other parties to the MOU are currently developing a new agreement which will begin on January 1, 2015. However, as the current agreement expired on December 31, 2013, this agreement must be extended to cover the remainder of this year. Thus, staff recommends that Council move to extend this current agreement to December 31, 2014. Attachment B to this staff report is Amendment No. 1 to the MOU, which provides for this extended termination date.

#### RESOURCE/FINANCIAL IMPACT:

There is currently no charge for this service. In 2014, the City administers 10 contracts with a value of \$51,024 through the Pooled Fund.

#### RECOMMENDATION

Staff recommends that Council move to authorize the City Manager to enter into Amendment No. 1 to the Memorandum of Understanding Establishing the Human Services Pooled Fund.

#### ATTACHMENT:

Attachment A – 2008 MOU Establishing the Human Services Pooled Fund Attachment B – Amendment No. 1 to the MOU Establishing the Human Services Pooled Fund

Approved By: City Manager **DT** City Attorney **IS** 

7c-1 Page 1



1.08-006

Attachment A

Contract # 4742

(obtain from City Clerk)

## **CONTRACT REVIEW/APPROVAL ROUTING FORM**

INSTRUCTIONS:  1. First time original contracts a. Contact City Clerk's Office for Contract Number b. One copy of the Contract Routing Form c. Two original contract documents  2. Amendments/Change Orders a. Contact City Clerk's Office for a NEW Contract Number b. One copy of the Contract Routing Form c. Two original amendments/change orders d. One copy of the original contract				
CITY CLERK				
CITYCONTRACT DESCRIPTION				
Originator:	Rob Beem	Routed by:	Rob Beem	
Department/Division:	Community Services	Date:	March 20, 2008	
Type of Contract:	(A) Addendum/Change Order	☐ (W) Public Works	☐ (O) Other	
	(GR) Grants	(S) Purchase of Services	1	
	(L) Lease Agreement		TE English and the state of the	
CONTRACT TITLE: Human Services Pooled Fund				
The control of the co		sponsibilities of the Parites in joir	ntly funding and contracting for	
Brief Description of Services: Human Services				
Contract Modification: Has the original contract boilerplate language been modified?				
If yes, list which sections have been modified: The form is from King County				
Bid/RFP Number:	инивине с инивессифијальной инивессительного инивессител			
Name of Consultant/Cont	TANÀATI		1	
/m	ractor.	Termination Date:	12/31/2013	
Effective Date:		Tellillation Date.		
Total Amount of Contract (including reimbursable expenses):  Org Key – Obj Number:  Amount:  Amount:  Amount:		J/L Number (if required):  J/L Number (if required):  J/L Number (if required):  J/L Number (if required):		
Budget: Are there sufficient funds in the current budget to cover this contract?  If no, where are the additional funds coming from?  Payment Terms (monthly installments, progress payments, etc.):  Remarks: Instructes an existing agreement signed in 2003				
SIGNATURE ROUTING  □ 1. Project Manager/Director □ □ 6. City Council approval (if required) □ 7. City Manager □ 3. City Attorney □ 8. City Clerk □ 4. Send to Consultant for signature (only contract documents) □ 5. Department Director □ 9. Originating Department				
PRIOR TO EXECUTION – MUST BE ATTACHED				
For Public/Small Works Cor	ntracts:	For Service Contracts:		
☐ Contractor Responsibility Form ☐ Contract Bond/In Lieu of Form ☐ Certificate of Insurance		☐ Certificate of Insurance ☐ W-9 Form		

# ESTABLISHING THE HUMAN SERVICES POOLED FUND MEMORANDUM OF UNDERSTANDING



This agreement is made and entered into by and among the City of Bellevue, the City of Bothell, the City of Issaquah, the City of Kenmore, the City of Kirkland, the City of Mercer Island, the City of Redmond, the City of Sammamish, the City of Shoreline, and the City of Woodinville, all municipal corporations of the State of Washington (hereinafter referred to individually as "Party" or collectively as "Parties").

#### **RECITALS**

WHEREAS, the Parties engage in activities which support human service providers in King and Snohomish Counties; and

WHEREAS, the Parties wish to make the most efficient use of their resources by cooperating to provide funding to support human service providers in King and Snohomish Counties; and

WHEREAS, the Parties have the authority to engage in cooperative efforts which result in more efficient use of government resources; and

WHEREAS, the Parties agree that multi-jurisdictional cooperation in human services planning and funding is a benefit to the Parties, their non-profit award recipients and to the citizens of their communities;

NOW THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

#### I. PURPOSE

This agreement defines the roles and responsibilities of the Parties in jointly funding and contracting for human services programs. Further, this agreement establishes a Human Services Pooled Fund account (hereinafter referred to as "Pooled Fund") to which funds will be deposited for the purpose of contracting with not-for-profit or other public corporations (hereinafter referred to as "Service Provider(s)") that deliver human services programs.

#### II. DURATION OF THE AGREEMENT

This agreement shall be established and take effect immediately upon its execution by two or more Parties, and shall terminate on December 31, 2013.

#### III. RESPONSIBILITIES

- A. A Project Management Team, comprising of staff to be designated by the chief executive or their designee from each Party, will manage the delivery of joint Human Services programs under this agreement. The Project Management Team will:
  - i. Determine any addition or removal of human services programs provided by Service Providers contracted from the Pooled Fund;
  - ii. Invite additional parties to enter into this agreement;
  - iii. Develop administrative tools and processes necessary to operate the Pooled Fund;
  - iv. Plan for future expansion and administration of the Pooled Fund; and
  - v. Consider acceptance and approve use of any deposit made to the Pooled Fund from a funding source not party to this agreement.

- vi. In carrying out these responsibilities, the Project Management Team will at all times attempt to reach agreement by consensus. If consensus cannot be reached, agreement will be determined by a simple majority vote of those present at the meeting of the Project Management Team. Each Party may cast one vote on behalf of their organization.
- B. The City of Bellevue shall be the lead agency (hereinafter referred to as "Lead Agency"). The Lead Agency will:
  - i. Establish and maintain the Pooled Fund;
  - ii. Invoice Parties for each party's portion of the Pooled Fund. Invoices will be sent with no more frequency than quarterly throughout the year, with an option of biannual or annual invoicing as agreed upon by each Party and the Lead Agency, with payment required within 30 calendar days from date of invoice.
  - iii. Accept and deposit contributions to the Pooled Fund from Parties or other sources;
  - iv. Execute contracts on behalf of one or more Parties with Service Providers payable with funds drawn from the Pooled Fund; and
  - v. Process payments on such contracts.
- C. Each Party will independently:
  - i. Determine their level of contribution to the Pooled Fund. A list of each human service program, including the amount of funding to be included in the Pooled Account for that program will be transmitted to the Lead Agency as soon as it is available, but not later than December 31st of each calendar year prior to the calendar year for which funding is approved. Parties that do not provide this information by the date required will be excluded from participation in the Pooled Fund for that year, with the Lead Agency authorized to grant extensions of this deadline, the length of such extension being at the sole discretion of the Lead Agency.
  - ii. Retain the ability to approve or deny payment made on Service Provider contracts by the Lead Agency on behalf of the Party as well as determining and monitoring a Service Provider's compliance with all contractual obligations.
  - iii. Review and communicate its acceptance of contract terms negotiated for each Service Provider for which that Party is contributing funds. Acceptance shall be communicated in writing on or before January 31st of the calendar year for which funding is approved. Parties who do not communicate written acceptance will be deemed to have rejected the terms and opted out of the participation with respect to that Service Provider.
  - iv. Provide such staff as is necessary to accomplish all responsibilities included in this agreement. Parties may be excused from such commitment if doing so compromises the day-to-day operation of the Party's organization. Requests for excusal shall be made in writing to the Lead Agency and shall be approved or denied by the Project Management Team within sixty (60) days of receipt.

#### IV. ADDITION OF A PARTY TO THIS AGREEMENT

- A. At any time after the effective date of this agreement, additional parties, at the invitation of the Project Management Team, may adopt and enter into this agreement by forwarding a copy of the agreement as approved and executed by that Party to the Lead Agency no later than sixty (60) days prior to the end of any given calendar year for participation in the Pooled Fund the subsequent year. The addition of a party or parties to this Agreement shall not affect the terms and conditions for any other Party and no reauthorization is required for the duration of the Agreement.
- B. Parties not subject to this agreement may, subject to the approval of the Project Management Team, contribute funds on a one-time or other limited basis for the purpose of participating in Service Provider contracts drawn from the Pooled Fund. Under these circumstances, the Project Management Team is responsible for establishing the terms of participation and authorizing the Lead Agency to execute the terms in any manner deemed necessary by the Lead Agency.

#### V. WITHDRAWAL OF A PARTY FROM THIS AGREEMENT

- A. Each Party, with the exception of the Lead Agency, for its convenience and without cause or for any reason whatsoever, may withdraw from participation in this Agreement by providing written notice to the Lead Agency a minimum of sixty (60) days in advance of the effective date of the withdrawal. The effective date of withdrawal must be either June 30 or December 31 of any given calendar year, as decided by the Party. The withdrawing party shall remain responsible for all contractual commitments made to Service Providers and for payments made or committed to the Pooled Fund up to the effective date of withdrawal. Any payments made to the Pooled Fund prior to the effective date of withdrawal for services to be provided by Service Providers after the effective date of withdrawal shall be returned to the Party within sixty (60) days following the effective date of withdrawal. In the event of withdrawal by a Party, this Agreement shall terminate as to that Party but shall continue in effect with respect to the remaining Parties. However, the termination of this agreement with respect to one or more Parties shall not affect any of the Parties' rights or obligations, including any rights or obligations of a withdrawing Party, that are expressly intended to survive termination.
- B. In the event of a withdrawal, the Lead Agency is authorized to enact the termination clauses of all contracts with Services Providers that include funds from the withdrawing Party. Such termination will be specific to the withdrawing party and shall not effect the contractual obligations of the Service Provider in regard to all other Parties.
- C. The Lead Agency, for its convenience and without cause or for any reason whatsoever, may withdraw from participation in this Agreement by providing written notice to all other Parities on or before June 30 of any given calendar year with the effective date of termination being December 31 of the same calendar year in which notice is given. The withdrawing Lead Agency commits to transfer all necessary funds and documentation related to the Pool Fund to a new Lead Agency, as selected by the Project Management Team, prior to the effective date of the withdrawal.

#### VI. TERMINATION OF THIS AGREEMENT

- A. All Parties must agree to terminate this agreement in order for such termination to be effective. The effective date of termination will be determined by a unanimous vote the Project Management Team, but must be no less than ninety (90) days after the date of the Project Management Team meeting during which termination is agreed. Immediately after the vote to terminate the agreement is made, the Lead Agency is authorized to terminate all contracts with Service Providers drawn upon the Pooled Fund as per the conditions of those contracts. After all payments due Services Providers are made, funds attributable to each Party released from commitment to those terminated contracts shall be returned to each Party by check from the Lead Agency within sixty (60) days after the effective termination date of this agreement.
- B. If a contract with a Service Provider is terminated by the Service Provider as per the conditions of that contract, funds in the Pooled Fund released from commitment to that terminated contract shall be removed from the Pooled Fund with the amount attributable to each Party participating in the terminated contract returned by check from the Lead Agency within sixty (60) days after the effective termination date of the contract. Termination of a Service Provider contract shall not affect any other contract drawn from the Pooled Fund.

#### VII. ADMINISTRATIVE SERVICE FEES

- A. As of the effective date of this agreement, no administrative service fees will be charged by any Party.
- B. The Lead Agency, with approval of the Project Management Team, reserves the right to develop an administrative service fee structure, which may be appended to this agreement by exhibit in accordance with Part VIII of this agreement, entitled Amendments.
- C. Until such time as an administrative service fee structure is adopted, the Lead Agency shall consider any and all revenue accrued as interest on the Pooled Fund as an administrative service fee and shall be entitled to keep and use such revenue at its complete discretion.

#### VIII. AMENDMENTS

This agreement may be amended, altered, changed or extended in any manner by the mutual written consent of all Parties.

#### IX. SEVERABILITY

If any of the provisions contained in this agreement are held illegal, invalid or unenforceable, the remaining provisions shall continue in full force and effect.

#### X. HOLD HARMLESS AND INDEMNIFICATION

To the extent permitted by state law, and for the limited purposes set forth in this Agreement, each Party shall protect, defend, hold harmless and indemnify the other Parties, their officers, elected officials, agents and employees, while acting within the scope of their duties as such, from and against any and all claims (including demands, suits, penalties liabilities, damages, costs, expenses, or losses of any kind or nature whatsoever) arising out of or in any way resulting from such Party's own negligent acts or omissions related to such Party's participation and obligations under this Agreement. Each Party agrees that its obligations under this subsection extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees or agents. For this purpose, each Party, by mutual negotiation, hereby waives, with respect to the other Parties only, any immunity that would otherwise be available against such claims under the industrial insurance act provision of Title 51 RCW. The provisions of this subsection shall survive and continue to be applicable to any party exercising the right of termination pursuant to Section IV.

#### XI. NO PRECLUSION OF ACTIVITIES OR PROJECTS

Nothing herein shall preclude any Party from choosing or agreeing to fund or implement any work activities or projects associated with any of the purposes hereunder by separate agreement or action, provided that any such decision or agreement shall not impose any funding, participation or other obligation of any kind on the other Parties.

#### XII. REAL AND PERSONAL PROPERTY

The acquisition of real property is not anticipated under this agreement. Any personal property acquired pursuant to this agreement shall be held by the Lead Agency. In the event this Agreement expires or is terminated, any personal property other than cash shall remain with the Lead Agency.

#### XIII. ENTIRETY OF AGREEMENT

This agreement supersedes all prior negotiations, representations and agreements between the Parties relating to the subject matter hereof and constitutes the entire agreement between the Parties.

#### XIV. APPLICABLE LAW

This Agreement shall be governed by the laws of the State of Washington.

#### XV. COUNTERPARTS

This Agreement may be executed by facsimile or electronic mail in any number of current parts and signature pages hereof with the same affect as if all Parties had all signed the same document. All executed current parts shall be construed together, and shall, together with the text of this agreement, constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as of this and day of 2008.

Signed:

City of Shoreline

Approved as to Form

Its: City Manager

# AMENDMENT NO. 1 MEMORANDUM OF UNDERSTANDING ESTABLISHING THE HUMAN SERVICES POOLED FUND

THE MEMORANDUM OF UNDERSTANDING ESTABLISHING THE HUMAN SERVICES POOLED FUND (Agreement), entered into between the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, Sammamish, and Shoreline is hereby amended as follows:

Section II. Duration of the Agreement, is amended to extend the termination date to December 31, 2014.

Any act done by any party consistent with the authority of the Agreement, after the previous expiration date, and prior to the effective date of this amendment, is hereby ratified as having been performed under the Agreement as it existed prior to this amendment.

All other terms and conditions of the Agreement shall remain the same.

CITY OF BELLEVUE:	CITY OF ISSAQUAH:
Conrad Lee, Mayor	Ava Frisinger, Mayor
DATED:	DATED:
APPROVED AS TO FORM:	APPROVED AS TO FORM:
Office of the City Attorney	Office of the City Attorney

CITY OF KENMORE:	CITY OF KIRKLAND:
Rob Karlinsey, City Manager	Kirk Tripplett, City Manager
DATED:	DATED:
APPROVED AS TO FORM:	APPROVED AS TO FORM:
Office of the City Attorney	Office of the City Attorney
CITY OF MERCER ISLAND:	CITY OF REDMOND:
Cynthia Goodwin, Director	John Marchione, Mayor
DATED:	DATED:
APPROVED AS TO FORM:	APPROVED AS TO FORM:
Office of the City Attorney	Office of the City Attorney
CITY OF SAMMAMISH:	CITY OF SHORELINE:
Ben Yazici, City Manager	Debbie Terry, City Manager
DATED:	DATED:
APPROVED AS TO FORM:	APPROVED AS TO FORM:
Office of the City Attorney	Office of the City Attorney

Council Meeting Date:	June 9, 2014	Agenda Item:	8(a)

#### CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Authorize the City Manager to Enter into an Agreement with

TruGreen Landcare in an Amount of \$461,192 for Right-of-way

Landscape Services

**DEPARTMENT:** Public Works Department

PRESENTED BY: Mark Relph, Public Works Director

Dan Repp, Public Works Utilities & Operations Manager

**ACTION:** Ordinance Resolution X Motion

\_\_\_\_ Discussion \_\_\_\_ Public Hearing

#### PROBLEM/ISSUE STATEMENT:

Each year, the City uses contract services to perform right-of-way (ROW) landscaping within the City of Shoreline. On May 31, 2014, the City's prior contractor, TruGreen Landcare, canceled their contract with the City for this service. Thus, a new contract bid was required. The City received two bid proposals, and the low bidder was TruGreen Landcare. This proposed contract with TruGreen Landcare is for the remainder of 2014 with the option to renew for two (2) additional one (1) year terms.

The contract provides all the labor and equipment needed to perform all the landscaping tasks required by the City. The work in the contract includes, but is not limited to, mowing, weed removal, liter removal, pruning, trimming, and sweeping and blowing of parking strips, tree wells, sidewalk amenity strips, roadway medians on approximately 60 curb miles of arterial (including Aurora Avenue N) and collector streets. The vegetation along sidewalks will be trimmed back flush with the back of the sidewalk and a minimum height of eight (8) feet above the walk ways will be maintained. The work also includes mowing, liter removal, weed removal, plus line trimming and removal of the cut grasses from specific beautification areas and traffic circles. All landscaping beds will also have new mulch placed in them.

#### **RESOURCE/FINANCIAL IMPACT:**

The low bid amount from TruGreen Landcare came in at \$169,701, plus another \$10,000 for plant replacement, for a total annual cost of \$179,701. The City Council authorized \$110,273 in the 2014 Public Works Street Operations Repairs and Maintenance budget for this service. To determine the financial impact on the 2014 budget, staff has combined estimated expenditures under the existing TruGreen contract with prorated estimates from the new landscaping agreement.

Under an extension of the TruGreen contract that ended at the end of May, the City can expect to spend an estimated \$32,419 before the new TruGreen agreement is executed (by mid-June). The estimated landscaping costs for the remainder of 2014 using prorated pricing from the new agreement is \$96,790. As well, staff has included a six month proration for plant replacement in the amount of \$5000. Therefore the total

estimated cost for 2014 with plant replacement is \$134,209 (\$32,419 + \$96,790 + \$5000). Consequently, the project is approximately \$23,936 over budget. The balance of funds needed in 2014 to provide this service would be obtained from a budget transfer, coming from one-time salary savings and savings from the street light program.

For 2014, the total new contract award to TruGreen Landcare is \$101,790, which includes the \$5000 for plant replacement. If the 2015 contract extension option is exercised by the City Manager, staff will be increasing the 2015 budget allocation to reflect a total service cost of \$179,701. Likewise, this same contract amount would be budgeted for in 2016 if the second contract extension is exercised. Based on this, the total authorization for this contract is \$461,192 (\$101,790 + \$179,701 + \$179,701).

#### **RECOMMENDATION**

Staff recommends that Council authorize the City Manager to execute an Agreement for Right-of-way Landscaping Services with TruGreen Landcare for the remainder of 2014 and for contract extension options in 2015 and 2016 in the amount of \$461,192.

Approved By: City Manager **DT** City Attorney **IS** 

#### **BACKGROUND**

Each year, the City uses contract services to perform ROW landscaping within the City of Shoreline. On May 31, 2014, the City's prior contractor, TruGreen Landcare, canceled their contract with the City for this service. Thus, a new contract bid was required. The contracted service includes mowing, weed removal, liter removal, pruning, trimming, edging, chemical application (when directed), and the sweeping and blowing of parking strips, tree wells, and sidewalks on approximately 60 curb miles of arterial and collector streets.

#### DISCUSSION

The ROW Landscaping Services contract is written to provide the City Council flexibility with how much to spend, if any, for chemical vegetation control practices. The contract has three (3) schedules: chemical use (Schedule A), limited herbicide use (Schedule B), and chemical use on all areas except where prohibited, such as areas near water (Schedule C). The following summarizes what is included in the three schedules:

Schedule A - Base Bid (no chemical application)

- Streets
- Beautification areas (City gateways and planter sites)
- Aurora Avenue N and adjacent street locations
- Traffic circle locations
- Bio-retention and subsurface water features

Schedule B – Limited Use of Chemical Herbicide

Herbicide use on center medians (islands and beds)

Schedule C – Use of Chemical Herbicide on all Locations Except the Bio-Retention and Subsurface Water Features.

Attachment A to this staff report contains the details for Schedules A, B, and C, including:

- the location of each area to be maintained
- the required frequency of maintenance
- when and where herbicides can be applied

In addition to the landscaping services defined in Schedules A, B, and C, the contract provides hourly rates to perform landscaping services on case-by-case basis. Staff anticipates using the hourly services for ROW revegetation and plant replacement in areas with significant plant loss. Staff has added a \$10,000 line item to the service cost to pay for revegetation and plant replacement services. The revegetation and plant replacement line item amount is not a contract obligation and will only be used as needs arise.

#### FINANCIAL IMPACT

The city received two (2) sealed bids for this service, one from TruGreen Landcare and the other from the Total Landscape Corporation. After reviewing both of the bids and checking references, the apparent low bidder is TruGreen Landcare with a bid amount of \$169,701.00 for annual services (Schedule A). The bid results are presented in Table 1 below. This contract has an option for two (2) additional one (1) year terms. Each year the contract amount may change based on contractor labor rates or location or scope changes.

Table 1. Bid Tabulation Summary

	TruGreen Landcare	Total Landscape Corporation
Schedule A - Base Bid	\$169,701.00	\$251,996.00
Schedule B - Alternate 1	-\$2,840.00	-\$27,938.00
Schedule C - Alternate 2	-\$7,199.00	-\$11,575.00
Project cost using chemical control methods	\$159,662.00	\$212,483.00

The City Council authorized \$110,273 in the 2014 Public Works Street Operations Repairs and Maintenance budget for this service. To determine the financial impact on the 2014 budget, staff has combined estimated expenditures under the existing TruGreen contract with prorated estimates from the new landscaping agreement.

Under the TruGreen contract that was just terminated at the end of May, the City can expect to spend an estimated \$32,419 before the new TruGreen agreement is executed (by mid-June). The estimated landscaping costs for the remainder of 2014 using prorated pricing from the new agreement is \$96,790. As well, staff has also included a six month proration for plant replacement in the amount of \$5000. Therefore the total estimated cost for 2014 with plant replacement is \$134,209 (\$32,419 + \$96,790 + \$5000). Consequently, the project is approximately \$23,936 over budget. The balance of funds needed in 2014 to provide this service would be obtained from a budget transfer, coming from one-time salary savings and savings from the street light program.

#### **EXPENDITURES**

Right-of-way Landscape Services (Schedule A):	\$129,209	
Right-of-way Revegetation & Plant Replacement:	\$5,000	
Total 2014 Cost	\$134 209	

#### REVENUE

Street Operations Repairs and Maintenance	\$110,273	
2014 Budget Transfer*	\$23,936	
Total 2014 Revenue	\$134,209	
Project Balance (Revenue - Expenditures)	\$0	

<sup>\*</sup>As noted above, as the project is underfunded by \$23,936, the required funds will be obtained from one-time salary savings in the Street Fund and savings from the street light program allocated under Traffic Services in the General Fund. No budget increase is needed for 2014, but a transfer of \$23,936 from Traffic Services to Street Operations will be needed for this contract. The required Budget Amendment needed to transfer between the two funds will be submitted to the City Council during the next Budget Amendment Request action.

For 2014, the total new contract award to TruGreen Landcare is \$101,790, which includes the \$5000 for plant replacement. If the 2015 contract extension option is exercised by the City Manager, staff will be increasing the 2015 budget allocation to reflect a total service cost of \$179,701. Likewise, this same contract amount would be budgeted for in 2016 if the second contract extension is exercised. Based on this, the total authorization for this contract is \$461,192 (\$101,790 + \$179,701 + \$179,701).

#### **FUTURE CONSIDERATIONS**

The cost of ROW landscaping services has increased substantially as evidenced by the cost of this new contract agreement. Between now and the end of 2015, staff will be exploring alternative models for ROW landscaping and will make a recommendation to Council on how to best provide this service and manage this cost for the long-term. If there are alternatives that provide more value to the City than continuing with this contract, the final contract extension will not be exercised.

#### RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an Agreement for Right-of-way Landscaping Services with TruGreen Landcare for the remainder of 2014 and for contract extension options in 2015 and 2016 in the amount of \$461,192.

#### **ATTACHMENTS**

Attachment A - Individual Bid Schedules with Location and Frequency of Work

#### **ATTACHMENT A - Individual Bid Schedules with Location and Frequency of Work**

#### Schedule A – Mechanical and Hand Vegetation Control Methods (no herbicides)

Mechanical and hand vegetation control methods (no herbicides) will be used at the locations shown in the following Schedule A tables.

#### **Schedule A - Street Locations**

ITEM #	STREET	LOCATION	FREQUENCY
1	25 <sup>th</sup> Ave NE	NE 150 <sup>th</sup> St to N 168 <sup>th</sup> St	3 times per year
2	15 <sup>th</sup> Ave NE	NE Ballinger Way to NE 145 <sup>th</sup> St	3 times per year
3	•	25 <sup>th</sup> Ave NE to 15 <sup>th</sup> Ave NE	3 times per year
4		From 5 <sup>th</sup> Ave to I-5 on 145 <sup>th</sup> (maintain grass area on both sides of trail to fence line)	3 times per year
5	5 <sup>th</sup> Ave NE	NE 145 <sup>th</sup> St to NE 175 <sup>th</sup> St	3 times per year
6	Meridian Ave N	N 145 <sup>th</sup> St to N 205 <sup>th</sup> St	3 times per year
7	Freemont Ave N	N 165 <sup>th</sup> St to N 175 <sup>th</sup> St	3 times per year
8	Dayton Ave N	N 172 <sup>nd</sup> St to Carlyle Hall Rd N	3 times per year
9	Dayton Ave N	St. Luke PI to N 172 <sup>nd</sup> St	3 times per year
10	N 172 <sup>nd</sup> St	Dayton Ave N to Freemont Ave N	3 times per year
11	Greenwood Ave N	N 145 <sup>th</sup> St to N 155 <sup>th</sup> St (West Side) to fence	3 times per year
12	3 <sup>rd</sup> Ave NW	NW 176 <sup>th</sup> St to NW 205 <sup>th</sup> St	3 times per year
13	8 <sup>th</sup> Ave NW	NW Richmond Beach Road to NW 195 <sup>th</sup>	3 times per year
14	20 <sup>th</sup> Ave NW	NW 195th St to NW 202nd St	3 times per year
15	N 145th St	Bothell Way to Greenwood (North Side)	3 times per year
16	NE / N 155 <sup>th</sup> St	15 <sup>th</sup> Ave NE to Westminster Ave N	3 times per year
17	N 160th St	Aurora Ave N to Dayton Ave N	3 times per year
18		I-5 ON/OFF Ramps - both the east & west sides of the I-5 freeway On/Off Ramps including entire hill sides (grass areas).	3 times per year
19	NE / N 175 <sup>th</sup> St	15 <sup>th</sup> Ave NE to Fremont Ave N	3 times per year
20	NE / N 185 <sup>th</sup> St	10 <sup>th</sup> Ave NE to Fremont Ave N	3 times per year
21	N/NW Richmond Beach Road	Fremont Ave N to 15TH Ave NW	3 times per year
22	NW 195th St	15th Ave NW to 20th Ave NW	3 times per year
23		20th Ave NW to 24th Ave NW	3 times per year
24		Meridian Ave N to Aurora Ave N	3 times per year
25	Westminster Ave N	N 145 <sup>th</sup> St to Aurora Ave N	3 times per year
26	N / NW 205 <sup>th</sup> St	Meridian Ave N to 3 <sup>rd</sup> Ave NW	3 times per year

## Schedule A – Beautification Areas (gateways and planters)

ITEM #	LOCATION	FREQUENCY
1	Meridian Ave N & N 205 <sup>th</sup> St (Southwest Corner)	3 times per year
2	Aurora Ave N & N 205 <sup>th</sup> St (Southwest Corner)	3 times per year
3	NE 195 <sup>th</sup> St & I-5 (West & East ends of Pedestrian Overpass)	3 times per year
4	N 145 <sup>th</sup> St & 5 <sup>th</sup> Ave NE (Northeast Corner)	3 times per year
5	NE 178 <sup>th</sup> St & 24 <sup>th</sup> Ave NE (Southeast Corner)	3 times per year

## Schedule A - Aurora Ave N and Adjacent Street Locations

ITEM #	STREET	LOCATION	FREQUENCY
1	Aurora Ave N	N 145th St to N 155th St All Planter beds on East, Center, and West side including all c-curb extensions	Bi-Monthly
2	Aurora Ave N	N 155th St to N 165th St All Planter beds on East, Center, and West side including all c-curb extensions	Bi-Monthly
3	Aurora Ave N	N 165th St to N 175th St All Planter beds on East, Center, and West side including all c-curb extensions	Bi-Monthly
4	Aurora Ave N	N 175th St to N 185th St All Planter beds on East, Center, and West side including all c-curb extensions	Bi-Monthly
5	Aurora Ave N	N 185th St to 19290 Aurora Ave N (YMCA) All Planter beds on East, Center, and West side including all c-curb extensions	Bi-Monthly
6	N 152 <sup>nd</sup> St	Planter Beds on the North and South sides apx. 325' to the East	Bi-Monthly
7	N 155 <sup>th</sup> St	Planter Beds on the North and South sides apx. 200' to the East	Bi-Monthly
8	N 155 <sup>th</sup> St	Planter Beds on the North and South sides and clean center island apx 530' west to Westminster Way N	Bi-Monthly
9	N 160 <sup>th</sup> St	Sidewalk & right of way on the North and South sides apx 165' to East to InterUrban Trail	Bi-Monthly
10	N 160 <sup>th</sup> St	Planter Beds on the North and South sides apx 550' to the West	Bi-Monthly
11	N 165 <sup>th</sup> St	Planter Beds on the North and South side apx 270' East to InterUrban Trail	Bi-Monthly
12	N 167 <sup>th</sup> St	Planter Beds on the North and South sides apx 330' east to Interurban Trail	Bi-Monthly
13	N 170 <sup>th</sup> St	Planter Beds and Right of Way on North and South sides' apx. 340' to the West	Bi-Monthly
14	Ronald Pl N	Planter Beds on West side apx. 188' to Aurora Rents North Gate	Bi-Monthly
15	N 175 <sup>th</sup> St	Planter Beds on North, Center and South side apx 800' to the East (includes bed behind sidewalk in front of Grease Monkey)	Bi-Monthly

ITEM #	STREET	LOCATION	FREQUENCY
16	N 175 <sup>th</sup> St	Planter Beds on North, Center and South side apx. 300' to the West	Bi-Monthly
17	N 182 <sup>nd</sup> St	Planter Beds on North side apx. 200' to the West	Bi-Monthly
18	N 185 <sup>th</sup> St	Planter Beds & Behind Sidewalk Planter Bed (140' x 40') on the south side, center c-curbing, and planter Beds on the North side apx. 250' to the West	Bi-Monthly
19	N 185 <sup>th</sup> St	Planter Beds on North and South Side, and c-curbing apx. 595' east to Stone Ave N	Bi-Monthly
20	Firlands Way N	Planter Beds on the Southside & Center islands apx. 80' to the Northwest	Bi-Monthly
21	N 192 <sup>nd</sup> St	SW Corner (Planter Beds Area 140' X 140' - Education Center)	Bi-Monthly
22	N 192 <sup>nd</sup> St	Aurora Ave N West to Firlands Way N, North and South Side of Street	Bi-Monthly
23	N 192 <sup>nd</sup> St	Planter beds on North and South sides, center island, and c-curbing apx. 500' East to Interurban Trail	Bi-Monthly
24	N 175 <sup>th</sup> St.	Planter beds North side, South side, and Center Island/planter beds from 3rd Ave NE to 300' west of Corliss Ave N. Include grass areas behind sidewalk and green hand rail on north side of street.	Monthly

#### **Schedule A - Traffic Circle Locations**

ITEM#	LOCATION	FREQUENCY
1	10 <sup>th</sup> Ave NE / NE 170 <sup>th</sup> St	2-times per year
2	12 <sup>th</sup> Ave NE / NE 152 <sup>nd</sup> St	2-times per year
3	12 <sup>th</sup> PI NE / NE 170 <sup>th</sup> St	2-times per year
4	16 <sup>th</sup> Ave NE / NE 192 <sup>nd</sup> St	2-times per year
5	17 <sup>th</sup> Ave NE / NE 146 <sup>th</sup> St	2-times per year
6	17 <sup>th</sup> Ave NE / NE 147 <sup>th</sup> St	2-times per year
7	17 <sup>th</sup> Ave NE / NE 148 <sup>th</sup> St	2-times per year
8	18 <sup>th</sup> Ave NW / NW 201 <sup>st</sup> St	2-times per year
9	1 <sup>st</sup> Ave NE / NE 180 <sup>th</sup> St	2-times per year
10	22 <sup>nd</sup> Ave NE / NE 170 <sup>th</sup> St	2-times per year
11	27 <sup>th</sup> Ave NE / NE 150 <sup>th</sup> St	2-times per year
12	27 <sup>th</sup> Ave NE / NE 155 <sup>th</sup> St	2-times per year
13	27 <sup>th</sup> Ave NE / NE 160 <sup>th</sup> St	2-times per year
14	28 <sup>th</sup> Ave NE / NE 160 <sup>th</sup> St	2-times per year
15	3 <sup>rd</sup> Ave NE / NE 174 <sup>th</sup> St	2-times per year
16	3 <sup>rd</sup> Ave NW / NW 185 <sup>th</sup> St	2-times per year
17	4 <sup>th</sup> Ave NE / NE 170 <sup>th</sup> St	2-times per year

18	8 <sup>th</sup> Ave NE / NE 160 <sup>th</sup> St	2-times per year
19	8 <sup>th</sup> Ave NE / NE Serpentine PI	2-times per year
20	Corliss Ave N / N 192 <sup>nd</sup> St	2-times per year
21	Corliss Ave N / N 194 <sup>th</sup> St	2-times per year
22	Densmore Ave N / N 157 <sup>th</sup> St	2-times per year
23	Evanston Ave N / N 148 <sup>th</sup> St	2-times per year
24	Interlake Ave N / N 160 <sup>th</sup> St	2-times per year
25	Linden Ave N / N 163 <sup>rd</sup> St	2-times per year
26	Linden Ave NW / NW 198 <sup>th</sup> St	2-times per year
27	Midvale Ave N / N 160 <sup>th</sup> St	2-times per year
28	Stone Ave N / N 167 <sup>th</sup> St	2-times per year
29	Stone Ave N / N 183 <sup>rd</sup> St	2-times per year
30	Wallingford Ave N / N 180 <sup>th</sup> St	2-times per year
31	Wallingford Ave N / N 183 <sup>rd</sup> St	2-times per year
32	Wallingford Ave N / N 192 <sup>nd</sup> St	2-times per year

### **Schedule A - Bio-Retention and Subsurface Water Features**

ITEM #	ADJACENT ADDRESS	LOCATION DETAILS	FREQUENCY	TYPE
1	18821 (Park & Ride)	225' South of N 192nd St	Bi-Monthly	Bioretension w/conc. Dams
2	18821 (Park & Ride)	375' South of N 192nd St	Bi-Monthly	Bioretension w/conc. Dams
3	18821 (Park & Ride)	520' South of N 192nd St	Bi-Monthly	Filterra
4	18821 (Park & Ride)	645' South of N 192nd St	Bi-Monthly	Filterra
5	18815 (Sea. Home Appl.)	850' South of N 192nd St	Bi-Monthly	Bioretension w/conc. Dams
6	18811 (Benjamin Moore)	935' South of N 192nd St	Bi-Monthly	Filterra
7	18551 (Macpherson Bldg.)	1125' South of N 192nd St	Bi-Monthly	Filterra
8	18325 (Fred Meyer)	475' South of N 185th St	Bi-Monthly	Bioretension
9	18217 (Auto Zone)	605' South of N 185th St	Bi-Monthly	Bioretension (Rip rap rock pit)
10	18217 (Auto Zone)	670' South of N 185th St	Bi-Monthly	Bioretension (Rip rap rock pit)
11	18041 (Darrell's Tav.)	85' South of N 182nd St	Bi-Monthly	Bioretension
12	18025 (O'Reilly Auto)	175' South of N 182nd St	Bi-Monthly	Bioretension
13	18005 (Highland Ice)	340' South of N 182nd St	Bi-Monthly	Bioretension
14	17935 (Deseret Ind.)	545' South of N 182nd St	Bi-Monthly	Bioretension
15	17839 (Ronald Church)	665' South of N 182nd St	Bi-Monthly	Bioretension
16	17839 (Ronald Church)	745 South of N 182nd St	Bi-Monthly	Bioretension

ITEM #	ADJACENT ADDRESS	LOCATION DETAILS	FREQUENCY	ТҮРЕ
17	17545 (Doug's Cadillac)	875' South of N 182nd St	Bi-Monthly	Bioretension
18	17545 (Doug's Cadillac)	995' South of N 182nd St	Bi-Monthly	Bioretension
19	17545 (Doug's Cadillac)	1100' South of N 182nd St	Bi-Monthly	Bioretension
20	17545 (Doug's Cadillac)	1250' South of N 182nd St	Bi-Monthly	Bioretension
21	17525 (Fire Station 61)	1460' South of N 182nd St	Bi-Monthly	Bioretension
22	17505 (Valero Gas)	1665' South of N 182nd St	Bi-Monthly	Bioretension
23	17255 (Shell Gas)	100' South of N 175th St	Bi-Monthly	Bioretension
24	17225 (Carter Subaru)	295' South of N 175th St	Bi-Monthly	Bioretension
25	17219 (Carter Tire&Serv.)	585' South of N 175th St	Bi-Monthly	Bioretension
26	17203 (under const.)	645' South of N 175th St	Bi-Monthly	Bioretension
27	17001 (Chuck O. Kia)	1160' South of N 175th St	Bi-Monthly	Bioretension
28	17001 (Chuck O. Kia)	1225' South of N 175th St	Bi-Monthly	Bioretension
29	16731 (M Motors)	410' South of N 170th St	Bi-Monthly	Bioretension
30	16715 (THS Bldg.)	520' South of N 170th St	Bi-Monthly	Bioretension
31	16503 ( UHAUL)	1075' South of N 170th St	Bi-Monthly	Bioretension
32	16526 (Shoreline motel)	300' North of N 165th St	Bi-Monthly	Bioretension
33	16708 (Drift On Inn)	85' North of N 167th St	Bi-Monthly	Bioretension
34	16900 (Vacant lot)	560' North of N 167th St	Bi-Monthly	Bioretension
35	17010 (Cash Amer. Pawn)	780' North of N 167th St	Bi-Monthly	Bioretension
36	17212 (Garden Center)	1280' North of N 167th St	Bi-Monthly	Bioretension
37	17212 (Garden Center)	1320' North of N 167th St	Bi-Monthly	Bioretension
38	17212 (Garden Center)	1410' North of N 167th St	Bi-Monthly	Bioretension
39	17212 (Garden Center)	1440' North of N 167th St	Bi-Monthly	Bioretension
40	17460 (Aurora Rents)	1590' North of N 167th St	Bi-Monthly	Bioretension
41	17460 (Aurora Rents)	1620 North of N 167th St	Bi-Monthly	Bioretension
42	17460 (Aurora Rents)	1750' North of N 167th St	Bi-Monthly	Bioretension
43	17460 (Aurora Rents)	1825' North of N 167th St	Bi-Monthly	Bioretension
44	18528 (Sky Nursery)	440' North of N 185th St	Bi-Monthly	Filterra
45	18528 (Sky Nursery)	640' North of N 185th St	Bi-Monthly	Filterra
46	18528 (Sky Nursery)	780' North of N 185th St	Bi-Monthly	Filterra
47	18820 (Anderson Bldg.)	915' North of N 185th St	Bi-Monthly	Bioretension
48	18820 (Anderson Bldg.)	1225' North of N 185th St	Bi-Monthly	Filterra
49	19022 (Rat City Roller)	1345' North of N 185th St	Bi-Monthly	Bioretension conc. Dams
50	19022 (Rat City Roller)	1475' North of N 185th St	Bi-Monthly	Filterra

ITEM #	ADJACENT ADDRESS	LOCATION DETAILS	FREQUENCY	TYPE
51	19022 (Rat City Roller)	1575' North of N 185th St	Bi-Monthly	Bioretension w/conc. Dams
52	1108 N 185th St (Dunn Lumber)	230' East of Aurora Ave N - north side	Bi-Monthly	Filterra
53	1108 N 185th St (Dunn Lumber)	210' East of Aurora Ave N - north side	Bi-Monthly	Filterra
54	1108 N 185th St (Dunn Lumber)	160' East of Aurora Ave N - north side	Bi-Monthly	Filterra
55	1133 N 185th St (Bartell)	135' East of Aurora Ave N - south side	Bi-Monthly	Filterra
56	1133 N 185th St (Bartell)	215' East of Aurora Ave N - south side	Bi-Monthly	Filterra
57	1133 N 185th St (Bartell)	225' East of Aurora Ave N - south side	Bi-Monthly	Filterra
58	18413 Aurora Ave N	150' West of Aurora Ave N - south side	Bi-Monthly	Filterra
59	18413 Aurora Ave N	40' West of Aurora Ave N - south side	Bi-Monthly	Filterra

#### Schedule B – Limited Use of Chemical Herbicide

Herbicides will be applied only at the locations shown in the following Schedule B table.

Schedule B - Center Medians (Islands & Beds)

ITEM #	STREET	LOCATION	FREQUENCY
1	Aurora Ave N	N 145th St to N 155th St All Center Planter beds	Bi-Monthly
2	Aurora Ave N	N 155th St to N 165th St All Center Planter beds	Bi-Monthly
3	Aurora Ave N	N 165th St to N 175th St All Center Planter beds	Bi-Monthly
4	Aurora Ave N	N 175th St to N 185th St All Center Planter beds	Bi-Monthly
5	Aurora Ave N	N 185th St to 19290 Aurora Ave N (YMCA) All Center Planter beds	Bi-Monthly
6	N 155 <sup>th</sup> St	Center Island apx 530' west to Westminster Way N	Bi-Monthly
7	N 175 <sup>th</sup> St	Center Planter Beds apx 800' to the East	Bi-Monthly
8	N 175 <sup>th</sup> St	Center Island apx. 300' to the West	Bi-Monthly
9	Firlands Way N	Center Islands apx. 80' to the Northwest	Bi-Monthly

10	N 175 <sup>th</sup> St.	Planter beds Center Island/planter beds from 3rd Ave NE to 300' west of Corliss Ave N.	Monthly
----	-------------------------	--	---------

# Schedule C – Use of Chemical Herbicide on all locations except the Bio-Retention and Subsurface Water Features

Herbicides will be applied at the locations shown in the following Schedule C tables.

#### **Schedule C - Street Locations**

ITEM #	STREET	LOCATION	FREQUENCY
1	25 <sup>th</sup> Ave NE	NE 150 <sup>th</sup> St to N 168 <sup>th</sup> St	3 times per year
2	15 <sup>th</sup> Ave NE	NE Ballinger Way to NE 145 <sup>th</sup> St	3 times per year
3	Ballinger Ave NE	25 <sup>th</sup> Ave NE to 15 <sup>th</sup> Ave NE	3 times per year
4	5 <sup>th</sup> Ave NE	I-5 ON/OFF Ramp @ NE 145 <sup>th</sup> St	3 times per year
5	5 <sup>th</sup> Ave NE	NE 145 <sup>th</sup> St to NE 175 <sup>th</sup> St	3 times per year
6	Meridian Ave N	N 145 <sup>th</sup> St to N 205 <sup>th</sup> St	3 times per year
7	Freemont Ave N	N 165 <sup>th</sup> St to N 175 <sup>th</sup> St	3 times per year
8	Dayton Ave N	N 172 <sup>nd</sup> St to Carlyle Hall Rd N	3 times per year
9	Dayton Ave N	St. Luke PI to N 172 <sup>nd</sup> St	3 times per year
10	N 172 <sup>nd</sup> St	Dayton Ave N to Freemont Ave N	3 times per year
11	Greenwood Ave N	N 145 <sup>th</sup> St to N 155 <sup>th</sup> St (West Side) to fence	3 times per year
12	3 <sup>rd</sup> Ave NW	NW 176 <sup>th</sup> St to NW 205 <sup>th</sup> St	3 times per year
13	8 <sup>th</sup> Ave NW	NW Richmond Beach Road to NW 195 <sup>th</sup>	3 times per year
14	20 <sup>th</sup> Ave NW	NW 195th St to NW 202nd St	3 times per year
15	N 145th St	Bothell Way to Greenwood (North Side)	3 times per year
16	NE / N 155 <sup>th</sup> St	15 <sup>th</sup> Ave NE to Westminster Ave N	3 times per year
17	N 160th St	Aurora Ave N to Dayton Ave N	3 times per year
18	I-5 On/Off Ramps at N/NE 175th St	I-5 ON/OFF Ramps - both the east & west sides of the I-5 freeway On/Off Ramps including entire hill sides (grass areas).	3 times per year
19	NE / N 175 <sup>th</sup> St	15 <sup>th</sup> Ave NE to Fremont Ave N	3 times per year
20	NE / N 185 <sup>th</sup> St	10 <sup>th</sup> Ave NE to Fremont Ave N	3 times per year
21	N/NW Richmond Beach Road	Fremont Ave N to 15TH Ave NW	3 times per year
22	NW 195th St	15th Ave NW to 20th Ave NW	3 times per year
23	NW 196th St	20th Ave NW to 24th Ave NW	3 times per year
24	N 200 <sup>th</sup> St	Meridian Ave N to Aurora Ave N	3 times per year

25	Westminster Ave N	N 145 <sup>th</sup> St to Aurora Ave N	3 times per year
26	N / NW 205 <sup>th</sup> St	Meridian Ave N to 3 <sup>rd</sup> Ave NW	3 times per year

# Schedule C - Beautification Areas (gateways and planters)

ITEM#	LOCATION	FREQUENCY
1	Meridian Ave N & N 205 <sup>th</sup> St (Southwest Corner)	3 times per year
2	Aurora Ave N & N 205 <sup>th</sup> St (Southwest Corner)	3 times per year
3	NE 195 <sup>th</sup> St & I-5 (West & East ends of Pedestrian Overpass)	3 times per year
4	N 145 <sup>th</sup> St & 5 <sup>th</sup> Ave NE (Northeast Corner)	3 times per year
5	NE 178 <sup>th</sup> St & 24 <sup>th</sup> Ave NE (Southeast Corner)	3 times per year

# Schedule C- Aurora Ave N and Adjacent Street Locations

ITEM #	STREET	LOCATION	FREQUENCY
1	Aurora Ave N	N 145th St to N 155th St All Planter beds on East, and West sides	Bi-Monthly
2	Aurora Ave N	N 155th St to N 165th St All Planter beds on East and West sides	Bi-Monthly
3	Aurora Ave N	N 165th St to N 175th St All Planter beds on East and West sides	Bi-Monthly
4	Aurora Ave N	N 175th St to N 185th St All Planter beds on East and West sides	Bi-Monthly
5	Aurora Ave N	N 185th St to 19290 Aurora Ave N (YMCA) All Planter beds on East and West sides	Bi-Monthly
6	N 152 <sup>nd</sup> St	Planter Beds on the North and South sides apx. 325' to the East	Bi-Monthly
7	N 155 <sup>th</sup> St	Planter Beds on the North and South sides apx. 200' to the East	Bi-Monthly
8	N 155 <sup>th</sup> St	Planter Beds on the North and South sides	Bi-Monthly
9	N 160 <sup>th</sup> St	Sidewalk & right of way on the North and South sides apx 165' to East to InterUrban Trail	Bi-Monthly
10	N 160 <sup>th</sup> St	Planter Beds on the North and South sides apx 550' to the West	Bi-Monthly
11	N 165 <sup>th</sup> St	Planter Beds on the North and South side apx 270' East to InterUrban Trail	Bi-Monthly
12	N 167 <sup>th</sup> St	Planter Beds on the North and South sides apx 330' east to Interurban Trail	Bi-Monthly
13	N 170 <sup>th</sup> St	Planter Beds and Right of Way on North and South sides apx. 340' to the West	Bi-Monthly
14	Ronald PI N	Planter Beds on West side apx. 188' to Aurora Rents North Gate	Bi-Monthly

ITEM #	STREET	LOCATION	FREQUENCY
15	N 175 <sup>th</sup> St	Planter Beds on North and South side apx 800' to the East (includes bed behind sidewalk in front of Grease Monkey)	Bi-Monthly
16	N 175 <sup>th</sup> St	Planter Beds on North and South side apx. 300' to the West	Bi-Monthly
17	N 182 <sup>nd</sup> St	Planter Beds on North side apx. 200' to the West	Bi-Monthly
18	N 185 <sup>th</sup> St	Planter Beds & Behind Sidewalk Planter Bed (140' x 40') on the south side and planter Beds on the North side apx. 250' to the West	Bi-Monthly
19	N 185 <sup>th</sup> St	Planter Beds on North and South Side, apx. 595' east to Stone Ave N	Bi-Monthly
20	Firlands Way N	Planter Beds on the Southside apx. 80' to the Northwest	Bi-Monthly
21	N 192 <sup>nd</sup> St	SW Corner (Planter Beds Area 140' X 140' - Education Center)	Bi-Monthly
22	N 192 <sup>nd</sup> St	Aurora Ave N West to Firlands Way N, North and South Side of Street	Bi-Monthly
23	N 192 <sup>nd</sup> St	Planter beds on North and South sides, apx. 500' East to Interurban Trail	Bi-Monthly
24	N 175 <sup>th</sup> St.	Planter beds North and South side from 3rd Ave NE to 300' west of Corliss Ave N. Include grass areas behind sidewalk and green hand rail on north side of street.	Monthly

Council Meeting Date: June 9, 2014	Agenda Item: 9(a)

#### CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Discussion of Proposed Resolution No. 359 Revising Personnel

Policies of the Employee Handbook

**DEPARTMENT:** Human Resources

City Attorney's Office

PRESENTED BY: Richard Moore, Senior Human Resources Analyst

Ian Sievers, City Attorney

**ACTION:** Ordinance Resolution Motion

X Discussion Public Hearing

#### PROBLEM/ISSUE STATEMENT:

On June 12, 2014, Washington State Substitute Senate Bill (SSB) 5173 will go into effect. This new law requires local governments to provide their employees with two unpaid holidays per calendar year to use for a "reason of faith or conscience." As well, a recent decision on the Family Medical Leave Act (FMLA) by the 9<sup>th</sup> Circuit Court of Appeals provides employees with the ability to waive their rights to FMLA protections. Given that these two mandatory issues require that updates be made to the City's personnel policies contained in the Employee Handbook, staff is recommending three additional changes to the Handbook – a vacation cash out policy amendment, sick leave cash out amendment for retirement-eligible staff, and a tobacco free work place amendment. All of these proposed changes are identified in proposed Resolution No. 359, which is attached to this staff report as Attachment A.

#### **RESOURCE/FINANCIAL IMPACT:**

There is no anticipated financial impact in making the required changes to the personnel policy to provide employees with two unpaid days off to attend a religious activity. Employees currently receive two paid personnel days per year and staff considers it likely these already provided days would be used in most situations. Changes to the personnel policy related to use of FMLA may have a financial impact, as employees may now use paid leave prior to or concurrently with FMLA, whereas the prior interpretation required concurrent use only. This may mean that when leave is used, the time off may be extended in some cases. While it is difficult to quantify the extent of the impact, as each leave situation is different based on individual and family circumstances, staff believes that the extent of the impact will likely be minimal.

With regard to the vacation cash out policy amendment, by allowing retirement-eligible employees in PERS II or PERS III to cash out any unused vacation, the City would take on some additional cost exposure as some retirement eligible employees leaving City employment may have over the 240 hours currently allowed at the time of separation. This exposure would be minimal however, as it would only apply to a fraction of the City's current workforce - those who are eligible for retirement and have a vacation

leave balance over 240 hours. Additionally, the increase to the cash out cost would only apply to the hours above the already allowed 240.

While the estimated cost of this change is very difficult to determine based on the salaries, leave balances, potential retirement schedules, and personal decisions of individual employees, in the most extreme example, an employee that has been with the City for 15 years - with the maximum two years of vacation roll over - and takes no vacation for an additional year, could carry over 368 vacation hours (two years of accrual) and accrue an additional 184 hours in the current year before cashing out at retirement or otherwise separating from service when eligible for retirement. Thus, the total accumulated hours in this case would be 552. This is 312 hours above the current 240 hour retirement threshold. From a cost perspective, if this were a Department Director at step 6 of their current salary range (wage rate of \$70.32 per hour), this would cost the City an additional \$21,939.84 (\$70.32 x 312 hours) for this employee. Based on past organizational experience this extreme scenario is very unlikely to occur. This example is meant to illustrate that the exact cost to implement this change is difficult to determine based on all the factors mentioned above.

Similar to the vacation cash out policy amendment, the City would take on some additional cost exposure if the sick leave cash out policy is amended. However, the extent of this exposure would also be difficult to determine based on the salaries, leave balances, potential retirement schedules, and personal decisions of individual employees. With this stated, sick leave accrual is capped at 1040 hours, and therefore, an individual with a maximum balance would receive 104 hours (10%) of cash out if they were to qualify for retirement with PERS. Again using the most extreme example, if a Department Director with maximum leave accrual was to retire (wage rate of \$70.32 x 104 hours), this would amount to an additional cost of \$7,313.28 for this employee.

Finally, the recommended change making all City facilities tobacco free would have no financial impact.

#### RECOMMENDATION

No action is required as this item is for discussion purposes only. However, when this item is brought back for Council action, staff recommends that Council adopt Resolution No. 359 updating the personnel policies in the Employee Handbook.

Approved By: City Manager **DT** City Attorney **IS** 

#### **BACKGROUND**

The City's Employee Handbook was adopted in 1999 and has been updated periodically to reflect current law or policies as approved by Council. The definition and utility of religious holidays, FMLA, sick leave cash out and a smoke free workplace have remained functionally unchanged since adoption in 1999. In some cases minor changes have been made to comply with legal updates.

However, on June 12, 2014, SSB 5173 will go into effect, requiring that local governments provide their employees with two unpaid holidays per calendar year to use for a "reason of faith or conscience." As well, a recent decision on FMLA by the 9<sup>th</sup> Circuit Court of Appeals provides employees with the ability to waive their rights to FMLA protections. Given that these two mandatory issues require that updates be made to the City's personnel policies contained in the Employee Handbook, staff is recommending three additional changes to the Handbook – a vacation cash out policy amendment, sick leave cash out amendment for retirement-eligible staff, and a tobacco free work place amendment. Thus, these proposed changes are being recommended to not only meet legal requirements but to provide consistent language and equitable treatment of employees in the personnel policies and promote a healthy work place.

#### **DISCUSSION**

The following section provides information on the five amendments being proposed for the personnel policies. The proposed amendment language is shown in tracked changes to Employee Handbook Sections 6.00 and 8.00, which is attached to this staff report as Exhibit A of Attachment A, proposed Resolution No. 359.

#### Religious Holiday Amendment – Section 6.03(F)

As noted above, the recent signing into law of SSB 5173 provides employees of local government entities with two unpaid holidays per calendar year for a "reason of faith or conscience." As this new law will become effective on June 12, 2014, the personnel policies require immediate updating to comply with this regulation. By adopting the updated language proposed in section 6.03(F), the City will be in compliance with this new requirement. In addition, a change is proposed in section 6.13 to include language regarding religious leave.

#### FMLA Amendment – Section 6.06(F)

Similar to the religious holiday amendment, the recent decision on FMLA made by the United States 9<sup>th</sup> Circuit Court of Appeals revises the way FMLA must be administered. These changes are shown in sections 6.06(F) and 6.06(M) of the personnel policies. Employees may now use paid leave prior to or concurrently with FMLA, whereas the prior interpretation of the FMLA statute required concurrent use only.

#### Vacation Cash Out Amendment – Section 6.01(D)

As part of the recent retirement process for the Human Resources Director, it was identified that the current vacation cash out policy imposed inequitable limitations on vacation cash out amounts. In this case, the former Human Resources Director was limited to 240 hours of vacation cash out and forfeited 40 hours of accrued vacation leave upon retirement.

The current policy for vacation cash out for an employee retiring from employment (6.01(D)) is based on payout requirements for the Washington State Public Employee Retirement System (PERS) I participants. As the highest two years of compensation are used for setting benefits of PERS I employees, the City's current policy mitigates large lump sum payments, such as leave accruals or severance payments upon separation, which could distort the average compensation that is used by the state to set retirement payments for this retirement class. State law allows lump sum payouts of accrued leave up to 240 hours for these PERS I employees, with the City billed for excess compensation if leave payouts exceed this number of hours. Thus, current City policy is that in the case of separation for any reason when any employee *is eligible for retirement*, as defined by the rules and regulation of PERS, the maximum vacation accrual cash out shall be 240 hours.

This same liability does not apply to PERS II or PERS III participants, but the Employee Handbook makes no distinction between employees participating in PERS I, PERS II or PERS III retirement plans as a matter of internal equity to all City employees. As well, the City had eight (8) PERS I participants at that time the current policy was adopted, and now there are only three (3) employees remaining that participate in the PERS I retirement plan. New employees are not able to enroll in PERS I, as that retirement plan ceased being offered in 1982.

Staff is proposing to change this policy in the employee handbook for two reasons:

- 1) As just noted, there are only three PERS I eligible employees still working at the City. Thus, the issue of internal equity between PERS I and PERS II and III employees is much less of an issue.
- 2) More importantly however, employees separating from employment that are not eligible for retirement (i.e., leave the City's employ and go work elsewhere) receive a cash out of *all* accrued vacation hours, not limited to 240 hours capped for retirement-eligible staff. Even employees eligible for retirement, including early retirement, who leave for a new job and do not retire, are subject to the reduced payout rule. The Employee Handbook currently limits the amount of vacation accrual that can be "rolled over" to the next year to no more than two years worth of vacation. This policy therefore creates the guardrail against incredibly large accrued vacation time payouts upon service separation for non-retirement eligible staff. Regardless of this guardrail however, there is still a significant level of inequity regarding vacation cash out depending on the circumstances of why and when an employee separates from service (retirement eligible vs. non-retirement eligible).

Thus, staff recommends revising the current policy to provide vacation cash out for retiring PERS II and PERS III employees equal to that of employees that are separating from service for reasons other than retirement. The proposed change would leave intact the 240 hour threshold that applies to the three current employees eligible for PERS I retirement as is required by state law. All other retiring or separating employees would be paid for any accrued vacation earned and not taken, constrained by the rollover cap.

#### Sick Leave Cash Out Amendment – Section 6.04(I)

This amendment updates the sick leave cash out policy (6.04(I)) to allow employees qualifying for retirement under the rules and regulations of PERS to cash out 10% of sick leave at retirement. This would remove the requirement that an employee actually be retiring within PERS, as an employee may *qualify* for retirement but choose not to apply for retirement upon separation from service to the City.

To retire, an employee must either have at least five service credit years in PERS and be 65 years of age or have 20 service credit years and be 55 years of age. Any retirement before age 65 is an early retirement and a reduction of benefit will apply. Therefore it is possible that an employee may qualify for retirement but in order to avoid being penalized, do not submit the formal retirement paperwork to PERS because they are not 65 years old. By delaying the filing of the retirement paperwork, the employee has avoided the PERS early retirement reduction but loses the 10% cash out of their City accrued sick leave. This scenario also applied to the recently retired Human Resource Director. This change will make the sick leave cash out language consistent with the cash out language found in the vacation leave policy, and will provide a consistent incentive in use of sick leave that may be used to supplement retirement resources regardless of when the employee actually files for retirement.

#### <u>Tobacco Free Work Place Amendment – Section 8.09</u>

The final change being recommended is to amend the City's smoke free work place policy, which is in section 8.09 of the Handbook. This change would expand this policy to make the City a tobacco free work place, not just a "smoke free" work place. This includes expanding a restriction on the use of smokeless tobacco, such as snuff or chewing tobacco, and delineating that the restriction covers all City work sites and facilities, not just City Hall. This policy change would be in line with the Council's adoption of the ordinance designating City parks as tobacco free, and has been recommended by the Association of Washington Cities (AWC) as a way to promote a healthy work environment. The City's tobacco policy is part of the review criteria for the AWC Well City award, and this expansion of the policy will be helpful in continuing to meet the award's qualifications in the future.

#### **ALTERNATIVES**

Five different amendments are contemplated in proposed Resolution No. 359. The first two amendments, the Religious Holiday amendment and the FMLA amendment, are required of the City to meet a new statutory and case law requirement, respectively. Thus, the City does not have an alternative with regard to adoption of these Employee Handbook Amendments.

The Council does have alternatives regarding the three remaining proposed amendments - Vacation Cash Out, Sick Leave Cash Out and Tobacco Free Work Place. Council can choose to adopt these amendments as part of proposed Resolution No. 359 or not make these changes. If Council is not interested in moving these changes forward, staff would appreciate this direction at tonight's Council meeting so that the resolution that is brought back for Council adoption includes the amendments that Council is comfortable with.

#### RESOURCE/FINANCIAL IMPACT

There is no anticipated financial impact in making the required changes to the personnel policy to provide employees with two unpaid days off to attend a religious activity. Employees currently receive two paid personnel days per year and staff considers it likely these already provided days would be used in most situations. Changes to the personnel policy related to use of FMLA may have a financial impact, as employees may now use paid leave prior to or concurrently with FMLA, whereas the prior interpretation required concurrent use only. This may mean that when leave is used, the time off may be extended in some cases. While it is difficult to quantify the extent of the impact, as each leave situation is different based on individual and family circumstances, staff believes that the extent of the impact will likely be minimal.

With regard to the vacation cash out policy amendment, by allowing retirement-eligible employees in PERS II or PERS III to cash out any unused vacation, the City would take on some additional cost exposure as some retiring employees may have over the 240 hours currently allowed at the time of retirement. This exposure would be minimal however, as it would only apply to a fraction of the City's current workforce - those who are eligible for retirement and have a vacation leave balance over 240 hours. Additionally, the increase to the cash out cost would only apply to the hours above the already allowed 240.

While the estimated cost of this change is very difficult to determine based on the salaries, leave balances, potential retirement schedules, and personal decisions of individual employees, in the most extreme example, an employee that has been with the City for 15 years - which provides for two years of vacation roll over - and takes no vacation for those two years, could carry over 368 vacation hours (two years of accrual) and accrue an additional 184 hours in the current year before cashing out at retirement. Thus, the total accumulated hours in this case would be 552. This is 312 hours above the current 240 hour retirement threshold. From a cost perspective, if this were a Department Director at step 6 of their current salary range (wage rate of \$70.32 per hour), this would cost an additional \$21,939.84 (\$70.32 x 312 hours) for this employee. Based on past organizational experience this extreme scenario is very unlikely to occur. This example is meant to illustrate that the exact cost to implement this change is difficult to determine based on all the factors mentioned above.

Similar to the vacation cash out policy amendment, the City would take on some additional cost exposure if the sick leave cash out policy is amended. However, the extent of this exposure would also be difficult to determine based on the salaries, leave balances, potential retirement schedules, and personal decisions of individual employees. With this stated, sick leave accrual is capped at 1040 hours, and therefore, an individual with a maximum balance would receive 104 hours (10%) of cash out if they were to qualify for retirement with PERS. Again using the most extreme example, if a Department Director with maximum leave accrual was to retire (wage rate of \$70.32 x 104 hours), this would amount to an additional cost of \$7,313.28 for this employee.

Finally, the recommended change making all City facilities tobacco free would have no financial impact.

9a-6 Page 6

#### **RECOMMENDATION**

No action is required as this item is for discussion purposes only. However, when this item is brought back for Council action, staff recommends that Council adopt Resolution No. 359 updating the personnel policies in the Employee Handbook.

#### **ATTACHMENTS**

Attachment A – Proposed Resolution No. 359 Exhibit A – Amended Sections 6 and 8 of the Employee Handbook

#### **RESOLUTION NO. 359**

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, ADOPTING REVISIONS TO PERSONNEL POLICIES TO REFLECT RECENT LEGISLATIVE AMENDMENTS, COURT DECISIONS, AND TO PROVIDE CONSISTENT AND EQUITABLE BENEFITS

WHEREAS, the City Council has provided for benefits and working conditions in the Employee Handbook first adopted in 1999; and

WHEREAS, on March 31, 2014, Washington State Substitute Senate Bill 5173 (SSB 5173) was signed into law by the Governor, amending RCW 1.16.050, and becomes effective on June 12, 2014; and

WHEREAS, SSB 5173 entitles city employees to two unpaid holidays per calendar year for a reason of faith or conscience or an organized activity conducted under the auspices of a religious denomination, church, or religious organization and SSB 5173 states that guidelines to address this entitlement are to be promulgated by ordinance or resolution; and

WHEREAS, the current holiday policy needs to be updated in order to comply with SSB 5173; and

WHEREAS, on February 25, 2014 the United States Court of Appeals for the 9<sup>th</sup> Circuit decided *Escriba v. Foster Poultry Farms Inc.*, 743 F.3d 1236 interpreting the Family Medical Leave Act (FMLA), 29 U.S.C. § 2601 *et seq.*, to allow an employee to choose to use FMLA leave for qualifying events or use other available leave; and

WHEREAS, the current FMLA policy needs to be modified so as to reflect that employees may not be compelled to use paid leave concurrently with FMLA leave; and

WHEREAS, the City's current Vacation Cash Out policy for an employee qualifying for retirement from employment under the Washington State Public Employee Retirement System (PERS), PERS II and PERS III, does not provide for a vacation cash out equal to that of employees separating from employment for reasons other than retirement; and

WHEREAS, the current Vacation Cash Out policy needs to be modified so as to leave intact cash out eligibility for PERS I employees while allowing other retiring or separating employees to be paid for any accrued vacation earned but not taken; and

WHEREAS, the City's current Sick Leave Cash Out policy requires an employee to file for retirement with Washington State Department of Retirement System (DRS) prior to being able to cash out any accrued sick leave; and

WHEREAS, the current Sick Leave Cash Out policy needs to be modified so as to allow employees qualifying for retirement to receive a cash out without filing with DRS: and

WHEREAS, the City's current Smoke Free Work Place policy needs to be modified to include a restriction on the use of smokeless tobacco, to include all City work sites and facilities within the policy, and to rename the policy to reflect the fact that the City will now be a Tobacco Free Work Place; and

WHEREAS, staff recommends revising provisions contained within Sections 6 and 8 of the Employee Handbook to cover the legislative amendment, recent court decision, and Vacation and Sick Leave Cash Out modifications; now therefore

# BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

**Section 1. Revision.** Sections 6 and 8 of the Employee Handbook are revised as provided in Exhibit A attached hereto and incorporated herein.

#### ADOPTED BY THE CITY COUNCIL ON JUNE 23, 2014.

	Shari Winstead, Mayor
ATTEST:	
Jessica Simulcik Smith City Clerk	

#### SECTION 6.00 - EMPLOYEE BENEFITS AND TIME OFF

#### 6.01 Annual Vacation

Regular employees shall be given annual vacation. Regular part-time employees shall accrue vacation based on the ratio of their normally scheduled work week to a forty hour week. Extra help employees are not eligible for these benefits. Vacation shall be accrued monthly as follows:

Time	Days	Hours/month
Zero to 12 months	12 days of vacation	8.0 hours
After 1 year employment	13 days of vacation	8.6 hours
After 2 years employment	14 days of vacation	9.3 hours
After 3 years employment	15 days of vacation	10.0 hours
After 4 years employment	16 days of vacation	10.6 hours
After 5 years employment	17 days of vacation	11.3 hours
After 8 years employment	18 days of vacation	12.0 hours
After 10 years employmen	t19 days of vacation	12.6 hours
After 12 years employmen	t20 days of vacation	13.3 hours
After 15 years employmen	t23 days of vacation	15.3 hours

- A. The maximum number of vacation hours that may be carried over from December 31 of one year to January 1 of the next year is equal to two years' accumulation. In cases where City operations have prevented an employee from using vacation time, the Department Director with the approval of the City Manager may allow unused accrual in excess of the amount specified above to be carried over. Vacation leave not used shall be forfeited unless in conformance with the above.
- B. In requesting vacation, employees should consider the City's needs to conduct the public business and to have time to plan for vacation coverage. Managers should respect employees' needs to take vacation. An employee's reasonable request for vacation should be approved unless the granting of the vacation would negatively compromise the business needs of the City. In case of conflict in scheduling vacation leave, normally the earliest request shall be given the preferred vacation choice.
- C. An exempt employee shall not have deductions taken for vacation absences of less than a full day.
- D. In the event of separation from service for any reason other than at retirement, the employee shall be paid for any accrued vacation earned and not taken. In the case of separation for any reason when the a PERS I participating employee is eligible for retirement as defined by the rules and regulations of the Washington State Public Employees Retirement System, the maximum cash out shall be 240 hours.
- E. Vacation for a new employee shall accrue at the above rates but shall not be used until after six months unless special authorization has been granted by the City Manager. The City Manager is authorized to negotiate higher

- accrual levels and/or starting balances of vacation with individual staff members.
- F. An employee may cash out accrued vacation one time each calendar year. To be eligible for the cash out, an employee must have used at least 80 hours of vacation since the first of the year and the maximum cash out shall be 40 hours. The amount of the cash out shall be based upon the employee's hourly rate/salary at the time of the written request. If approved by the department director, the 80 hour minimum threshold may include vacation approved for the current calendar year, but not yet taken. In this case, the employee may receive the cash out just prior to leaving on the approved vacation. Cash out requirements for part time regular employees shall be prorated based upon the employee's authorized FTE.

#### [Section 6.02 unchanged]

#### 6.03 Holidays

The following holidays are granted to regular employees as the normal workday off with full pay:

New Years Day January 1st

Martin Luther King's Birthday
President's Day
Memorial Day

3rd Monday in January
3rd Monday in February
Last Monday in May

Independence Day July 4th

Labor Day 1st Monday in September

Veteran's Day November 11th

Thanksgiving 4th Thursday in November Day after Thanksgiving Day after Thanksgiving

Christmas December 25th Personal Day Two (2) days

Extra help employees are not eligible for these benefits.

- A. A personal day needs to be scheduled by mutual agreement of the employee and the supervisor and may be used for any reason, or as an extension of vacation or sick leave. Non-exempt staff may use these days as a full normal workday or as 16 hours in increments of one or more hours. Exempt staff must utilize a full day at a time.
- B. Personal Days will be awarded effective January 1 of each year. An employee hired July 1 or later will receive only one personal day in that calendar year. Any personal days not used by the end of the calendar year will be forfeited.
- C. If a designated holiday falls on a Saturday, the preceding Friday shall be observed and if the holiday falls on a Sunday, the following Monday shall be observed. If a designated holiday falls on any other regularly scheduled day off, the holiday shall be observed on either the immediately preceding or immediately following work day, as determined by the City Manager.
- D. Employees must be in a pay status on the workday prior to and the workday following a holiday to be eligible for holiday pay.

- E. Regular part-time employees shall observe the established holidays and be compensated for same on a pro rata basis.
- F. If an employee's religious beliefs include observance of a holiday <u>or</u> <u>leave is needed to attend a religious activity of faith or conscience</u> that is not a City holiday, the employee may, with approval of the Department Director, take the day off using a personal day, vacation, compensatory time, or leave without pay <u>unless the leave would create an undue</u> hardship for the City or a risk to public safety.
- G. Nonexempt regular employees working on a holiday (either the actual holiday or the City recognized holiday) shall be paid at time and a half for all hours worked. In the case that an employee works both the actual holiday and the corresponding City recognized holiday, the employee shall only receive the holiday pay for one of the days. The pay shall be for the hours worked on actual holiday, unless the employee makes a written request for pay for the City recognized holiday instead of the actual day. **Example:** Independence Day falls on Sunday, July 4<sup>th;</sup> the City recognized holiday is Monday, July 5<sup>th</sup>. Employee A works Sunday and receives time and a half for all hours worked. Employee C works **both** Sunday and Monday and will be paid time and a half **only** for the hours worked on Sunday, unless he or she makes a written request to be paid time and a half for the hours worked Monday, instead of Sunday.

#### 6.04 Sick Leave

**Policy**: The purpose of sick leave is to provide an "insurance policy" of a bank of paid leave to be used in the event that an employee or immediate family member experiences an illness or disability that requires an employee to be absent from work. Employees who are ill or disabled are expected to use sick leave to recover and to not report to work when they could expose co-workers to illness. All regular employees shall use leave to account for any sick leave related absence whether full or partial day. Sick leave is earned and to be used under the following conditions:

- A. Full-time regular employees shall accrue sick leave at the rate of eight hours for each month worked. Regular part-time employees shall accrue sick leave based on a pro-rata amount to reflect their normally scheduled workweek as compared to a full-time workweek of 40 hours. Extra help employees are not eligible for these benefits.
- B. Sick leave may be taken when an employee is ill, injured, disabled (including a disability due to pregnancy or childbirth) or has been exposed to a contagious disease where there is a risk to the health of others, or for medical or dental examinations or treatment when such appointments cannot be scheduled outside of working hours. Sick leave may also be used to care for a member of the immediate family under these conditions.
- C. A regular employee may use sick leave for family leave as provided in **Section 6.06, Family Leave**.
- D. A regular employee may use sick leave when the use of a prescription drug impairs job performance or safety.
- E. After three days of sick leave an employee may be asked to provide a doctor's note or other evidence of inability to work at the discretion of your supervisor or Department Director.

- F. Each employee, or someone on his/her behalf, should inform his/her supervisor if unable to come to work. This notification should be done each day prior to the scheduled starting time unless on long-term leave, so arrangements can be made to cover the absence.
- G. If an employee on approved vacation is hospitalized or experiences a similar extraordinary sick leave event, the employee may make a written request to the City Manager to convert the sick leave connected time from vacation leave to sick leave. The City Manager shall consider the facts involved and shall approve or deny the request.
- H. Sick leave accrual is capped at 1040 hours or a pro-rata share for part-time employees.
- Upon <u>separation</u>, if an employee is eligible for retirement as defined by the rules and regulations of the Washington State Public Employees Retirement System, an employee shall be paid for 10% of their accrued but unused sick leave.
- J. An employee who has an on-the-job injury and receives time loss payments from the Washington Department of Labor and Industries (L & I) may not use sick leave for the same hours for which the employee receives the time loss payment. An employee may use sick leave to supplement the time loss payment for the purpose of continuing to receive his or her normal salary. If sick leave is exhausted, the City will use other available leave to supplement the time loss, unless the employee otherwise notifies Payroll in writing. If an employee is awarded time loss payments for a period that the employee has already used sick leave or other available leave, the employee shall submit the L & I check to Finance and "buy back" the equivalent amount of leave used. While on time loss, the employee's salary may not exceed the employee's normal salary.

#### [Section 6.05 unchanged]

#### 6.06 Family Leave

- A. The City complies with the Federal Family and Medical Leave Act of 1993 (the FMLA 29 U.S.C.A., 2611) and all applicable state laws (RCW 49.78, RCW 49.12.265, WAC 296-130) related to family and medical leave. This policy provides detailed information concerning the terms of FMLA. State laws may have additional requirements and provide additional protections; please check with Human Resources for details.
- B. Length of Family Leave and Eligibility: Eligible employees may take up to 12 weeks of unpaid, family leave every 12 months for certain family and medical reasons, or up to 26 weeks of unpaid, family leave every 12 months for military family leave. To be eligible, an employee must have worked for the City for at least 12 months and for at least 1,250 hours over the previous 12 months.
- C. **Reasons for Taking Leave**: Family leave is provided for any of the following reasons:
  - To care for an employee's child after birth or placement for adoption or foster care. Leave to care for a child after birth or placement for adoption or foster care must be concluded within 12 months of the birth or placement.

- 2. To care for an employee's spouse child or parent who has a serious health condition
- 3. To care for a spouse, son, daughter, parent or next of kin who has a serious health condition as a result of military service ("military family care").
- 4. If a serious health condition makes an employee unable to perform the functions of his or her job.
- D. **Definitions.** For the purposes of this policy, the following definitions apply:
  - **1. Child:** a) A biological, adopted or foster child, a stepchild, a legal ward or a child of a person standing in loco parent is (in place of the parent) if the child is younger than 18; or
    - b) A biological, adopted or foster child, a stepchild, a legal ward or a child of a person standing in loco parent is if the child is 18 or older and incapable of self care because of a mental or physical disability.
  - Military Family Care: Caring for a spouse, parent, son, daughter or next of kin with a serious injury or illness as a result of military service.
  - **3. Parent:** A biological parent of an employee or an individual who stood in loco parent is to that employee when the employee was a child.
  - **4. Serious Health Condition:** An injury, illness, impairment or physical or mental condition that involves:
    - a) hospital care: any period of incapacity or subsequent treatment connected with or consequent to inpatient care (an overnight stay) in a hospital, hospice or residential medical care facility; or
    - b) absences plus treatment: any period of incapacity of more than three consecutive calendar days including any subsequent treatment or period of incapacity relating to the same condition that also involves 1) treatment 2 or more times by a health care provider within 30 days, by a nurse or physician's assistant under direct supervision of a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider; or 2) treatment by a health care provider on at least 1 occasion which results in a regimen of continuing treatment under the supervision of a health care provider:
    - c) **pregnancy:** any period of incapacity due to pregnancy or for prenatal care; or
    - d) chronic conditions requiring treatments: a chronic condition which 1) requires periodic visits for treatment by a health care provider or by a nurse or physician's assistant under the direct supervision of a health care provider; 2) continues over an extended period of time; and 3) may cause episodic rather than a continuing period of incapacity;
    - e) **permanent/long term conditions requiring supervision:** a period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must

- be under the continuing supervision of, but need not be receiving active treatment by, a health care provider;
- f) multiple treatment (non-chronic conditions): any period of absence to receive multiple treatments (including any period of recovery there from) by a health care provider or by a provider of health care services under orders of or on referral by, a health care provider, whether for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment.
- **5. Incapacity:** inability to work, attend school or perform other regular daily activities due to the serious health condition, treatment therefore or recovery there from.
- E. **Intermittent Leave:** Under some circumstances, family leave may be taken in separate blocks of time or by reducing a normal weekly or daily work schedule. Family leave may be taken intermittently if medically necessary because of a serious health condition (the employee's, or that of a spouse, child or parent). If family leave is for birth or placement for adoption or foster care, use of intermittent leave is subject to Department Director approval.
- F. Substitution of Paid Leave: Certain kinds of paid leave must be substituted for unpaid family leave. Accrued vacation, personal days and comp time must be substituted for any type of family leave. When paid leave or comp time is available that paid leave must be exhausted before unpaid leave is allowed as family leave. Accrued sick leave must be substituted in the circumstances where City policies allow employees to use sick leave. When paid leave is available and allowed that paid leave must be exhausted before unpaid leave is allowed as family leave.
- G. Both paid and unpaid leave count against the 12 week allowance. The employee is required to notify the City if any leave is used for a reason covered by the family leave.
- G. **Advance Notice:** An employee shall provide advance notice of the need for family leave along with the requested dates for the leave. Taking leave, or reinstatement after leave, may be denied if these requirements are not met.

Notice must be provided at least 30 days in advance of the leave if the reason for the leave is birth, placement for adoption or foster care. If 30 days notice is not possible due to the employee taking physical custody of the child at an unanticipated time, notice must be given as soon as possible and at least within 5 working days of the placement. The employee shall adhere to the dates of leave requested unless the birth is premature, the mother is incapacitated by the birth and is unable to care for the child, the employee takes physical custody at an unanticipated time or the employee and Department Director agree to alter the dates. If there is a premature birth, incapacity or unanticipated placement, the employee must give notice of revised dates as soon as possible and at least within 5 working days.

Notice must be provided at least 14 days in advance of the leave if the reason for the leave is a serious health condition and the leave is foreseeable. The employee should make reasonable efforts to schedule the leave to not unduly disrupt the City's operations. If the leave is not

- foreseeable, the employee or the employee's representative shall provide notice within 1 or 2 working days, except in extraordinary circumstances.
- H. Medical Certification: The City requires the provision of a medical certification to support a request for leave because of a qualifying event whenever the leave is expected to extend beyond three consecutive working days or will involve intermittent or part-time leave. The City may require second or third opinions, at its option, at City expense.
  - The City may require all employees on family leave due to the employee's serious health condition or due to the birth of a child to provide a medical certification of fitness for duty prior to return to work after a medical leave, dependant on the circumstance as it relates to the employees duties.
- I. **Periodic Reporting:** If an employee takes leave for more than two weeks, the City may require the employee to periodically report on his or her status and intent to return to work.
- J. **Health Insurance:** Employees covered by the City's group health plan (medical, dental or vision) will continue to receive paid health insurance during family leave on the same basis as during regular employment. Employees that do not return to work after the leave will be required to pay back the portion of the insurance premiums paid by the City unless failure to return to work was beyond the employee's control.
- K. Other Insurance: For employees covered by other insurance plans through the City, those coverages will continue during paid leave on the same basis as during regular employment. For any period of unpaid leave, the employee wishing the insurance to continue must pay for the coverage on a monthly basis prior to the month of coverage. Check with Human Resources for current information and costs for coverages.
- L. Couples Employed by The City: If employees married to each other request leave for the birth, adoption or foster care placement of a child, the total family leave available to the couple is 12 weeks. The City may grant leave to only one parent at time. If the leave requested is due to a serious health condition (the employee's or that of the child, spouse or parent), each employee is independently entitled to 12 weeks.
- M. Determining Leave Availability: Family leave is available for up to 12 weeks during a 12-month period. For purposes of calculating leave availability, the 12-month period is a rolling 12-months measured from the first date any family leave is used. The employee is required to notify the City if any leave qualifies as family leave. All leave qualifying for family leave shall be designated and tracked as family leave upon the request of the employee.
- N. **Special Rule for Leave Related to Pregnancy:** Leave taken for the disability phase of pregnancy or childbirth when physically unable to work, is counted against the 12-week FMLA family leave allowance. In some cases, state law may entitle the disabled employee to leave beyond the standard 12-week period. Human Resources can provide information concerning the state law and its applicability.
- O. **Return Rights After Family Leave:** When an employee returns to work after family leave:

- the City shall place the employee in the same position employee held when the leave began or in another City position with equivalent benefits and pay;
- 2. the return is subject to bona fide changes in compensation or work duties:
- 3. the employee does not have return rights if:
  - a) the City eliminates the employee's position by a bona fide restructuring or reduction-in-force; or
  - b) the employee takes another job; or
  - the employee fails to provide the required timely notice of family leave or fails to return on the established ending date of the leave.
- P. **Military Family Care:** Caring for a spouse, parent, son, daughter or next of kin with a serious injury or illness as a result of military service.

#### [Sections 6.07 – 6.12 unchanged]

#### 6.13 Leave of Absence Without Pay

The City Manager may grant regular employees a leave of absence without pay for an absence not covered by <u>religious leave (6.03(F))</u>, family leave <u>(6.06(F))</u> or medical leave of absence <u>(6.07)</u> and if all leave balances are exhausted. Examples of situations for which leave without pay may be granted include personal reasons not covered by family leave, such as parenting or caring for an ill relative; other reasons in the best interest of the City and not solely for the employee's personal gain or profit; or fulfilling a lengthy military obligation.

To request a leave of absence without pay <u>under this section</u>, the employee shall submit a written request to the City Manager. The request shall state the reason for and the proposed length of the leave. If the leave is approved, the employee and City Manager will enter into an agreement detailing the terms and conditions of the leave.

[Sections 6.14 - 6.16 unchanged]

#### SECTION 8.00 - STANDARDS OF EMPLOYEE CONDUCT

#### [Sections 8.01 - 8.08 unchanged]

#### 8.09 Smoking Tobacco Free Policy

In order to maintain a safe and comfortable working environment and to ensure compliance with applicable laws, <u>use of all tobacco products</u>, <u>including</u> smoking <u>and smokeless tobacco</u>, is prohibited <del>on at all the CityHall Campus work sites and property, in City offices and work spaces, and in <u>all City owned vehicles</u>, <u>Smoking is prohibited and within 25 feet of all building entrances</u>, windows that open and ventilation intakes. Violation of this policy may be grounds for disciplinary action, up to and including termination.</del>

#### [Sections 8.10 - 8.15 unchanged]

Council Meeting Date: Jur	ne 9, 2014	Agenda Item: 9(b)

#### CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** Discussion of Development Costs

**DEPARTMENT:** City Manager's Office

**PRESENTED BY:** Dan Eernissee, Economic Development Manager **ACTION:** Ordinance Resolution Motion

X Discussion Public Hearing

#### **PROBLEM/ISSUE STATEMENT:**

The Council places a high priority on economic development as it enables Shoreline to realize many of the goals outlined in Vision 2029. Council directed staff to investigate how the cost of development in Shoreline compares with surrounding and comparable cities in order to ensure that investors considering a project in Shoreline are faced with an attractive environment for development. Based on this direction, staff selected nine cities and compared the development costs of four types of projects that Shoreline may be considered for: a single-family home, a 100-unit multifamily building, a fast-food restaurant with a drive-through window, and a 40,000 square foot office building.

The development costs compared in this report are those which city or utility districts control, such as permit fees, utility connection and facility charges, and impact fees. Although controlled by cities, development standards such as required setbacks, design elements, and building height were not included, as the cities selected for comparison do not necessarily treat these potential cost drivers comparably. As well, land cost and income potential were not considered since city leadership cannot directly control either. On-going costs of operating projects such as property tax rates, business and occupation taxes, and property tax exemptions are also not considered in this study, but since they are able to be controlled by city leadership, they could be a fruitful subject for a future discussion.

#### RESOURCE/FINANCIAL IMPACT:

As this is a study item only, there are no financial impacts for this item. No additional financial impacts are anticipated without further study or Council direction.

#### RECOMMENDATION

This item is for discussion only and no specific decision is required.

Approved By: City Manager **DT** City Attorney **IS** 

9b-1

#### **BACKGROUND**

The Council places a high priority on economic development as it enables Shoreline to realize many of the goals outlined in Vision 2029 and provides the financial means to sustain current service levels of both basic and quality of life services to Shoreline residents. Residents continue to desire these services from the City have demonstrated this through responses to the City's citizen survey and passage of the levy lid lift to sustain services in 2010.

Council directed staff to investigate how the cost of development in Shoreline compares with surrounding and comparable cities in order to ensure that investors considering a project in Shoreline are faced with an attractive environment for development. Based on this direction, staff selected nine cities and compared the development costs of four types of projects that Shoreline may be considered for: a single-family home, a 100-unit multifamily building, a fast-food restaurant with a drive-through window, and a 40,000 square foot office building.

#### **DISCUSSION**

#### Methodology

The nine cities selected for comparison are: Burien, Lynnwood, Bothell, Mountlake Terrace, Issaquah, Redmond, Kirkland, Kent, and Seattle. Seattle was chosen because of its immediate proximity to Shoreline and for its strong influence on development in Shoreline. The other cities were selected for elements of similarity with Shoreline, including size, distance from Seattle, and comparable development standards. In addition, many of these cities are experiencing robust growth in their economies and are therefore models for Shoreline.

For Shoreline, the comparison has four different groupings, given that we have two different water purveyors in our community and given that the Council is currently considering whether or not to impose traffic impact fees (TIF). Thus, staff has compared 1) Shoreline and SPU water (no TIF), 2) Shoreline and North City Water (no TIF), 3) Shoreline and SPU (TIF included) and 4) Shoreline and North City Water (TIF included).

In order to keep the comparison as objective as possible, four types of projects were selected that reflect common or desired Shoreline projects, and each type of project was given characteristics that allowed objective comparisons.

- A single-family home costing \$300,000 to construct and needing a <sup>3</sup>/<sub>4</sub>" water meter;
- 2) A 100-unit multifamily building costing \$12,500,000 to construct, needing a 4" water meter, and generating 50 PM peak hour trips;
- 3) A fast-food restaurant with a drive-through window costing \$800,000 to construct, needing a 2" water meter, and generating 100 PM peak hour trips; and
- 4) A 40,000sf office building costing \$8,000,000 to construct, needing a 1 ½" water meter, and generating 80 PM peak hour trips.

9b-2

The development costs compared were those controlled by cities or by utility providers. Cities and utility providers treat projects in unique and varied ways, and often – as in Shoreline itself – more than one utility provider is operating in the same city. The development costs are:

- 1) Land use and SEPA fees;
- Plan check and building permit fees;
- 3) Water connection, which includes permitting, inspections, and facility charges;
- 4) Sewer connection, which includes permitting, inspections, and facility charges;
- 5) Traffic impact fees;
- 6) Park impact fees;
- 7) School impact fees; and
- 8) Fire impact fees.

Once the information was gathered, staff created a spreadsheet (Attachment A) with associated bar graphs to illustrate the effect of development costs added by governing agencies. Staff from several departments worked diligently to provide helpful information for Council's discussion this evening. Please note that the figures are helpful but not all exact; staff chose to use estimates and averages when the information provided by cities or utility providers was unclear or when several utility providers operated within one city.

Also included on the spreadsheet is a percentage column which denotes what percentage of the total project cost is related to development costs. As the construction cost is the same across all nine jurisdictions, this creates a helpful baseline from which to gage the effect of the total costs of development. In other words, the higher the percentage, the greater the cost of development in that jurisdiction.

Development standards such as required setbacks, design guidelines, and building height were not included in the comparison, as staff concluded that the cities selected for comparison do not necessarily treat these potential cost drivers comparably. For example, while the City of Seattle offers design-based incentives in South Lake Union, the incentives apply to building forms that Shoreline does not allow and are therefore irrelevant.

Another factor not considered in this analysis was the availability of large tracts of relatively inexpensive land that make different construction types feasible. An excellent example of this is the multifamily building boom Lynnwood is currently experiencing centered on Alderwood Mall Boulevard and 164<sup>th</sup> Street SW. These projects utilize three-story wood buildings that allow units to be built for \$100,000 – 125,000/unit, while the six-story wood and concrete buildings in Seattle and Shoreline generally cost at least \$175,000/unit.

On-going costs of operating projects such as property tax rates, business and occupation taxes, and property tax exemptions are also not considered in this study, but since they are able to be controlled by city leadership, they could be a fruitful subject for a future discussion.

9b-3 Page 3

#### Staff Observations

The following information highlights some of staff's analysis of regional development costs once the development cost data was collected and tabulated.

1) High Rents are More Important than Low Costs - If development cost was the only factor, one would expect that those cities with the highest costs would experience low investment, but Redmond, Kirkland, and Issaquah are enjoying robust growth in the face of high development costs. On the other hand, it would be foolhardy to think that high costs produce more development. The more likely conclusion is that cities with robust development enjoy income potential that more than offsets high development costs, rewarding the investor with healthy returns even after paying for expensive land and high development costs.

Typically the highest income potential is in close proximity to high paying jobs, as long as the area around the jobs is safe and attractive. The combination of jobs and an attractive place create a virtual cycle of development and investment seen in areas such as New York City, San Francisco, and downtown Seattle. Therefore, a city that creates an attractive job center will prosper.

- 2) Shoreline's Plan Check and Building Permit Fees are Low Shoreline charges very low plan check and building permit fees for a small city. Shoreline's low fees may be a selling point or they may represent an opportunity to increase revenues without being perceived by the development community as exceptionally costly. At the same time, these fees can only recapture the cost of the service provided in other words, the City cannot make a profit on these fees.
- 3) **Seattle is an Exceptional Neighbor -** Investors are understandably attracted to Seattle, as it offers investors the double win of the lowest development costs on every project type along with high rents, job growth, and urban amenities in many areas. The result is predictably robust development in many Seattle neighborhoods like South Lake Union, Queen Anne, Ballard, Capitol Hill, Sodo, and the University District. Shoreline is the only city that shares a significant land border with Seattle, and while Shoreline benefits greatly from this proximity, Seattle's competitive advantage for development casts a deep shadow.

#### **RESOURCE/FINANCIAL IMPACT:**

As this is a study item only, there are no financial impacts for this item. No additional financial impacts are anticipated without further study or Council direction.

#### **RECOMMENDATION**

This item is for discussion only, and no specific decision is required.

#### ATTACHMENTS:

Attachment A: Comparison of Development Costs

9b-4 Page 4

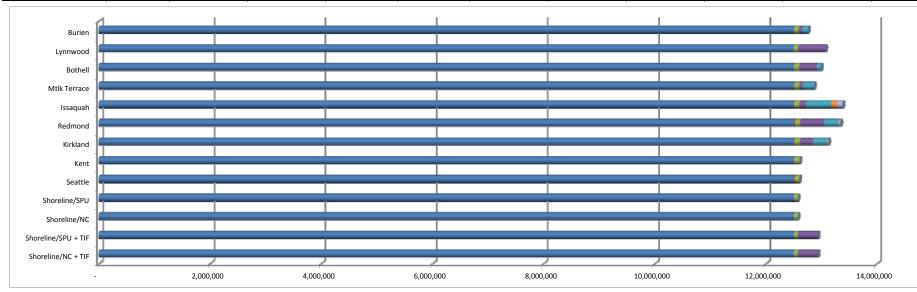
Single-family Home

			Building Permit and	Water Connection and	Sewer Connection and	T. (%)	6 11 15	01.11.15	5. 1. 15	T	٥,
	Construction	Land Use/SEPA \$ 300,000	Plan Review <b>300,000</b>	Facility Charge 3/4" meter	Facility Charge 3/4" meter	Traffic Impact Fee 1 trip	Park Impact Fee	School Impact Fee	Fire Impact Fee	Total	%
Burien	\$ 300,00	<u> </u>	3,909			937	1,405	-	-	\$ 311,964	3.99%
Lynnwood	\$ 300,00	) N/A	4,264	3,199	1,952	6,418	-	-	-	\$ 315,833	5.28%
Bothell	\$ 300,00	N/A	4,195	2,954	3,881	5,481	1,345	-	-	\$ 317,856	5.95%
Mtlk Terrace	\$ 300,00	N/A	4,017	3,266	4,216	1,041	2,027	-	-	\$ 314,567	4.86%
Issaquah	\$ 300,00	N/A	4,039	10,031	2,039	1,923	7,198	5,730	703	\$ 331,663	10.55%
Redmond	\$ 300,00	N/A	4,069	3,500	2,500	7,024	3,175	7,005	108	\$ 327,381	9.13%
Kirkland	\$ 300,00	N/A	3,488	9,133	3,056	3,942	3,949	6,302	-	\$ 329,870	9.96%
Kent	\$ 300,00	N/A	5,096	7,527	1,000	-	1	-	954	\$ 314,577	4.86%
Seattle	\$ 300,00	N/A	3,488	3,621	1,000	-	1	-	-	\$ 308,109	2.70%
Shoreline/SPU	\$ 300,00	N/A	4,161	3,621	1,257	-	1	-	-	\$ 309,039	3.01%
Shoreline/NC	\$ 300,00	N/A	4,161	4,532	1,257	-	1	-	-	\$ 309,950	3.32%
Shoreline/SPU + TIF	\$ 300,00	N/A	4,161	3,621	1,257	5,567	-	-	-	\$ 314,606	4.87%
Shoreline/NC + TIF	\$ 300,00	N/A	4,161	4,532	1,257	5,567	-	-	-	\$ 315,517	5.17%



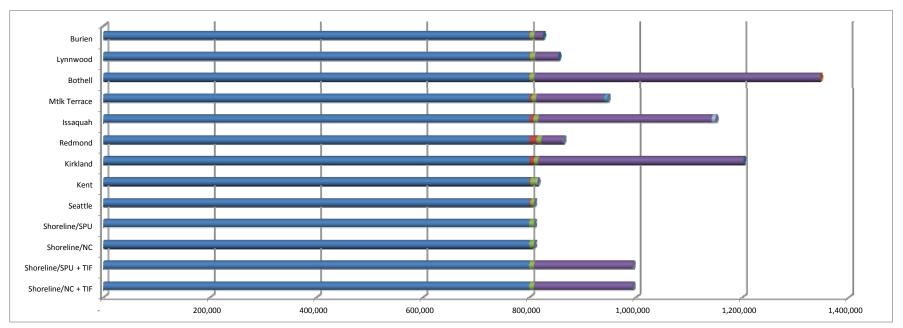
100-unit Multifamily Building

	,	3									
		Land Use/SEPA	Building Permit plus Plan Check	Average Water Connection	Average Sewer Connection	Traffic Impact Fee	Park Impact Fee	School Impact Fee	Fire Impact Fee		
	Construction	MF 100 Units	MF 100 Units	MF 100 Units	MF 100 Units	MF 100 Units - TC	MF 100 Units	MF 100 Units	MF 100 Units	Total	%
			\$ 12,500,000	4" meter	4" meter	50 trips					
Burien	12,500,000	5,451	89,285	102,358	220,000	58,800	106,347	-	-	13,082,241	4.66%
Lynnwood	12,500,000	3,500	75,049	65,000	162,200	495,680	-	-	-	13,301,429	6.41%
Bothell	12,500,000	5,000	96,493	100,238	189,090	315,600	76,235	-	-	13,282,656	6.26%
Mtlk Terrace	12,500,000	11,000	90,362	74,636	102,136	64,050	202,700	-	-	13,044,884	4.36%
Issaquah	12,500,000	12,000	93,999	235,077	203,900	116,914	453,401	109,700	96,359	13,821,350	10.57%
Redmond	12,500,000	25,000	91,620	91,100	160,000	431,181	255,214	19,700	18,180	13,591,995	8.74%
Kirkland	12,500,000	15,000	99,386	228,325	195,600	231,000	258,300	20,700	-	13,548,311	8.39%
Kent	12,500,000	8,000	100,777	267,200	106,461	-	-	-	-	12,982,438	3.86%
Seattle	12,500,000	20,000	82,325	38,071	15,000	-	-	-	-	12,655,396	1.24%
Shoreline/SPU	12,500,000	4,205	70,368	38,071	265,600	-	-	-	-	12,878,244	3.03%
Shoreline/NC	12,500,000	4,205	70,368	436,000	265,600	-	-	-	-	13,276,173	6.21%
Shoreline/SPU + TIF	12,500,000	4,205	70,368	38,071	265,600	360,749	-	-	-	13,238,993	5.91%
Shoreline/NC + TIF	12,500,000	4,205	70,368	436,000	265,600	360,749	-	-	-	13,636,922	9.10%



# Fast Food Restaurant

			Building Permit plus	Average Water	Average Sewer						
	Construction	Land Use/SEPA	Plan Check	Connection/GFC	Connection/GFC	Traffic Impact Fee	Park Impact Fee	School Impact Fee	Fire Impact Fee	Total	%
			\$ 800,000	2" meter/1 ac	2" meter	100 trips					
Burien	800,000	1,635	8,603	30,000	27,217	16,419	-			883,874	10.48%
Lynnwood	800,000	2,000	9,544	12,792	12,976	44,030	-			881,342	10.17%
Bothell	800,000	1,000	9,246	21,708	29,508	537,100	-	-		1,398,562	74.82%
Mtlk Terrace	800,000	4,110	8,859	26,276	32,776	128,100	6,030	-	-	1,006,151	25.77%
Issaquah	800,000	8,100	8,782	77,784	101,950	326,000	-	-	6,878	1,329,494	66.19%
Redmond	800,000	14,000	8,956	29,150	20,000	40,480	474	-	173	913,233	14.15%
Kirkland	800,000	9,000	7,687	73,064	24,448	386,300	-			1,300,499	62.56%
Kent	800,000	2,000	11,215	75,850	106,461	-	-	-	2,216	997,742	24.72%
Seattle	800,000	2,500	6,625	12,000	12,000	-	-	-	-	833,125	4.14%
Shoreline/SPU	800,000	N/A	8,946	12,000	25,060	-	-	-	-	846,006	5.75%
Shoreline/NC	800,000	N/A	8,946	25,952	25,060	-	1	-	-	859,958	7.49%
Shoreline/SPU + TIF	800,000	N/A	8,946	12,000	25,060	184,975	-	-	-	1,030,981	28.87%
Shoreline/NC + TIF	800,000	N/A	8,946	25,952	25,060	184,975	-	-	-	1,044,933	30.62%



Office Building

		(0504	Building Permit plus	Average Water	Average Sewer	T (" )	D 11 15	01.11.15	51 1 15		
		Land Use/SEPA 40K Office	Plan Check <b>8,000,000</b>	Connection 1.5" meter	Connection 1.5" meter	Traffic Impact Fee  80 trips	Park Impact Fee 40K Office	School Impact Fee 40K Office	Fire Impact Fee 40K Office	Total	%
		40K Office	\$ 8,000,000	1.5 meter	1.5 meter	ou trips	40K Office	40K Office	40K Office	TOTAL	- /6
Burien	8,000,000	5,451	53,088	18,915	17,011	56,520	-			8,150,985	1.89%
Lynnwood	8,000,000	3,500	57,724	7,000	8,110	381,600				8,457,934	5.72%
Bothell	8,000,000	5,000	63,080	15,000	24,000	106,000	-	-		8,213,080	2.66%
Mtlk Terrace	8,000,000	11,000	53,798	17,136	20,536	102,480	30,920	-	-	8,235,870	2.95%
Issaquah	8,000,000	12,000	55,754	50,310	108,747	102,000	-	-	9,033	8,337,844	4.22%
Redmond	8,000,000	20,000	59,989	18,220	12,500	729,600	43,219	-	6,018	8,889,546	11.12%
Kirkland	8,000,000	12,000	64,117	45,665	15,280	305,200	-			8,442,262	5.53%
Kent	8,000,000	6,000	66,622	75,850	106,461	-	-		10,555	8,265,488	3.32%
Seattle	8,000,000	15,000	49,325	9,329	1,000	-	-	-	-	8,074,654	0.93%
Shoreline/SPU	8,000,000	N/A	46,979	9,329	12,530	-	-	-	-	8,068,838	0.86%
Shoreline/NC	8,000,000	N/A	46,979	207,619	12,530	-	-	-	-	8,267,128	3.34%
Shoreline/SPU + TIF	8,000,000	N/A	46,979	9,329	12,530	430,000	-	-	-	8,498,838	6.24%
Shoreline/NC + TIF	8,000,000	N/A	46,979	207,619	12,530	430,000	-	-	-	8,697,128	8.71%

