



AGENDA

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SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, July 21, 2014
7:00 p.m.

Council Chamber · Shoreline City Hall
17500 Midvale Avenue North

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		7:00
2. FLAG SALUTE/ROLL CALL		
3. REPORT OF THE CITY MANAGER		
4. COUNCIL REPORTS		
5. PUBLIC COMMENT		
<i>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.</i>		
6. APPROVAL OF THE AGENDA		7:20
7. CONSENT CALENDAR		7:20
(a) Minutes of Workshop Dinner Meeting of June 23, 2014	<u>7a-1</u>	
(b) Motion to Authorize the City Manager to Obligate \$246,000 of Surface Transportation Program (STP) Grant Funds for the 145 th Street Route Development Plan	<u>7b-1</u>	
(c) Adoption of Res. No. 361 Authorizing Investments in the Washington State Local Government Investment Pool	<u>7c-1</u>	
8. ACTION ITEMS		
(a) Adoption of Ordinance Nos. 689 and 690 - Concurrency and Impact Fees	<u>8a-1</u>	7:20
9. STUDY ITEMS		
(a) Discussion of Sound Transit Long-Range Plan Comments	<u>9a-1</u>	7:50
10. ADJOURNMENT		8:10

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 www.shorelinewa.gov. 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 <http://shorelinewa.gov>.

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF WORKSHOP DINNER MEETING

Monday, June 23, 2014

Conference Room 104 - Shoreline City Hall
17500 Midvale Avenue North

5:45 p.m.

PRESENT: Mayor Winstead, Deputy Mayor Eggen, Councilmembers McGlashan, Hall, McConnell, Salomon, and Roberts

ABSENT: None

STAFF: Debbie Tarry, City Manager; John Norris, Assistant City Manager; Mark Relph, Public Works Director; Dan Repp, Public Works Utilities and Operations Manager; Rika Cecil, Environmental Programs Coordinator; and Bonita Roznos, Deputy City Clerk

GUESTS: Jeff Brown, Solid Waste Consultant

At 5:48 p.m., the meeting was called to order by Mayor Winstead.

Ms. Tarry explained that the current Solid Waste Contract expires with Recology/CleanScapes on February 28, 2015 and that staff is seeking direction from Council regarding the City's solid waste services. Mark Relph, Public Works Director, presented the following four Solid Waste Contracting Alternatives:

1. Extension of the existing Recology/CleanScapes (RCS) contract.
2. Extension of the current RCS contract with some expanded terms for another two years.
3. Negotiation of a new seven or 10 year contract with RCS with expanded service options.
4. Pursuit of a competitive Request for Proposal process.

Mr. Relph talked about the rate structure and benefits of mandatory garbage collection. He shared a list of King County Cities with mandatory collection including cities with embedded yard debris/food scraps collection service. Ms. Cecil shared the City of Kirkland's transition to mandatory garbage collection service.

Councilmembers asked about price escalation, and expressed concern about introducing mandatory rates that could result in an unfavorable reaction from residents not currently paying for garbage service. Jeff Brown, Solid Waste Consultant, explained the impact of consumer

price index escalation and the King County Disposal fee. He stated that specific costs are negotiated in the initial contract and that regulatory changes would have to be evaluated and honored, and could result in increased cost. Ms. Cecil commented on rates for low income residents and stated they would be charged under the mandatory garbage collection option but would be exempt from paying the utility tax.

Councilmembers supported pursuing a competitive bid process. They recommended finding alternatives to placing garbage in landfills, and exploring waste to energy options that support the City's sustainability goals. Councilmembers were also supportive of moving to mandatory collection service and have yard waste service embedded in the collection rate.

Ms. Tarry clarified that staff would work on pursuing a competitive bid process that included mandatory collection and embedded yard waste components, trying to negotiate a one year extension on the current RCS contract, and researching acquiring assistance with the development of a Request for Proposal, with the expectation of a new contract being in place by September 2015.

At 6:55 p.m. the meeting was adjourned.

Bonita Roznos, Deputy City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Obligate \$246,000 of Surface Transportation Program (STP) Grant Funds for the 145 th Street Route Development Plan
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Alicia McIntire, Senior Transportation Planner
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

Staff is requesting that Council authorize the City Manager to execute a Local Agency Agreement with the Washington State Department of Transportation (WSDOT) to obligate \$246,000 of Surface Transportation Program (STP) grant funding for the 145th Street Route Development Plan (RDP).

In accordance with the City's purchasing policies, Council authorization is required for staff to obligate grant funds exceeding \$50,000. Additionally, the Washington State Department of Transportation (WSDOT) requires formal authorization of their contracts prior to execution. WSDOT administers federal funds awarded to the City of Shoreline.

RESOURCE/FINANCIAL IMPACT:

The 2014-2019 Capital Improvement Program (CIP) includes \$250,000 for the 145th Street RDP. This grant provides an additional \$246,000 in funding for this project, resulting in a total project budget of \$496,000. This grant has a required minimum match of 13.5%, which is met with the identified City funding. Staff anticipates that the RDP will cost approximately \$400,000 and that any remaining CIP funding will be used to match future grants for work on this corridor.

A no action alternative would include not entering into the grant agreement and returning the identified funding to the State; doing so would result in a reduced scope for the RDP.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$246,000 for the 145th Street Route Development Plan including authorization of the Project Prospectus and any addendums or supplements required by the Washington Department of Transportation.

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

INTRODUCTION

The City was awarded a federal grant for creation of a Route Development Plan (RDP) for 145th Street from 3rd Avenue NW to Bothell Way NE (SR 522). Staff is requesting Council to authorize the City Manager to obligate these funds with the Washington State Department of Transportation.

BACKGROUND

On April 28, 2014, Council authorized staff to begin the process to develop an RDP for the 145th Street corridor. The redevelopment of 145th Street promises to be a significant capital improvement in the City of Shoreline. Similar to the Aurora Corridor Improvement Project, it is likely to take several years and be designed, evaluated for compliance with environmental regulations and constructed in multiple phases. The multijurisdictional nature of its location and function as well as the various issues that need to be addressed in conjunction with redevelopment combine to create a very complex project.

The purpose of a RDP is to serve as a master plan for the proposed improvements to the corridor. Development of an RDP can also be known as “pre-design”. The RDP process allows for:

- Study of the existing condition and future function of the corridor – includes an inventory of current and projected traffic volumes, evaluation of accidents and their causes, identification of the locations and types of utilities, evaluation of existing transit service and future needs, including the light rail station, evaluation of existing bicycle and pedestrian facilities, identification of existing and projected transportation levels of service, evaluation of the function of the interchange at Interstate 5 and the evaluation of existing and planned land uses.
- Evaluation existing corridor plans – includes review and evaluation of studies, goals, policies and plans for the corridor including the City’s Comprehensive Plan and Transportation Master Plan and studies prepared by WSDOT and Sound Transit.
- Identification of project goals and evaluation criteria – development of goals that will help guide the RDP process and evaluation criteria that can be used to in the selection of a preferred alternative.
- Development of potential design alternatives/options – utilize the existing condition and future function of the corridor to identify areas that need to be corrected or improved in order to increase capacity, safety and mobility and develop multiple options to address those needs.
- Selection of a preferred alternative – using the evaluation criteria, select a final alternative for the project that will be utilized as the master plan for design, environmental review and construction.
- Development of cost estimates and phasing proposal – prepare estimates for costs associated with all phases of the project (design, environmental review, right-of-way acquisition, construction) and well as a strategic plan for its implementation, including division of the project into geographic segments.
- Robust public and agency involvement – providing opportunities for meaningful and frequent input from partner agencies as well as the public.

COUNCIL GOAL(S) ADDRESSED

This project addresses Goal 2, Improve Shoreline's utility, transportation, and environmental infrastructure.

RESOURCE/FINANCIAL IMPACT

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A no action alternative would include not entering the grant agreement and returning the identified funding to the State; doing so would result in a reduced scope for the RDP.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$246,000 for the 145th Street Route Development Plan including authorization of the Project Prospectus and any addendums or supplements required by the Washington Department of Transportation.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Resolution No. 361 Authorizing Investments in the Washington State Local Investment Pool
DEPARTMENT:	Administrative Service Director
PRESENTED BY:	Robert Hartwig, Administrative Services Director
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The purpose of this agenda item is to request Council's approval of Resolution No. 361 re-authorizing the investment of available City funds in the Washington State Local Government Investment Pool (LGIP; Attachment A). Council originally approved the City's Investment Policy on April 28, 2003 by adopting Resolution No. 204 (Attachment B). Section 8.6 of this policy specifically allowed the investment of available City funds in the LGIP. The LGIP is authorized by RCW 43.250.020 and WAC Chapter 210-10.

During 2013, WAC 210-01 was repealed and WAC 210-10 was adopted. Although this change is largely routine, the new chapter included the following four major revisions: (1) introduce the concept and use of a prospectus; (2) introduce the ability of the state treasurer to offer different subpools with different investment strategies; (3) modernize and update the provisions of the WACs to account for legislative change; and (4) provide for more clarity and more precision with respect to the terminology used in the WACs.

The State Treasurer is requesting that all governing bodies review the attached prospectus and confirm by resolution that they have read and understand the prospectus and understand the risks and limitations of investing in the LGIP, authorize the contribution and withdrawal of monies, and delegate authority to appropriate City staff to complete these transactions (Attachment C).

FINANCIAL IMPACT:

If Resolution No. 361 is approved, the City will continue to invest monies into the LGIP for short term investments. The LGIP has been a useful tool for staff to receive some interest earnings without committing funds for extended time periods. Staff has continued its investment laddering approach and has been investing \$1 million each quarter in three year agency bonds with a yield rate of between 0.814% and 1.0%; much higher than the current short term LGIP rate of 0.08%. While it is important to maximize investment earning, it is also essential to have an option like the LGIP to provide liquidity as City staff may make deposits and withdrawals on an as needed basis as our cash flow requires.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 361 authorizing investment in the Washington State Local Government Investment Pool and delegating the Administrative Services Director to manage such investments.

ATTACHMENTS:

Attachment A: Proposed Resolution No. 361

Attachment B: Resolution No. 204 and Investment Policy

Attachment C: LGIP Prospectus and LGIP Transaction Authorization Form

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

RESOLUTION NO. 361

**A RESOLUTION OF THE CITY COUNCIL, CITY OF SHORELINE,
WASHINGTON AUTHORIZING INVESTMENT OF MONIES IN THE
LOCAL GOVERNMENT INVESTMENT POOL**

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, the City of Shoreline (the “governmental entity”), to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the City Council (the “governing body”) shall be first duly authorized by resolution of the City Council; and

WHEREAS, the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS, the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus of the LGIP and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON:**

That the governing body does hereby authorize the contribution of governmental entity monies into and withdrawal out of the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (“Form”) as completed by the

Administrative Services Director attached hereto as Exhibit A and incorporated by reference herein and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates Robert Hartwig, Administrative Services Director (the “authorized individual”), to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual’s instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual’s delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual.

BE IT FINALLY RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

ADOPTED BY THE CITY COUNCIL ON JULY 21, 2014.

Mayor Shari Winstead

ATTEST:

Jessica Simulcik Smith
City Clerk

RESOLUTION NO. 204

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON REVISING FINANCIAL POLICIES REGARDING THE INVESTMENT OF PUBLIC FUNDS

WHEREAS, the City Council wishes to provide excellent financial management of the City's investment program; and

WHEREAS, the City's current investment policies, adopted in 1995, do not reflect the Government Finance Officers Association (GFOA) recommended best practices applicable to an investment program; and

WHEREAS, the City Council wishes to set out guidelines for the City Manager in the administration of a City investment program; and

WHEREAS, a comprehensive financial policy provides a solid foundation to meet the City's needs; and

WHEREAS, the City Council wishes to revise the Financial Policies associated with the investment of Public Funds; NOW, THEREFORE,

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

Section 1. The City Council hereby repeals section III of the Financial Management Policies (Resolution No. 37, dated July 31, 1995).

Section 2. The City Council hereby authorizes the Finance Department to implement administrative policy and procedures required to protect and account for City Investments.

Section 3. The City Council hereby adopts Investment Policies to be followed in the City's Cash Management Program (Attachment A).

ADOPTED BY THE CITY COUNCIL ON APRIL 28, 2003.



Scott Jepsen, Mayor

ATTEST:



Sharon Mattioli, City Clerk

**City of Shoreline
Investment Policy**

1.0 Policy:

It is the policy of the City of Shoreline to invest public funds in a manner, which will provide the highest investment return with the maximum security while meeting it's daily cash flow demands. All investments shall conform to all Washington statutes governing the investment of public funds.

2.0 Scope:

It is intended that these policies apply to investment activities of all reserves and inactive cash under the direct authority of the City of Shoreline.

2.1 Pooled Investments:

Investments for the City will be made on a pooled basis and include the financial assets of all funds of the City. These funds, presented in the City's Annual Financial Report, include:

2.1.1 The General Fund (001)

2.1.2 Special Revenue Funds (100 series of fund numbers), to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

2.1.3 Capital Project Funds (300 series of fund numbers) to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure (other than those financed by proprietary funds and trust funds) that include the construction project funds.

2.1.4 Internal Service Funds (500 series of fund numbers), to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis, represented by the Equipment Replacement, Equipment Rental, and Unemployment reserve Funds.

2.1.5 Any new fund created by the Council unless specifically exempted by the Council.

3.0 Prudence:

Investments shall be made with judgement and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

ATTACHMENT A

3.1 The standard of prudence to be used by investment officials should be the "prudent person," standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures, the investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective:

The primary objectives in priority order of the City's investment activity shall be safety, liquidity, and return on investment.

4.1 Safety: Safety of principal is the foremost objective of the City of Shoreline. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required so that potential losses on an individual security do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which may be reasonably anticipated.

4.3 Return on Investment: The City's investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints, the City's investment objectives, and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

By the adoption of this policy, the management of inactive cash and the investment of funds identified in paragraph 2.1 are the responsibility of the City Manager or his/her designee as identified within the City of Shoreline Municipal Code. Management responsibility for the investment program is hereby delegated to the Finance Director or his/her designee, who shall establish written procedures for the operation of the investment program consistent with this investment policy.

In the execution of this delegated authority, the Finance Director or his/her designee may establish accounts with qualified financial institutions and broker/dealers for the purpose of effecting investment transactions in accordance with this policy. The criteria used to select qualified financial institutions and broker/dealers are identified in paragraph 7.0 of this policy.

5.1 Investment Procedures: The procedures should include reference to safekeeping, master repurchase agreements, wire transfer agreements, custody agreements and banking services contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may

engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director or his/her designee.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Finance Director or his/her designee any material financial interest in financial institutions that conduct business within this jurisdiction and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City of Shoreline, particularly with regard to the timing of purchases and sales.

7.0 Authorized Financial Dealers and Institutions:

The Finance Director or his/her designee will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved Security Brokers/Dealers selected by credit worthiness and who are authorized to conduct business in the State of Washington. No public deposit may be made except in a qualified depository in the State of Washington as provided in Chapter 39.58 RCW. All brokers/dealers and financial institutions who desire to do business with the City must supply the Finance Director with annual audited financial statements, proof of National Association of Securities Dealers certification, and certification of having read the City's investment policy. The Finance Director will periodically conduct an annual review of the financial condition of all financial institutions and broker /dealers with whom the City invests ensuring that a current audited financial statement and other supplementary information required by the City is current.

8.0 Authorized and Suitable Investments:

The City of Shoreline is empowered to invest in any of the securities as defined by RCW 35A.40.050 "Fiscal - Investment of Funds." In general, these include:

8.1 Investment deposits, including certificates of deposit, with qualified depositories defined in Chapter 39.58, RCW.

8.2 Certificate notes or bonds of the United States, or other obligations of the United States, or its agencies, or any corporation owned by the government of the United States, such as the Government National Mortgage Association.

8.3 Obligations of government sponsored corporations, which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve System. These include, but are not limited to, Federal Home Loans, Bank notes and bonds, Federal Farm Credit Bank consolidation notes and bonds, Federal National Mortgage Association Notes, and guaranteed certificates of participation.

ATTACHMENT A

8.4 Bankers acceptances purchased on the secondary market.

8.5 Repurchase agreements for securities listed in 2, 3 and 4 above, provided that the transaction is structured so that the City of Shoreline obtains control over the underlying securities, and a master repurchase agreement has been signed with the bank or dealer.

8.6 Washington State Local Government Investment Pool.

9.0 Investment Strategy:

9.1 Pooled Investments. A buy and hold strategy will generally be followed; that is, investments once made will usually be held until maturity. A buy and hold strategy will result in unrealized gains or losses as market interest rates fall or rise from the coupon date of the investment. Unrealized gains or losses, however, will diminish as the maturity dates of the investments are approached or as market interest rates move closer to the coupon rate of the investment. A buy and hold strategy requires that the portfolio be kept sufficiently liquid to preclude the undesired sale of investments prior to maturity. Occasionally, the Finance Director may find it advantageous to sell an investment prior to maturity, but this should only be on an exception basis and only when it is clearly favorable to do so.

9.2 Investments held separately. Investments held separately for bond proceeds will follow the trust indenture for each issue.

10.0 Collateralization:

Investments in time certificates of deposit shall be fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings & Loan Insurance Corporation (FSLIC), as appropriate. Additionally the Public Deposit Protection Commission (PDPC) provides security by protecting public deposits, which exceed the amount insured by the FDIC. The PDPC also minimizes participating depositaries liability for defaulting institutions

In order to provide a level of security for all funds, collateralization will be required on certificates of deposit and repurchase agreements pursuant to RCW 39.58.050 and 39.59.020. Repurchase Agreements shall be collateralized at 102% of par value plus accrued interest. Only Securities authorized to be purchased by the City will be accepted as collateral and said instruments will always be held by an independent third party with which the City has a current custodial agreement. The independent third party shall provide a clearly marked evidence of ownership (safekeeping receipt) for the City's records.

The right to make substitutions of an equal or greater amount of such collateral at any time is granted.

11.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements entered into by the City of Shoreline, shall be conducted on a delivery versus payment basis. Securities

purchased by the City will be delivered against payment and held in a custodial safekeeping account. A third party custodian designated by the Finance Director will hold securities and safekeeping receipts will evidence all transactions.

12.0 Diversification:

In order to reduce overall portfolio risk while attaining benchmark average rate of return, the City will diversify its investments by security type, issuing institution, and terms of maturity. The diversification concept in a cash management fund thus will include prohibition against over concentration in a specific maturity sector as well as restricting the reliance on specific risk instruments and issuers. With the exception of U.S. Treasury Securities and the WA State Local Government Investment Pool no more than fifty percent (50%) of the City's total investment portfolio will be invested in a single security type, with a single financial institution or scheduled for maturity in a single date sector.

13.0 Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched with a specific cash flow, the City will not directly invest operating funds in securities maturing in more than two years from the date of purchase. However, the City may collateralize repurchase agreements using longer dated investments.

Reserve or construction in progress funds may be invested in securities maturing up to five years after the purchase date if such investments are made to coincide as nearly as practical with the expected use of the funds

14.0 Internal Controls:

The development of internal controls is the responsibility of the City's management. Authority to establish and maintain internal controls is by this policy assigned to the Finance Director or his/her designee. Either an independent auditor or an independent committee, as determined appropriate by the Finance Director or his/her designee shall conduct periodic reviews of said internal controls in order to assure compliance with investment policy, procedure and State statute. Periodic reviews may result in recommendations to revise or change procedures in order to improve effectiveness and/or efficiency.

15.0 Performance Standards:

The City of Shoreline investment portfolio will be designed to obtain a market average rate of return in budgetary and economic cycles, taking into account the City's investment risk constraints, investment objectives and cash flow needs.

15.1 Market Yield. The City's investment strategy is passive and yield objectives are just as important as internal controls. Given this strategy, the basis used to determine whether the market yields are being achieved shall be to identify a comparable benchmark to our portfolio investment duration. This benchmark shall be periodically reviewed for effectiveness and applicability. The present benchmark has been identified as the annual average of the Washington State

Local Government Investment Pool (LGIP). Average rate data will be derived from the Office of the State Treasurer, custodian and administrator of the LGIP.

16.0 Reporting:

Periodic investment reports to policymakers and elected officials provide necessary written communication regarding investment performance, risk analysis and adherence to policy provisions. Given this theory, investment reports shall be incorporated within routinely scheduled quarterly financial reports submitted to management and Council that provide a clear picture of the status of the current investment portfolio. The investment report should include, at a minimum: (a) a listing of individual securities held at the end of the reporting period by authorized investment category, (b) life and final maturity date of all investments listed, (c) earnings rate, (d) par value, and (e) percentage of the portfolio represented by each investment category.

17.0 Adoption of Policy:

The City of Shoreline investment policy shall be adopted by resolution of the City Council. The policy is subject to continuous review and evaluation primarily by the Finance Director and his/her designee in order to assure a degree of accountability and professionalism that is worthy of the public trust. All recommended modifications must be approved and adopted by resolution of the City Council.

GLOSSARY

Agencies. Federal Agency Securities, the price at which the securities are offered.

Bankers Acceptance (BA). A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the issuer bid.

Bid. The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Broker. A broker brings buyers and sellers together for a commission.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denominations CD's are typically negotiable.

Collateral. Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commission. The price offered for securities broker. A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides. He does

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not have a position in the money market. Brokers are active in markets, in which banks buy and sell money and enter dealer markets.

Coupon. An annual rate of interest that a bond issuer promises to pay the bondholder on the balance of the face value.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture. A bond secured only by the general credit of the issuer.

Delivery versus Payment. There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount. The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be a discount.

Discount Securities. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification. Dividing investment funds among a variety of securities offering independent returns.

Duration. The measurement of sensitivity of a security's market value or price. It is the average time until receipt of the weighted present value of the cash flows, expressed in years.

Factor. The decimal number representing the proportion of the outstanding principal balance of a security to its original certificate amount currently remaining.

Federal Credit Agencies. Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

Federal Deposit Insurance Corporation (FDIC). A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

Federal Funds Rate. The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.

Federal Home Loan Banks (FHLB). The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

ATTACHMENT A

Federal National Mortgage Association (FNMA). FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, HUD. It is the largest single provider of residential mortgage funds in the States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC). Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve System. The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

Float. The amount of money represented by checks outstanding and in the process of collection.

Freddie Mac. The Federal Home Loan Mortgage Corporation (FHLMC) was created in July 1970 to promote development of a nation-wide secondary market in conventional residential mortgages. The FHLMC buys residential mortgages and then resells them via the sale of mortgage related instruments. The FHLMC may purchase mortgages only from financial institutions that have their deposits or accounts insured by agencies of the federal government.

Full Faith and Credit. A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

Government National Mortgage Association (GNMA OR GINNIE MAE). The 1968 partition of the Federal National Mortgage Association spawned the Government National Mortgage Association. Ginnie Mae is a wholly government-owned corporation within the Department of Housing and Urban Development. Ginnie Mae's mission is to make real estate investment more attractive to institutional investors which it has done by designing and issuing, partly in conjunction with private financial institutions, mortgage-backed securities for which an active secondary market has developed. These securities are referred to as pass-through securities because payment of interest and principal on mortgages is passed on to the certificate holders after deduction of fees for servicing and guarantee. These securities carry Ginnie Mae's guarantee of timely payment of both principal and interest and are backed by the full faith and credit of the U.S. Government.

ATTACHMENT A

Internal Control. A plan of organization for purchasing, accounting, and other financial activities which, among other things, provides that:

- The duties of employees are subdivided so that no single employee handles a financial action from beginning to end.
- Proper authorization from specific responsible officials are obtained before key steps in the processing of a transaction are completed; and
- Records and procedures are arranged appropriately to facilitate effective control.

Investment. Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payments.

Investment Instrument. The specific type of security, which a government purchases, and holds.

Liquidity. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked price is narrow and reasonable size can be done at those quotes.

Local Government Investment Pool (LGIP). The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value. The price at which a security is trading and could presumably be purchased or sold.

Master Repurchase Agreement. A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity. The date upon which the principal or stated value of an investment becomes due and payable.

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer. The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Bid.

Open Market Operations. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

ATTACHMENT A

Performance Measures. Specific quantitative measures of work performed within an activity or program (e.g., total interest earned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., comparison of portfolio yield to six-month Treasury bill).

Premium. The amount by which a security is selling above par.

Portfolio. A collection of securities held by an investor.

Primary Dealer. A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal insight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

Prudent Person Rule. An investment standard. Washington law requires that a fiduciary or trustee may invest money only in a list of eligible investments pursuant to the text of RCW 39.59.020; 35.39.030; 43.84.080; and 43.250.040. In some other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

Qualified Public Depositories. A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (RP or REPO). A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

Safekeeping. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market. A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities. Evidence of Deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to security deposits of public monies.

Securities & Exchange Commission. Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Structured Notes. Notes issued by Government Sponsored Enterprises (Federal Home Loan Bank, Federal National Mortgage Association, Student Loan Marketing Association, etc) and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Tax Anticipation Notes. Notes issued in anticipation of taxes which are retired usually from taxes collected.

Treasury Bills. A non-interest bearing discount security issued by the U. S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond. Long-term U. S. treasury securities having initial maturities of more than ten years.

Treasury Notes. Intermediate term coupon bearing U. S. Treasury securities having initial maturities of from one to ten years.

Uniform Net Capital Rule. Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called 'net capital rule' and 'net capital ratio'. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one-reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Weighted Average Life. The weighted average number of years from the security's issuance until each principal dollar is returned to the investor.

Yield. The rate of annual income return on an investment, expressed as a percentage.

- INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.
- NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**LOCAL GOVERNMENT
INVESTMENT POOL**

Prospectus

January 2014



James L. McIntire

Washington State Treasurer

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I. The LGIP

The Local Government Investment Pool (the “LGIP”) is an investment pool of public funds placed in the custody of the Office of the Washington State Treasurer (the “State Treasurer”) for investment and reinvestment as defined by RCW 43.250.020. The purpose of the LGIP is to allow eligible governmental entities to participate with the state in the investment of surplus public funds, in a manner that optimizes liquidity and return on such funds. In establishing the LGIP, the legislature recognized that not all eligible governmental entities are able to maximize the return on their temporary surplus funds, and therefore it provided a mechanism whereby they may, at their option, utilize the resources of the State Treasurer to maximize the potential of their surplus funds while ensuring the liquidity of those funds.

The State Treasurer has established a sub-pool within the LGIP whose shares are offered by means of this Prospectus: The LGIP-Money Market Fund (the “LGIP-MMF” or the “Fund”). The State Treasurer has the authority to establish additional sub-pools in the future.

The Fund offered in this Prospectus seeks to provide current income by investing in high-quality, short term money market instruments. These standards are specific to the Fund, as illustrated in the following table. The LGIP-MMF offers daily contributions and withdrawals.

FUND SNAPSHOT

The table below provides a summary comparison of the Fund’s investment types and sensitivity to interest rate risk. This current snapshot can be expected to vary over time.

Fund	Investment Types	Maximum Dollar-Weighted Average Maturity for LGIP-MMF
LGIP-Money Market Fund	Cash	60 days
Current Investments (as of November 1, 2013)	Bank Deposits US Treasury bills Repurchase agreements US Government agency obligations	

Fees and Expenses

Administrative Fee. The State Treasurer charges pool participants a fee representing administration and recovery costs associated with the operation of the Fund. The administrative fee accrues daily from pool participants’ earnings prior to the earnings being posted to their account. The administrative fee will be paid monthly. In the event that there are no earnings, the administrative fee will be deducted from principal.

The chart below illustrates the operating expenses of the LGIP-MMF for past years, expressed in basis points as a percentage of fund assets.

**Local Government Investment Pool-MMF
Operating Expenses by Fiscal Year (in Basis Points)**

	2006	2007	2008	2009	2010	2011	2012	2013
<i>Total Operating Expenses</i>	<i>1.12</i>	<i>0.96</i>	<i>0.84</i>	<i>0.88</i>	<i>0.64</i>	<i>0.81</i>	<i>0.68</i>	<i>0.87</i>

(1 basis point = 0.01%)

Because most of the expenses of the LGIP-MMF are fixed costs, the fee (expressed as a percentage of fund assets) will be affected by: (i) the amount of operating expenses; and (ii) the assets of the LGIP-MMF. The table below shows how the fee (expressed as a percentage of fund assets) would change as the fund assets change, assuming an annual fund operating expenses amount of \$800,000.

Fund Assets	\$6.0 bn	\$8.0 bn	\$10.0 bn
Total Operating Expenses (in Basis Points)	1.33	1.0	.80

Portfolio Turnover: The Fund does not pay a commission or fee when it buys or sells securities (or “turns over” its portfolio). However, debt securities often trade with a bid/ask spread. Consequently, a higher portfolio turnover rate may generate higher transaction costs that could affect the Fund’s performance.

II. Local Government Investment Pool – Money Market Fund

Investment Objective

The LGIP-MMF will seek to effectively maximize the yield while maintaining liquidity and a stable share price of \$1.

Principal Investment Strategies

The LGIP-MMF will seek to invest primarily in high-quality, short term money market instruments. Typically, at least 55% of the Fund’s assets will be invested in US government securities and repurchase agreements collateralized by those securities. The LGIP-MMF means a sub-pool of the LGIP whose investments will primarily be money market instruments. The LGIP-MMF will only invest in eligible investments permitted by state law. The LGIP-MMF will not be an SEC-registered money market fund and will not be required to follow SEC Rule 2a-7. Investments of the LGIP-MMF will conform to the LGIP Investment Policy, the most recent version of which will be posted on the LGIP website and will be available upon request.

Principal Risks of Investing in the LGIP-Money Market Fund

Counterparty Credit Risk. A party to a transaction involving the Fund may fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategies.

Interest Rate Risk. The LGIP-MMF’s income may decline when interest rates fall. Because the Fund’s income is based on short-term interest rates, which can fluctuate significantly over short periods, income risk is expected to be high. In addition, interest rate increases can cause the price of a debt security to decrease and even lead to a loss of principal.

Liquidity Risk. Liquidity risk is the risk that the Fund will experience significant net withdrawals of Fund shares at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss.

Management Risk. Poor security selection or an ineffective investment strategy could cause the LGIP-MMF to underperform relevant benchmarks or other funds with a similar investment objective.

Issuer Risk. The LGIP-MMF is subject to the risk that debt issuers and other counterparties may not honor their obligations. Changes in an issuer's credit rating (e.g., a rating downgrade) or the market's perception of an issuer's creditworthiness could also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation. Also, a decline in the credit quality of an issuer can cause the price of a money market security to decrease.

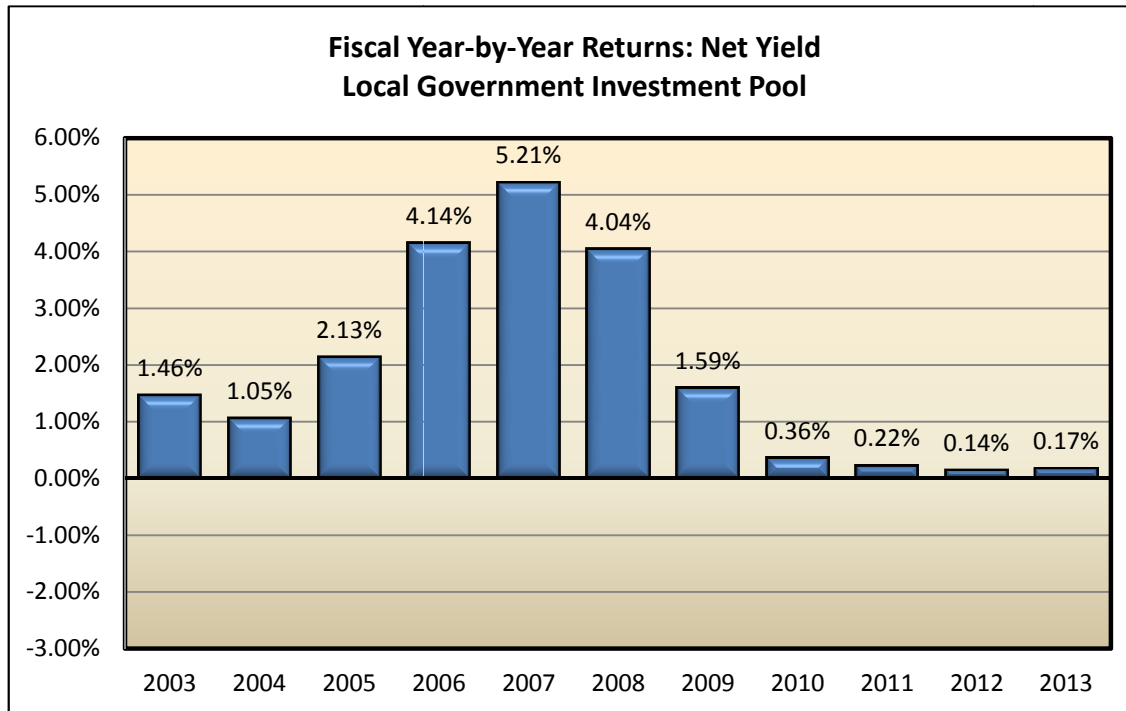
Securities Lending Risk and Reverse Repurchase Agreement Risk. The LGIP-MMF may engage in securities lending or in reverse repurchase agreements. Securities lending and reverse repurchase agreements involve the risk that the Fund may lose money because the borrower of the Fund's securities fails to return the securities in a timely manner or at all or the Fund's lending agent defaults on its obligations to indemnify the Fund, or such obligations prove unenforceable. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

Risks Associated with use of Amortized Cost. The use of amortized cost valuation means that the LGIP-MMF's share price may vary from its market value NAV per share. In the unlikely event that the State Treasurer were to determine that the extent of the deviation between the Fund's amortized cost per share and its market-based NAV per share may result in material dilution or other unfair results to shareholders, the State Treasurer may cause the Fund to take such action as it deems appropriate to eliminate or reduce to the extent practicable such dilution or unfair results.

An investment in the LGIP-MMF is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of investments at \$1 per share, pool participants could lose money by investing in the LGIP-MMF. There is no assurance that the LGIP-MMF will achieve its investment objective.

Performance

The following information is intended to address the risks of investing in the LGIP-MMF. The information illustrates changes in the performance of the LGIP-MMF's shares from year to year. Returns are based on past results and are not an indication of future performance. Updated performance information may be obtained on our website at www.tre.wa.gov or by calling the LGIP toll-free at 800-331-3284.



<u>Local Government Investment Pool-Money Market Fund</u>			
<u>Average Accrued Net Yield</u>			
<u>1 Year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
0.17%	0.19%	.52%	1.94%

Transactions: LGIP-MMF

General Information

The minimum transaction size (contributions or withdrawals) for the LGIP-MMF will be five thousand dollars. The State Treasurer may, in its sole discretion, allow for transactions of less than five thousand dollars.

Valuing Shares

The LGIP-MMF will be operated using a net asset value (NAV) calculation based on the amortized cost of all securities held such that the securities will be valued at their acquisition cost, plus accrued income, amortized daily.

The Fund's NAV will be the value of a single share. NAV will normally be calculated as of the close of business of the NYSE, usually 4:00 p.m. Eastern time. If the NYSE is closed on a particular day, the Fund will be priced on the next day the NYSE is open.

NAV will not be calculated and the Fund will not process contributions and withdrawals submitted on days when the Fund is not open for business. The time at which shares are priced and until which contributions and withdrawals are accepted is specified below and may be changed as permitted by the State Treasurer.

To the extent that the LGIP-MMF's assets are traded in other markets on days when the Fund is not open for business, the value of the Fund's assets may be affected on those days. In addition, trading in some of the Fund's assets may not occur on days when the Fund is open for business.

Transaction Limitation

The State Treasurer reserves the right at its sole discretion to set a minimum and/or maximum transaction amount from the LGIP-MMF and to limit the number of transactions, whether contribution, withdrawal, or transfer permitted in a day or any other given period of time.

The State Treasurer also reserves the right at its sole discretion to reject any proposed contribution, and in particular to reject any proposed contribution made by a pool participant engaged in behavior deemed by the State Treasurer to be abusive of the LGIP-MMF.

A pool participant may transfer funds from one LGIP-MMF account to another subject to the same time and contribution limits as set forth in WAC 210.10.060.

Contributions

Pool participants may make contributions to the LGIP-MMF on any business day. All contributions will be effected by electronic funds transfer to the account of the LGIP-MMF designated by the State Treasurer. It is the responsibility of each pool participant to pay any bank charges associated with such electronic transfers to the State Treasurer. Failure to wire funds by a pool participant after notification to the State Treasurer of an intended transfer will result in penalties. Penalties for failure to timely wire will be assessed to the account of the pool participant responsible.

Notice. To ensure same day credit, a pool participant must inform the State Treasurer of any contribution over one million dollars no later than 9 a.m. on the same day the contribution is made. Contributions for one million dollars or less can be requested at any time prior to 10 a.m. on the day of contribution. For all other contributions over one million dollars that are requested prior to 10 a.m., a pool participant may receive same day credit at the sole discretion of the State Treasurer. Contributions that receive same day credit will count, for earnings rate purposes, as of the day in which the contribution was made. Contributions for which no notice is received prior to 10:00 a.m. will be credited as of the following business day.

Notice of contributions may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to State Treasurer's Treasury Management System ("TMS"). Please refer to the [LGIP-MMF Operations Manual](#) for specific instructions regarding contributions to the LGIP-MMF.

Direct deposits from the State of Washington will be credited on the same business day.

Pricing. Contribution requests received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that contribution date.

Withdrawals

Pool participants may withdraw funds from the LGIP-MMF on any business day. Each pool participant shall file with the State Treasurer a letter designating the financial institution at which funds withdrawn from the LGIP-MMF shall be deposited (the "Letter"). This Letter shall contain the name of the financial institution, the location of the financial institution, the account name, and the account number to which funds will be deposited. This Letter shall be signed by local officials authorized to receive and disburse funds, as described in WAC 210-10-020.

Disbursements from the LGIP-MMF will be effected by electronic funds transfer. Failure by the State Treasurer to wire funds to a pool participant after proper notification to the State Treasurer to disburse funds to a pool participant may result in a bank overdraft in the pool participant's bank account. The State Treasurer will reimburse a pool participant for such bank overdraft penalties charged to the pool participant's bank account.

Notice. In order to withdraw funds from the LGIP-MMF, a pool participant must notify the State Treasurer of any withdrawal over one million dollars no later than 9 a.m. on the same day the withdrawal is made. Withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of withdrawal. For all other withdrawals from the LGIP-MMF over one million dollars that are requested prior to 10 a.m., a pool participant may receive such withdrawal on the same day it is requested at the sole discretion of the State Treasurer. No earnings will be credited on the date of withdrawal for the amounts withdrawn. Notice of withdrawals may be given by calling the Local Government Investment Pool (800-331-3284) OR by logging on to TMS. Please refer to the LGIP-MMF Operations Manual for specific instructions regarding withdrawals from the Fund.

Pricing. Withdrawal requests with respect to the LGIP-MMF received in good order will receive the NAV per unit of the LGIP-MMF next determined after the order is accepted by the State Treasurer on that withdrawal date.

Suspension of Withdrawals. If the State Treasurer has determined that the deviation between the Fund's amortized cost price per share and the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) may result in material dilution or other unfair results, the State Treasurer may, if it has determined irrevocably to liquidate the Fund, suspend withdrawals and payments of withdrawal proceeds in order to facilitate the permanent termination of the Fund in an orderly manner. The State Treasurer will distribute proceeds in liquidation as soon as practicable, subject to the possibility that certain assets may be illiquid, and subject to subsequent distribution, and the possibility that the State Treasurer may need to hold back a reserve to pay expenses.

The State Treasurer also may suspend redemptions if the New York Stock Exchange suspends trading or closes, if US bond markets are closed, or if the Securities and Exchange Commission declares an emergency. If any of these events were to occur, it would likely result in a delay in the pool participants' redemption proceeds.

The State Treasurer will notify pool participants within five business days of making a determination to suspend withdrawals and/or irrevocably liquidate the fund and the reason for such action.

Earnings and Distribution

LGIP-MMF Daily Factor

The LGIP-MMF daily factor is a net earnings figure that is calculated daily using the investment income earned (excluding realized gains or losses) each day, assuming daily amortization and/or accretion of income of all fixed income securities held by the Fund, less the administrative fee. The daily factor is reported on an annualized 7-day basis, using the daily factors from the previous 7 calendar days. The reporting of a 7-day annualized yield based solely on investment income which excludes realized gains or losses is an industry standard practice that allows for the fair comparison of funds that seek to maintain a constant NAV of \$1.00.

LGIP-MMF Actual Yield Factor

The LGIP-MMF actual yield factor is a net daily earnings figure that is calculated using the total net earnings including realized gains and losses occurring each day, less the administrative fee.

Dividends

The LGIP-MMF's dividends include any net realized capital gains or losses, as well as any other capital changes other than investment income, and are declared daily and distributed monthly.

Distribution

The total net earnings of the LGIP-MMF will be declared daily and paid monthly to each pool participant's account in which the income was earned on a per-share basis. These funds will remain in the pool and earn additional interest unless withdrawn and sent to the pool participant's designated bank account as specified on the Authorization Form. Interest earned will be distributed monthly on the first business day of the following month.

Monthly Statements and Reporting

On the first business day of every calendar month, each pool participant will be sent a monthly statement which includes the pool participant's beginning balance, contributions, withdrawals, transfers, administrative charges, earnings rate, earnings, and ending balance for the preceding calendar month. Also included with the statement will be the monthly enclosure. This report will contain information regarding the maturity structure of the portfolio and balances broken down by security type.

III. Management

The State Treasurer is the manager of the LGIP-MMF and has overall responsibility for the general management and administration of the Fund. The State Treasurer has the authority to offer additional sub-pools within the LGIP at such times as the State Treasurer deems appropriate in its sole discretion.

Administrator and Transfer Agent. The State Treasurer will serve as the administrator and transfer agent for the Fund.

Custodian. A custodian for the Fund will be appointed in accordance with the terms of the LGIP Investment Policy.

IV. Miscellaneous**Limitation of Liability**

All persons extending credit to, contracting with or having any claim against the Fund offered in this Prospectus shall look only to the assets of the Fund that such person extended credit to, contracted with or has a claim against, and none of (i) the State Treasurer, (ii) any subsequent sub-pool, (iii) any pool participant, (iv) the LGIP, or (v) the State Treasurer's officers, employees or agents (whether past, present or future), shall be liable therefor. The determination of the State Treasurer that assets, debts, liabilities, obligations, or expenses are allocable to the Fund shall be binding on all pool participants and on any person extending credit to or contracting with or having any claim against the LGIP or the Fund offered in this Prospectus. There is a remote risk that a court may not enforce these limitation of liability provisions.

Amendments

This Prospectus and the attached Investment Policy may be amended from time to time. Pool participants shall receive notice of changes to the Prospectus and the Investment Policy. The amended and restated documents will be posted on the State Treasurer website: www.tre.wa.gov.

Should the State Treasurer deem appropriate to offer additional sub-pools within the LGIP, said sub-pools will be offered by means of an amendment to this prospectus.

LGIP-MMF Contact Information

Internet: www.tre.wa.gov Treasury Management System/TMS

Phone: 1-800-331-3284 (within Washington State)

Mail:

Office of the State Treasurer
Local Government Investment Pool
PO Box 40200
Olympia, Washington 98504
FAX: 360-902-9044

**LOCAL GOVERNMENT INVESTMENT POOL
TRANSACTION AUTHORIZATION FORM**

Attachment C

Please fill out this form completely, including any existing information, as this form will replace the previous form.

Name of Entity: <u>City of Shoreline</u>	Mailing Address:
Fax Number: <u>206-546-7870</u>	<u>17500 Midvale Avenue</u>
E-mail Contact: <u>hyeh@shorelinewa.gov</u>	<u>Shoreline, WA 98133</u>

Do you wish to have your monthly LGIP statements faxed to the number listed above?

Please note – if you choose to receive statements via fax, you will not receive another copy via U.S. mail.

YES, please fax statements **No**, please send statements via U.S. mail

Bank account where funds will be wired when a withdrawal is requested.

(Note: Funds **will not** be transferred to any account other than that listed).

Bank Name: <u>US BANK</u>
Branch Location: <u>15415 Westminister Way North, Shoreline, WA 98133</u>
Bank Routing Number: <u>125000105</u>
Account Number: <u>1535 9537 2357</u>
Account Name: <u>City of Shoreline</u>

Persons authorized to make deposits and withdrawals for the entity listed above.

Name	Title	Signature	Telephone Number
<u>Henry Yeh</u>	<u>Staff Accountant</u>	<u>[Signature]</u>	<u>206-801-2312</u>
<u>Patti Bader</u>	<u>Finance Manager</u>	<u>[Signature]</u>	<u>206-801-2311</u>
<u>Robert Hartwig</u>	<u>Admin. Services Director</u>	<u>[Signature]</u>	<u>206-801-2301</u>

By signature below, I certify I am authorized to represent the institution/agency for the purpose of this transaction.

<u>[Signature]</u> <small>(Authorized Signature)</small>	<u>Administrative Services Director</u> <small>(Title)</small>	<u>6/13/14</u> <small>(Date)</small>
<u>Robert Hartwig</u> <small>(Print Authorized Signature)</small>	<u>rhartwig@shorelinewa.gov</u> <small>(E-mail Address)</small>	<u>206-801-2301</u> <small>(Telephone number)</small>

Any changes to these instructions must be submitted in writing to the Office of the State Treasurer. Please mail this form to the address listed below:

OFFICE OF THE STATE TREASURER
LOCAL GOVERNMENT INVESTMENT POOL
PO Box 40200
OLYMPIA, WA 98504-0200
FAX: (360) 902-9044

Date Received: ___/___/___
Fund Number: _____
<i>(for LGIP use only)</i>

State of Washington)
County of _____) ss.

Signed or attested before me by _____
Dated this ___ day of _____, 20__.

Signature of Notary

SEAL OR STAMP

Typed or printed name of Notary
7c27 Notary Public in and for the State of Wash.
My appointment expires: _____

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance Nos. 689 and 690 - Concurrency and Impact Fees
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Alicia McIntire, Senior Transportation Planner
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

In 2011, Council adopted an updated Transportation Master Plan (TMP). One chapter in the plan discusses transportation concurrency and level of service. The plan includes policies identifying the transportation levels of service in the City as well as direction to adopt an impact fee program. These policies were also adopted as part of the 2012 Comprehensive Plan update. The TMP also includes a suggested framework for evaluating transportation concurrency.

The City's transportation concurrency consultant has made several presentations to Council explaining state law addressing transportation concurrency requirements, options available for implementation of an impact fee program and a description of the transportation concurrency framework included in the TMP. On May 12, 2014, staff presented two draft ordinances which establish an updated concurrency methodology and impact fee program for Shoreline. The presentation included the Planning Commission and staff's recommendations and supporting documentation for both draft ordinances. Council continued this discussion on June 2, 2014.

Adoption of proposed Ordinance No. 689 (Attachment A), which clarifies the City's concurrency requirement, and proposed Ordinance No. 690 (Attachment B), which establishes impact fees, would implement the policy direction provided in the TMP. The Rate Study for Transportation Impact Fees, which Council is also being asked to adopt, is attached the staff report as Attachment C.

RESOURCE/FINANCIAL IMPACT:

Upon adoption of an impact fee program, the City would begin implementing the new concurrency system and on January 1, 2015, collecting impact fees in conjunction with building permits. Impact fees would be applied toward design and construction of the transportation improvements needed to accommodate growth and maintain the City's adopted level of service for transportation facilities. Both the concurrency program and the impact fee program have a fee structure to capture the administrative costs associated with these programs. Funding has also been allocated for development of

public information handouts and internal forms as well as implementation training for staff once these programs are adopted.

Development of these draft ordinances represents a significant investment in both time and resources for the City. However, it is staff's belief that adoption and administration of these programs will result in a more streamlined permitting process and will require less time to review the transportation impacts associated with development permit applications.

RECOMMENDATION

Staff recommends Council adopt Ordinance Nos. 689 and 690 and the Rate Study for Impact Fees for Transportation.

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

INTRODUCTION

In 2011, Council adopted an updated Transportation Master Plan (TMP). One chapter in the plan discusses transportation concurrency and level of service. The plan includes policies identifying the transportation levels of service in the City as well as direction to adopt an impact fee program. These policies were also adopted as part of the 2012 Comprehensive Plan update. The TMP also includes a suggested framework for evaluating transportation concurrency.

The City's transportation concurrency consultant has made several presentations to Council explaining state law addressing transportation concurrency requirements, options available for implementation of an impact fee program and a description of the transportation concurrency framework included in the TMP. On May 12, 2014, staff presented two draft ordinances which establish an updated concurrency methodology and impact fee program for Shoreline. The presentation included the Planning Commission and staff's recommendations and supporting documentation for both draft ordinances. Council continued this discussion on June 2, 2014.

Adoption of proposed Ordinance No. 689 (Attachment A), which clarifies the City's concurrency requirement, and proposed Ordinance No. 690 (Attachment B), which establishes impact fees, would implement the policy direction provided in TMP. The Rate Study for Transportation Impact Fees, which Council is also being asked to adopt, is attached the staff report as Attachment C.

BACKGROUND

At the May 12, 2014 Council meeting, staff presented draft ordinances, Planning Commission and staff's recommendations and supporting documentation for an updated concurrency methodology and impact fee program for Shoreline. Council continued this discussion on June 2, 2014. The staff reports, associated presentations and Council discussions can be viewed online at the following locations:

May 12, 2014 staff report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport051214-9a.pdf>

May 12, 2014 presentation and Council discussion:

<http://shorelinewa.gov/government/shoreline-city-council/live-and-video-council-meetings>

June 2, 2014 staff report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport060214-9a.pdf>

June 2, 2014 presentation and Council discussion:

<http://shorelinewa.gov/government/shoreline-city-council/live-and-video-council-meetings>

At the June 2nd meeting, Council directed staff to return on July 21, 2014 with revisions to proposed Ordinance No. 690 that does not include provisions for deferral of payment

of transportation impact fees for single family residential development and does not include exemptions from the payment of transportation impact fees for low income residential developments. Attachment B to this staff report (revised Ordinance No. 690) reflects these changes.

DISCUSSION

In response to the June 2 staff report and presentation, Council raised the following concerns/issues and requested that staff prepare potential amendments to draft Ordinance No. 690. Similar issues are grouped together, and staff responses are provided in italics below. Responses to the concerns and issues raised in response to the May 12 staff report and presentation can be found at the following location: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport060214-9a.pdf>.

Deferral of Impact Fees

- If the City were to adopt a “cap” on the amount of impact fees exempted for economic development, how would it be administered?
- Is it possible to allow small businesses to pay impact fees over a period of time?
- Subsequent to the Council meeting, staff was requested to prepare an amendment that adds deferral for single family residential development to the impact fee ordinance.
- If payment of the impact fee for single family residential is deferred, who pays it?

As described in the June 2, 2014 staff report, the City can provide for an exemption from transportation impact fees when it has identified a “broad public purpose.” It could be argued that economic development is a broad public purpose. The staff report described the impact fee exemption allowance for economic development established by the City of Bonney Lake. The purpose of these adjustments (which can be up to 100%) is to encourage certain types of business in certain areas of the city. The City of Bonney Lake has established an “earmark fund” to have the City pay for the exempted/adjusted funds. During the presentation, staff recommended that should the City establish a similar program, a “cap” on the size of the earmark fund and/or the time frame for utilizing the funding be included in the program. In the future, Council would have the option to replenish the fund should it be fully expended, as well as the option to extend the amount of time available for its use.

The City can allow small businesses to pay impact fees over a period of time. Staff has drafted Potential Amendment #3 (Attachment D) to provide an option for small businesses to pay 50% of the impact fee at the same time as other applicants (time of building permit issuance) and pay the balance within 24 months from the date of building occupancy or when ownership of the property is transferred, whichever is earlier. The potential amendment includes a definition for “small business”, as well as a process for recording of a lien to allow the City to collect the balance of the impact fee should the business owner fail to submit timely payment. A revised definition of “impact fee” and language addressing the administrative fee for this

deferral would be required, similar to proposed language in Potential Amendment #1 (Attachment D).

Staff has significant reservations regarding deferral of impact fees for businesses and does not recommend adopting this allowance, as it would result in a very complicated process for the City to administer. Because small businesses are more susceptible to failure and are often located in leased spaces, the draft recommendation is crafted to tie the deferral to the property itself. Should the business fail before the impact fee is paid, payment to the City would be delayed until such time as the property sells or the City would need to pursue payment from the property owner, which could be a lengthy and expensive process. In addition, by allowing for a deferral, the burden of impact fees is shifted from the lessee business (upon failure) to a potentially innocent property owner. If the City adopts a different approach and a lien was not filed on the property, the City would be responsible for pursuing payment of the impact fee from the business itself. This would be extremely difficult should a business fail as there may be no financial resources the City could secure to satisfy the debt. Should Council opt to allow for impact fee payment deferral, staff recommends against providing a deferral option for any use other than single family residential.

Potential Amendment #1 includes language for deferral of impact fees for single family residential development. This language was set forth in the draft ordinance included with the May 12 and June 2 staff reports and was removed at Council direction at the June 2 meeting. A revised definition for "Impact Fees" and a section that would accompany the rate table (SMC 3.01.015) are also included as part of this amendment, as they specifically address deferral.

The draft language for deferral of impact fees for single family residential development requires payment of the fee either seven days after the sale of the property or eighteen months after issuance of the original building permit, whichever is earlier. The seller would bear liability for payment of the impact fees. Should the impact fee be paid in conjunction with the sale of the property, the purchaser would pay the fee directly. If the original permit applicant paid the impact fee in advance (either at the time of permit issuance or later as part of a deferral), those costs would be incorporated into the sale price of the developed property and passed along to the purchaser.

Reduction of Impact Fee

- Subsequent to the council meeting, staff was requested to prepare an amendment that reduces the fee per trip to 75% of the impact fee calculation, rather than 97%.

Potential Amendment #2 (Attachment D) provides language that would allow for adoption of a reduced transportation impact fee. Rather than revise the Rate Study for Impact Fees for Transportation, staff recommends that should Council opt to adopt a reduced rate, it is done by amending the impact fee table within proposed Ordinance No. 690. In this way, the rate study identifies the actual trip rate for the City and should Council choose to adopt a revised rate in the future, it would only require a change to Shoreline Municipal Code 3.01.015(A). The potential amendment

includes one additional “whereas” clause in order to clarify the differences between the rate study for impact fees and the table adopted in the ordinance.

As reported at the June 9 Council meeting during the discussion regarding costs for development, the table below identifies the percentage of impact fee trip rate adopted for several other cities.

City	Percentage Of Impact Fee Trip Rate Adopted
Bothell	Started at 50% in 2010 (during the recession), with scheduled increases to 100% by 2014
Issaquah	100%
Redmond	100%
Kirkland	100%
Kent	30% (the staff report chart shows zero transportation impact fee for Kent, but Kent adopted it in 2010 during the recession)
Burien	100%
Lynnwood	Adopted 50%; this amount was phased in over 5 years (20% of the 50% in year 1, 40% of the 50% in year 2, etc. They are currently at 80%)
Mountlake Terrace	50%, scheduled to increase to 75% in 2014

Tax Deductions for Impact Fees

- Are Traffic Impact Fees charged for a development project deductible on one's income taxes?

A builder treats the impact fee the same as construction materials, subcontractor costs, etc. It is part of the cost of the builder's project, and their income tax is only due on the net income (profit). For the buyer of the building, the impact fee is included in the total cost of the property, therefore it is effectively capitalized as part of the cost of the property. It has the same treatment on the owner's income taxes as the rest of the cost of property and mortgage.

Exemption for Low Income Housing

- Subsequent to the council meeting, staff was requested to prepare an amendment that provides an exemption/reduction for low income housing development.

The Housing Development Consortium (HDC) contacted the City with a request to revisit the low income housing provision in proposed Ordinance No. 690 (Attachment E). HDC questioned staff's interpretation of RCW 82.02.060, which establishes the allowances for impact fee exemptions for low income housing. Staff interpreted this section to allow for an exemption when “housing with monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development” only. In other words, the City could not set an income level different than 30% of 80% for low

income housing. Staff also interpreted this statute as not allowing for the City to set a time restriction by which housing units needed to remain available only to low-income households.

HDC provided examples to staff of other jurisdictions' policies that allow for an exemption that applies to homes affordable at 60% of the area median income (AMI), rather than 80%. Staff reconsidered the RCW and agrees that the City can provide for an exemption that is lower than 80% of the AMI. The level of exemption is for Council's consideration. Potential Amendment #4 (Attachment D) provides suggested language for this exemption.

HDC also states that it is a national best practice to require publically-subsidized affordable housing to remain affordable for at least 30 years. In this regard, HDC requests that the City require the same for those units receiving an exemption from impact fees. RCW 82.02.060 provides no mandatory time parameters for retention of a project benefited by an impact fee exemption. Rather, RCW 82.02.060(3) allows for conversion but with a penalty - if the property is converted to non low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion.

Like HDC, staff reads flexibility into RCW 82.02.060, but that flexibility is for the property owner – allowing the property owner to convert the project to a use other than low-income housing just so long as the applicable impact fees in effect at the time of conversion are paid. As was noted in the June 2 staff report, other statutes drafted by the Legislature have expressly placed time restrictions on programs related to affordable housing such as RCW 42.185A's loan/grant program for affordable housing (30 year requirement) and WAC 262-01-130's Housing Finance Commission low income housing tax credit program (30 year requirement). Similarly, RCW 84.34's Open Space Current Use Tax Credit binds the ability to withdraw from the program (10 years) but requires the repayment of taxes if the property's classification is changed prior to the expiration of this time. Based on this, staff does not recommend approval of time parameters.

In their letter, HDC states that RCW 82.02.060 does not require the City to pay for the majority of the exemption using general funds and that other revenue sources can be used. Staff reviewed the language of RCW 82.02.060; which does create confusion. The waivers are:

- (2) Partial exemptions of not more than 80 percent of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts.*
- (3) A full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.*

Based on the language and the legislative history, the HDC's interpretation set forth in their comment letter is not unreasonable. But, a review of the legislative history finds that the Legislature did not provide specific guidance on how this lost revenue would be captured so as to provide for the needed infrastructure. Staff believes however, that in either of the waiver options there is a funding gap for the growth project list until the general fund, grants, or some other source is found to

compensate for the lost revenue that should have come in from a development's payment of impact fees. The City cannot raise the impact fee for other developers/property owners in order to make up for the loss from this exemption.

STAKEHOLDER OUTREACH

The draft concurrency methodology was presented to the Planning Commission for review and discussion on March 6, 2014. A public hearing was held on March 20, 2014 and the Planning Commission adopted their recommendation to Council, incorporated into proposed Ordinance No. 689 as Exhibit A, at that time. The May 12, 2014 Council packet contains the record of the Planning Commission deliberations and recommendation. Council held discussions of the proposed concurrency methodology and impact fee program (proposed Ordinance Nos. 689 and 690, respectively) and the Rate Study for Impact Fees for Transportation on May 12, 2014 and June 2, 2014.

Prior to presenting to the Planning Commission in March, staff contacted Shoreline's regional representative of the Master Builders' Association (Jennifer Anderson, South Snohomish County Manager) to notify them of the City's efforts to update its concurrency methodology and adopt an impact fee program. Staff and Ms. Anderson discussed the process to date and the anticipated Planning Commission and City Council schedules for this process. Staff offered to meet with her to discuss and answer any questions she had. After the initial Planning Commission meeting, Ms. Anderson contacted staff to discuss the impact fee. Staff sent Ms. Anderson a link to the May 12, 2014 Council packet along with the revised schedule for Council adoption and extended the offer to meet with her again. On May 13, 2014, staff met with Ms. Anderson to discuss Shoreline's proposed transportation impact fee. Ms. Anderson's questions and the City's responses were included in the June 2, 2014 staff report.

In addition, as noted above, the Housing Development Consortium contacted the City and submitted both comments on a low-income housing exemption and proposed amendatory language. The HDC's comment letter is attached as Attachment E.

COUNCIL GOAL(S) ADDRESSED

City Council Goal 2 is to "Improve Shoreline's utility, transportation, and environmental infrastructure". The TMP identifies the necessary transportation improvements to accommodate growth over the next twenty years and maintain the City's adopted transportation LOS. Adoption of the updated concurrency methodology coupled with an impact fee program will help the City fund design and construction the needed improvements.

RESOURCE/FINANCIAL IMPACT

Upon adoption of an impact fee program, the City would begin implementing the new concurrency system and on January 1, 2015, collecting impact fees in conjunction with building permits. Impact fees would be applied toward design and construction of the transportation improvements needed to accommodate growth and maintain the City's adopted level of service for transportation facilities. Both the concurrency program and the impact fee program have a fee structure to capture the administrative costs

associated with these programs. Funding has also been allocated for development of public information handouts and internal forms as well as implementation training for staff once these programs are adopted.

Development of these draft ordinances represents a significant investment in both time and resources for the City. However, it is staff's belief that adoption and administration of these programs will result in a more streamlined permitting process and will require less time to review the transportation impacts associated with development permit applications.

RECOMMENDATION

Staff recommends Council adopt Ordinance Nos. 689 and 690 and the Rate Study for Impact Fees for Transportation.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 689

Attachment B: Revised Proposed Ordinance No. 690

Attachment C: Rate Study for Impact Fees for Transportation

Attachment D: Potential amendments requested by Councilmembers

Attachment E: Letter from Housing Development Consortium dated June 27, 2014

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 689

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING SECTION 20.60.140 “ADEQUATE STREETS” SO AS TO CLARIFY THE CONCURRENCY REQUIREMENT FOR NEW DEVELOPMENT; PROVIDING FOR EXEMPTIONS FROM THE CONCURRENCY TEST; AND AMENDING SECTION 20.20 DEFINITIONS.

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning pursuant to the Growth Management Act (GMA), Chapter 36.70A RCW; and

WHEREAS, the City, as required by the GMA, adopted and has subsequently revised a Comprehensive Plan which includes a Transportation Element that plans for adequate transportation facilities and sets levels of service; and

WHEREAS, the City’s Transportation Element is based on an analysis of levels of services, needed improvements to the transportation system and a framework for transportation concurrency set forth in the 2011 Transportation Management Plan (2011 TMP); and

WHEREAS, in 2000 the City adopted Shoreline Municipal Code Title 20, the Unified Development Code, to implement the Comprehensive Plan; and

WHEREAS, the Unified Development Code, Chapter 20.60 Subchapter 4 includes regulations to ensure adequate streets will be maintained, including levels of service and concurrency requirements; and

WHEREAS, RCW 36.70A.070(6)(b) specifically requires adoption and enforcement of an ordinance which prohibits development approval if the development causes the level of service on a locally-owned transportation facility to decline below the standards adopted in the Transportation Element unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development; and

WHEREAS, On March 20, 2014, the Planning Commission held a publically-

noticed open record public hearing in order to provide interested members of the public an opportunity to comment on the proposed amendments. The Planning Commission's recommendations were submitted to the City Council for the Council's initial discussion session on May 12, 2014; and

WHEREAS, on July 21, 2014, the City Council considered the proposed amendments at its regularly scheduled public meeting; and

WHEREAS, pursuant to RCW 36.70A.106, the City has provided the Washington State Department of Commerce with a 60-day notice of its intent to adopt the amendment(s) to its Unified Development Code; and

WHEREAS, the SEPA Responsible Official for the City of Shoreline has determined that this amendment to the Unified Development Code is categorically exempt from SEPA review pursuant to WAC 197-11-800(19); and

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment.

Title 20 of the Shoreline Municipal Code, is amended as set forth in Exhibit A to this Ordinance, amending SMC 20.20 Definitions and SMC 20.60.140 Adequate Streets.

Section 2. Severability.

Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, by a court of competent jurisdiction, such unconstitutionality or invalidity shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or circumstance.

Section 3. Publication and Effective Date.

A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force on January 1, 2015.

ADOPTED BY THE CITY COUNCIL ON JULY 21, 2014.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date:

EXHIBIT A
ADEQUATE STREETS “CONCURRENCY” REGULATIONS

SMC 20.60.140 Adequate Streets is hereby amended as follows:

The intent of this subchapter is to ensure that public streets maintain an adequate level of service (LOS) as new development occurs. The purpose of this chapter is to set forth specific standards providing for the City’s compliance with the concurrency requirements of the State Growth Management Act (GMA), 36.70A RCW. The GMA requires that adequate transportation capacity is provided concurrently with development to handle the increased traffic projected to result from growth and development in the city. The purpose of this chapter is to ensure that the city’s transportation system shall be adequate to serve the future development at the time the development is available for occupancy without decreasing current service levels below established minimum standards.

A. Level of Service. The level of service standard that the City has selected as the basis for measuring concurrency is as follows:

1. LOS D at signalized intersections on arterial streets and at unsignalized intersecting arterials; or
2. A volume to capacity (V/C) ratio of 0.90 or lower for principal and minor arterials.

The V/C ratio on one leg of an intersection may exceed 0.90 when the intersection operates at LOS D or better.

These level of service standards apply throughout the City unless an alternative level of service for a particular streets or streets has been adopted in the Comprehensive Plan Transportation Element.

B. Development Proposal Requirements. All new proposals for development that would generate 20 or more new trips during the p.m. peak hour must submit a ~~traffic study~~ transportation impact analysis prepared by the applicant in accordance with the standards established in the City’s Engineering Development Manual at the time of application. The estimate of the number of trips for a development shall be consistent with the most recent edition of the Trip Generation Manual, published by the Institute of Traffic Engineers.

1. The traffic impact analysis shall include, at a minimum, an analysis of the following:

- a. An analysis of origin/destination trip distribution proposed;
 - b. The identification of any intersection that would receive the addition of 20 or more trips during the p.m. peak hour; and
 - c. An analysis demonstrating how impacted intersections could accommodate the additional trips and maintain the LOS standard.
2. If the traffic impact analysis identifies one or more intersections at which the adopted LOS standards are exceeded, the applicant shall mitigate the impacts in order to achieve and maintain the adopted LOS standard.

~~C. **Concurrency Required**— Development Approval Conditions. A development proposal that will have a direct traffic impact on a roadway or intersection that causes it to exceed the adopted LOS standards, or impacts an intersection or a road segment currently operating below a level of service identified in subsection B of this section, will not meet the City’s established concurrency threshold and shall not be approved unless:~~

- ~~1. The applicant agrees to fund or build improvements within the existing right of way that will attain the LOS standards; or~~
- ~~2. The applicant achieves the LOS standard by phasing the project or using transportation demand management (TDM) techniques or phasing the development proposal as approved by the City of Shoreline to reduce the number of peak hour trips generated by the project to attain LOS standards.~~

C. **Concurrency Requirement.** The City shall not issue a building permit until:

- 1. A concurrency test has been conducted and passed, or
- 2. The building permit has been determined to be one of the following that are exempt from the concurrency test:
 - a. Alteration or replacement of an existing residential structure that does not create an additional dwelling unit or change the type of dwelling unit.
 - b. Alteration or replacement of an existing nonresidential structure that does not expand the usable space or change the existing land use as defined in the land use categories as set forth in the impact fee analysis land use tables.

c. Miscellaneous improvements that do not generate increased need for public facilities, including, but not limited to, fences, walls, residential swimming pools, and signs;

d. Demolition or moving of a structure.

e. Any building permit for development that creates no additional impacts, insignificant and/or temporary additional impacts on any transportation facility, including, but not limited to:

i. Home occupations that do not generate any additional demand for transportation facilities;

ii. Special events permits;

iii. Temporary structures not exceeding a total of 30 days;

f. Any building permit issued to development that is vested to receive a building permit pursuant to RCW 19.27.095

D. Available Capacity for Concurrency

1. The City shall determine the available capacity for concurrency as of the effective date of this ordinance and record it in the Concurrency Trip Capacity Balance Sheet.

2. The City shall update the available capacity in the Concurrency Trip Capacity Balance Sheet within twelve (12) months of any of the events listed below.

a. Update or amendment of the City's Transportation element as it relates to concurrency management.

b. Total traffic volume increases by 30 percent compared to traffic volume at the time the Concurrency Trip Capacity Balance Sheet was created, or was updated with new data from the traffic model.

c. More than 50 percent of the available capacity in the most recent calculation of available capacity has been reserved as a result of concurrency tests conducted by the City.

3. If none of the events listed in subsection 2 occurs within seven years of the most recent calculation of the available capacity, the City will update the available capacity recorded in the Concurrency Trip Capacity Balance Sheet.

4. Each update of available capacity in the Concurrency Trip Capacity Balance Sheet shall carry forward the reservations of capacity for any building permits for development that has not been completed prior to the update of available capacity.

5. In order to monitor the cumulative effect of exemptions from the concurrency test on the available capacity, the City shall adjust the available capacity in the Concurrency Trip Capacity Balance Sheet to record the number of p.m. peak hour trips generated by exempt building permits in the same manner as though a concurrency test had been performed for the exempt building permits.

E. Concurrency Test.

1. Each applicant for a building permit that is not exempt from the concurrency test as provided in SMC 20.60.140(C)(2) shall submit the type of development to be constructed pursuant to the building permit, the number of square feet of each type of development, and the number of dwelling units.

2. The City shall perform a concurrency test for each application for a building permit that is not exempt from the concurrency test.

3. The concurrency test is passed if the number of trips from an applicant's proposed development is equal to or less than available capacity in the Concurrency Trip Capacity Balance Sheet that has been adjusted to subtract reserved trips . If the concurrency test is passed the City shall record the concurrency test results in the Concurrency Trip Capacity Balance Sheet in order to reduce the available capacity by the number of trips that will be generated by the applicant's development. The reservation of capacity shall be valid for the same time as the building permit for which it was reserved.

4. The concurrency test is not passed if the number of trips from an applicant's proposed development is greater than available capacity after it has been adjusted to subtract reserved trips. If the concurrency test is not passed, the applicant may select one of the following options:

a. Amend the application to reduce the number of trips generated by the proposed development, or

b. Provide system improvements or strategies that increase the city-wide available capacity by enough trips so that the application will pass the concurrency test, or

c. Appeal the denial of the application for a concurrency test, pursuant to the provisions of subsection H of this section, or

5. The City shall conduct concurrency tests for multiple applications impacting the same portions of the transportation network/intersection chronologically in accord with the date each application was deemed complete pursuant to SMC 20.30.110.

6. A concurrency test, and any results, shall be administrative actions of the City that are categorically exempt from the State Environmental Policy Act.

F. Reservation of Availability Capacity Results of Concurrency Test

1. Upon passage of a concurrency test, the City shall reserve capacity on behalf of the applicant in the Concurrency Trip Capacity Balance Sheet.

2. A reservation of available capacity shall be valid for the same period as the approved building permit for which it was made, and may be extended according to the same terms and conditions as the underlying building permit.

3. A reservation of available capacity is valid only for the uses and intensities authorized for the building permit for which it is issued. Any change in use or intensity is subject to an additional concurrency test of the incremental increase in impact on transportation facilities.

4. A reservation of available capacity is non-transferrable to another parcel of land or development proposal. A reservation of available capacity may be transferred to a subsequent purchaser of the land for the same uses and intensities.

5. A reservation of available capacity shall expire if the underlying building permit expires; the application or permit is withdrawn by the applicant; the permit is revoked by the City; application approval is

denied by the City; or the determination of completeness expires.

G. Fees.

1. The City shall charge each applicant for a building permit that is not exempt from this section a concurrency test fee in an amount to be established by resolution by the City Council.

2. The City shall charge a processing fee to any individual that requests an informal analysis of capacity if the requested analysis requires substantially the same research as a concurrency test. The amount of the processing fee shall be the same as the concurrency test fee authorized by subsection G.1.

3. The fees authorized in subsections G.1 or G.2 of this section shall not be refundable, shall not be waived, and shall not be credited against any other fee.

H. Appeals. Determinations and decisions by the Director that are appealed by an applicant shall follow the procedures of SMC 20.30 for an Administrative Decision-Type B.

I. Authority. The Director of Public Works, or his/her designee, shall be responsible for implementing and enforcing the concurrency requirements of this chapter. The Director of the Department of Public Works is authorized to adopt guidelines for the administration of Concurrency, which may include the adoption of procedural rules to clarify or implement the provisions of this section.

SMC 20.20.010 is hereby amended to add the following definition:

“Available Capacity” means the number of motor vehicle trips that can be accommodated by the transportation facilities during the p.m. peak period for current and planned development while maintaining the adopted level of service standards. Available capacity is calculated as set forth in the table below:

<u>Step 1</u>	<u>Calculate the baseline total number of trips on the existing City-wide network of transportation facilities during the p.m. peak period using the most recent traffic counts.</u>
<u>Step 2</u>	<u>Identify any existing deficiencies of transportation facilities compared to the level of service standards set forth in SMC 20.60.140(A).</u>

<u>Step 3</u>	<u>Identify capital improvements that will eliminate existing deficiencies identified in Step 2.</u>
<u>Step 4</u>	<u>Add the improvements from Step 3 to the existing network to create the current non-deficient network</u>
<u>Step 5</u>	<u>Add future development to the current land use.</u>
<u>Step 6</u>	<u>Identify any future deficiencies of the current non-deficient network of transportation facilities compared to the level of service standards set forth in SMC 20.60.140(A).</u>
<u>Step 7</u>	<u>Identify capital improvements that will eliminate future deficiencies identified in Step 6.</u>
<u>Step 8</u>	<u>Add the improvements from Step 7 to create the improved network</u>
<u>Step 9</u>	<u>Calculate the total number of future trips on the improved network of transportation facilities during the p.m. peak period by the combined total of current and planned development.</u>
<u>Step 10</u>	<u>Calculate the available capacity by subtracting the baseline trips as calculated in Step 1 from the future trips as calculated in Step 9.</u>
<u>Step 11</u>	<u>Record the available capacity as the beginning balance in the City's Concurrency Trip Capacity Balance Sheet conducted by the City pursuant to Step 10.</u>

SMC 20.20.014 is hereby amended to add the following definition:

"Concurrency" means the level of service standard will be achieved and maintained for new development by adequate transportation facilities that are in place or will be completed no later than six (6) years after occupancy of development.

"Concurrency Test" means a comparison of the number of motor vehicle trips that will be generated during the p.m. peak period by development to the available capacity of transportation facilities.

"Concurrency Trip Capacity Balance Sheet" means the document created and maintained by the City to record the available capacity, reservations of capacity, and the balance of the available capacity that has been adjusted to reflect reserved trips.

SMC 20.20.032 is hereby amended to add the following definition:

"Level of Service Standard" means the levels of service in SMC 20.60.140.A. For the purpose of determining capacity for concurrency, the level of service standards shall be compared to the actual levels of service at the p.m. peak period.

SMC 20.20.044 is hereby amended to add the following definition:

"Reserve" and "Reservation" means to set aside or otherwise note in the City's Concurrency Trip Capacity Balance Sheet in a manner that assigns capacity to the applicant's building permit and prevents the same capacity from being assigned to any other applicant.

SMC 20.20.048 is hereby amended to add the following definition:

"Transportation Facilities" for the purpose of Concurrency means those roads and streets functionally classified as principal and minor arterials. "Transportation Facilities" also means signalized intersections on arterial streets and unsignalized intersecting arterials. "Transportation Facilities" does not include those facilities specifically identified as exempt in the City's Transportation Master Plan.

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 690

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ADDING A NEW CHAPTER TO TITLE 12, STREETS, SIDEWALKS AND PUBLIC PLACES, CHAPTER 12.35 “IMPACT FEES” TO THE SHORELINE MUNICIPAL CODE AUTHORIZING THE COLLECTION OF IMPACT FEES FOR TRANSPORTATION FROM NEW DEVELOPMENT; AND AMENDING CHAPTER 3.01 FEE SCHEDULES.

WHEREAS, the Shoreline City Council finds that new growth and development in the City of Shoreline will create additional demand and need for transportation facilities; and

WHEREAS, in the Revised Code of Washington (RCW) 82.02.050(1), the Legislature has stated its intent is to allow the cities to require that new growth and development within their boundaries pay a proportionate share of the cost of system improvements to serve such new development activity through the assessment of impact fees for transportation facilities; and

WHEREAS, in RCW 82.02.050(2), the Legislature has authorized cities to impose impact fees subject to the requirements of RCW 82.02.050(3) and (4); and

WHEREAS, RCW 82.02.090(3) defines “impact fee” as a payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development; and

WHEREAS, RCW 82.020.050(1)(b) and RCW 82.020.060 provide that the City may enact a local ordinance providing for impact fees and the limitations and/or extent that the local ordinance can provide for the impact fees; and

WHEREAS, RCW 82.020.070(2) provides that impact fees shall be expended only in conformance with the Capital Facilities Plan Element of the Comprehensive Plan; and

WHEREAS, the City Council finds that building permits issued by the City are the specific development approval of development activity in the City that can create additional demand and need for transportation facilities; and

WHEREAS, the City Council finds that development activities authorized by building permits for, but not limited to new residential, commercial, retail, office, and industrial development in the City will create additional demand and need for system improvements to transportation facilities in the City, and the City Council finds that such new growth and development should pay a proportionate share of the cost of system improvements needed to serve the new growth and development; and

WHEREAS, the City Council finds that it is in the public interest, and consistent with the intent and purposes of the Growth Management Act (GMA), 36.70 RCW, and consistent with RCW 82.02.060(1), for the City to adopt impact fees which are uniform to the greatest extent practicable; and

WHEREAS, the City has conducted extensive research documenting the procedures for measuring the impact of new growth and development on transportation facilities, and has prepared the “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014 (“Rate Study”) which utilizes methodologies for calculating the maximum allowable impact fees that are consistent with the requirements of RCW 82.02.060(1); and

WHEREAS, in developing the impact fees for transportation facilities, the City has provided adjustments for past and future taxes paid or to be paid by new growth and development, which are allocated or proratable to the same new transportation facilities that will serve the new growth and development; and

WHEREAS, the purpose and intent of this chapter is to authorize the collection of impact fees for transportation facilities and to provide for certain other matters in connection therewith; and

WHEREAS, on July 21, 2014, the City Council considered the proposed amendments at its regularly scheduled public meeting; and

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment to Title 12 Streets, Sidewalks and Public Places.

A new chapter, Chapter 12.35, *Impact Fees for Transportation*, is added to Title 12 as set forth in Exhibit A to this Ordinance.

Section 2. Amendment to Chapter 3.01 Fee Schedules.

A new section, Section 3.01.015 Transportation Impact Fees, is added to Chapter 3.01 as set forth in Exhibit B to this Ordinance.

Section 3. Severability.

If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 4. Effective Date and Publication.

A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force on January 1, 2015.

ADOPTED BY THE CITY COUNCIL ON JULY 21, 2014.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Ian Sievers
City Attorney

Publication Date:

Effective Date:

**TRANSPORTATION IMPACT FEES
EXHIBIT A**

Title 12, Streets, Sidewalks and Public Places is amended to add:

12.40.010 Authority and Incorporation by Reference.

A. Pursuant to RCW 82.02.050 – 100, the City adopts impact fees for transportation.

B. The rate study “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014 (“Rate Study”) documents the extensive research concerning the procedures for measuring the impact of new developments on public transportation facilities. The rate study, City Clerk’s Recording Number 7688, is fully incorporated by reference.

C. The Council adopts this chapter to assess impact fees for transportation. The provisions of this chapter shall be liberally construed in order to carry out the purposes of the Council in providing for the assessment of impact fees.

12.40.020 Definitions.

For purposes of this chapter, if not defined below, the definitions of words and phrases set forth in SMC 1.05.050, SMC 20.20, and RCW 82.02.090 shall apply to this chapter or they shall be given their usual and customary meaning.

“Applicant” is any person, collection of persons, corporation, partnership, an incorporated association, or any other similar entity, or department or bureau of any governmental entity or municipal corporation obtaining a building permit. Applicant includes an applicant for an impact fee credit.

“Building permit” means written permission issued by the City empowering the holder thereof to construct, erect, alter, enlarge, convert, reconstruct, remodel, rehabilitate, repair, or change the use of all or portions of a structure having a roof supported by columns or walls and intended for the shelter, housing, or enclosure of any individual, animal, process, equipment, goods, or materials of any kind.

“Capital facilities plan” means the capital facilities element of the City’s Comprehensive Plan adopted pursuant to RCW 36.70A and such plan as amended.

“Director” means the Director or designee of the Department of Public Works.

“Encumbered” means to reserve, set aside, or otherwise earmark impact fees in order to pay for commitments, contractual obligations, or other liabilities incurred for system improvements.

“Impact fee” means a payment of money imposed upon development as a condition of development approval to pay for transportation facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for transportation facilities, that is a proportionate share of the cost of the transportation facilities, and that is used for facilities that reasonably benefit the new development. An impact fee does not include a reasonable permit fee or application fee. An impact fee does not include the administrative fee for collecting and handling impact fees or the fee for reviewing independent fee calculations.

“Impact fee account” means the separate accounting structure within the City’s established accounts which shall identify separately earmarked funds and which shall be established for the impact fees that are collected. The account shall be established pursuant to subsection 12.40.110, and shall comply with the requirements of RCW 82.02.070.

“Independent fee calculation” means the impact fee calculation, studies and data submitted by an applicant to support the assessment of a transportation impact fee other than by the use of the rates published in Chapter 3.01.015(A), or the calculations prepared by the director where none of the fee categories or fee amounts in Chapter 3.01.015 accurately describe or capture the impacts on transportation facilities of the development authorized by the building permit.

“Owner” means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser shall be considered the owner of the real property if the contract is recorded.

“Project improvements” means site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project, and are not system improvements. No improvement or facility included in a capital facilities plan adopted by the Council shall be considered a project improvement.

“Transportation facilities”, for purposes of this chapter, means the public streets and roads owned or operated by the City of Shoreline or other governmental entities.

“Rate study” means the “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014.

“Street or road” means a public right-of-way and all related appurtenances, such as curb, gutter, sidewalk, bicycle lanes and other components of complete streets,

and required off-site mitigation, which enables motor vehicles, transit vehicles, bicycles, and pedestrians to travel between destinations.

“System improvements”, means transportation facilities that are included in the City’s capital facilities plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

12.40.030 Establishment of service area.

A. The City hereby establishes, as the service area for impact fees, the City of Shoreline, including all property located within the corporate City limits.

B. The scope of the service area is hereby found to be reasonable and established on the basis of sound planning and engineering principles, and consistent with RCW 82.02.060, as described in the rate study.

12.40.040 Impact fees methodology and applicability.

The transportation impact fees in Chapter 3.01.015 are generated from the formulae for calculating transportation impact fees set forth in the rate study. Except as otherwise provided for independent fee calculations in subsection 12.40.060, exemptions in subsection 12.40.070, and credits in subsection 12.40.080, all building permits issued by the City will be charged impact fees applicable to the type of development listed in the fee schedule adopted pursuant to Chapter 3.01.015.

12.40.050 Collection of impact fees.

A. The City shall collect impact fees for transportation, based on the rates in Chapter 3.01.015, from any applicant seeking a building permit from the City unless specifically exempted in subsection 12.40.070.

B. When an impact fee applies to a building permit for a change of use, the impact fee shall be the applicable impact fee for the land use category of the new use, less any impact fee paid for the immediately preceding use.

1. For purposes of this provision, a change of use should be reviewed based on the land use category provided in the rate study that best captures the broader use or development activity of the property under development or being changed. Changes of use and minor changes in tenancies that are consistent with the general character of the building or building aggregations (i.e., “industrial park,” or “specialty retail”), or the previous use shall not be considered a change of use that is subject to an impact fee.

2. If no impact fee was paid for the immediately preceding use, the impact fee for the new use shall be reduced by an amount equal to the

current impact fee rate for the immediately preceding use.

3. Buildings vacant for less than 12 months shall be assessed with a reduction based on the most recent legally established use as shown on a locally owned business license.

4. Buildings vacant for 12 months or more shall pay the full impact fee for the new use.

C. For mixed use developments, impact fees shall be imposed for the proportionate share of each land use, based on the applicable measurement in the impact fee rates in Chapter 3.01.015.

D. Impact fees shall be determined at the time the complete application for a building permit is submitted using the impact fees then in effect. Impact fees shall be due and payable before the building permit is issued by the City.

E. Applicants allowed credits prior to the submittal of the complete building permit application shall submit, along with the complete application, a copy of the letter prepared by the Director setting forth the dollar amount of the credit allowed.

12.40.060 Independent fee calculations.

A. If, in the judgment of the Director, none of the fee categories set forth in Chapter 3.01.015 accurately describes or captures the impacts of a new development on transportation facilities, the director may conduct independent fee calculations and the Director may impose alternative fees on a specific development based on those calculations. The alternative fees and the calculations shall be set forth in writing and shall be mailed to the applicant.

B. A applicant may opt not to have the impact fees determined according to the fee structure in Chapter 3.01.015, in which case the applicant shall prepare and submit to the Director an independent fee calculation for the development for which a building permit is being sought. The documentation submitted shall show the basis upon which the independent fee calculation was made. An independent fee calculation shall use the same methodology used to establish impact fees adopted pursuant to Chapter 3.01.015, shall be limited to adjustments in trip generation rates and lengths for transportation impact fees.

C. There is a rebuttable presumption that the calculations set forth in the rate study are valid. The Director shall consider the documentation submitted by the applicant, but is not required to accept such documentation or analysis which the Director reasonably deems to be inapplicable, inaccurate, incomplete, or unreliable. The Director may require the applicant to submit additional or

different documentation for consideration. The Director is authorized to adjust the impact fees on a case-by-case basis based on the independent fee calculation, the specific characteristics of the development, and/or principles of fairness. The fees or alternative fees and the calculations therefore shall be set forth in writing and shall be mailed to the applicant.

12.40.070 Exemptions.

Except as provided for below, the following shall be exempted from the payment of all transportation impact fees:

- A. Alteration or replacement of an existing residential structure that does not create an additional dwelling unit or change the type of dwelling unit.
- B. Alteration or replacement of an existing nonresidential structure that does not expand the usable space or change the existing land use as defined in the land use categories as set forth in the impact fee analysis land use tables.
- C. Miscellaneous improvements which do not generate increased need for transportation facilities, including, but not limited to, fences, walls, residential swimming pools, and signs;
- D. Demolition or moving of a structure.
- E. Properties that have undergone prior State Environmental Policy Act (SEPA), RCW 43.21C, review and received a final decision that includes mitigation requirements on the condition that the SEPA mitigation obligation has or will be fulfilled by the time the impact fees, if applicable, would be due.
- F. Any development that creates insignificant and/or temporary additional impacts on any transportation facility, including, but not limited to:
 - i. Home occupations that do not generate any additional demand for transportation facilities;
 - ii. Special events permits;
 - iii. Temporary structures not exceeding a total of 30 days;

12.40.080 Credits for dedications, construction of improvements, and past tax payments.

A. An applicant may request that a credit or credits for impact fees be awarded to him/her for the total value of system improvements, including dedications of land and improvements, and/or construction provided by the applicant. The application for credits shall be presented by the applicant on forms to be provided

by the director and shall include the content designated in such forms. Credits will be given only if the land, improvements, and/or the facility constructed are:

1. Included within the capital facilities plan;
2. Determined by the City to be at suitable sites and constructed at acceptable quality;
3. Serve to offset impacts of the development authorized by the applicant's building permit; and
4. Part of one (1) or more of the projects listed in Table 1 of the rate study as the basis for calculating the transportation impact fee, however frontage improvements for those projects are not eligible for credits unless the Director determines that the frontage improvements will not be replaced or significantly changed when the project is constructed..

B. For credits for dedications of real property, the procedures of SMC 2.60.090 shall be followed if applicable. If the procedures of SMC 2.60.090 are not applicable, the following procedures shall be followed:

1. For each request for a credit or credits, the Director shall select an appraiser or, in the alternative, the applicant may select an independent appraiser acceptable to the Director.
2. Unless approved otherwise by the Director, the appraiser must be a Member of the American Institute of Appraisers and be licensed in good standing pursuant under RCW 18.40 et.seq. in the category for the property to be appraised, and shall not have a fiduciary or personal interest in the property being appraised.
3. The applicant shall pay the actual costs for the appraisal and an independent review, if required.
4. After considering the appraisal the Director shall provide the applicant with a written determination setting forth the dollar amount of any credit, the reason for the credit, a description of the real property dedicated, and the legal description or other adequate description of the project or development to which the credit may be applied. The applicant must sign and date a duplicate copy of such determination accepting the terms of the letter or certificate, and return such signed document to the Director before the impact fee credit will be awarded. The failure of the applicant to sign, date, and return such

document within sixty (60) calendar days of the date of the determination shall nullify the credit. If credit is denied, the applicant shall be notified in a letter that includes the reasons for denial.

5. No credit shall be given for project improvements.

C. An applicant may request a credit for past tax for past payments made for the particular system improvements listed in the rate study as the basis for the impact fee. For each request for a credit for past payments the applicant shall submit receipts and a calculation of past payments earmarked for or proratable to the particular system improvement for which credit is requested. The Director shall determine the amount of credits, if any, for past payments for system improvements.

D. Any claim for credit must be received by the City prior to issuance of the building permit. The failure to timely file such a claim shall constitute an absolute bar to later request any such credit.

12.40.090 Adjustments for future tax payments and other revenue sources.

Pursuant to and consistent with the requirements of RCW 82.02.060, the rate study has provided adjustments for future taxes to be paid by the development authorized by the building permit which are earmarked or proratable to the same new transportation facilities which will serve the new development. The impact fees in Chapter 3.01.015 have been reasonably adjusted for taxes and other revenue sources which are anticipated to be available to fund transportation improvements.

12.40.100 Establishment of impact fee accounts.

A. The City shall establish a separate impact fee account for the transportation impact fees collected pursuant to this chapter. Funds appropriated or otherwise withdrawn from the impact fees received must be used in accordance with the provisions of this Chapter and applicable state law. Interest earned on the fees shall be retained in the accounts and expended for the purposes for which the impact fees were collected.

B. On an annual basis, the Director or designee shall provide a report to the Council on the impact fee accounts showing the source and amount of all moneys collected, earned, or received, and the transportation improvements that were financed in whole or in part by impact fees.

C. Impact fees shall be expended or encumbered within ten (10) years of receipt, unless the Council identifies in written findings extraordinary and compelling reasons for the City to hold the fees beyond the ten (10) year period, pursuant to RCW 82.02.070(3).

12.40.110 Refunds and offsets.

A. If the City fails to expend or encumber the impact fees within ten (10) years of the date the fees were paid, unless extraordinary or compelling reasons are established pursuant to subsection 12.40.110, the current owner of the property on which impact fees have been paid may receive a refund of such fees. In determining whether impact fees have been expended or encumbered, impact fees shall be considered expended or encumbered on a first in, first out basis.

B. The City shall notify potential claimants of the refund by first-class mail deposited with the United States Postal Service at the last known address of such claimants. A potential claimant must be the current owner of record of the real property against which the impact fees were assessed.

C. Owners seeking a refund of impact fees must submit a written request for a refund of the fees to the Director within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever is later.

D. Any impact fees for which no application for a refund has been made within this one-year period shall be retained by the City and expended on the system improvements for which they were collected.

E. Refunds of impact fees under this subsection shall include any interest earned on the impact fees by the City.

F. When the City seeks to terminate any or all components of the impact fee program, all unexpended or unencumbered funds from any terminated component or components, including interest earned, shall be refunded pursuant to this chapter. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of refunds in a newspaper of general circulation at least two (2) times and shall notify all potential claimants by first-class mail at the last known address of the claimants. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended for the transportation facilities for which the impact fees were collected. This notice requirement shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

G. The City shall also refund to the current owner of property for which impact fees have been paid all impact fees paid, including interest earned on the impact fees, if the development for which the impact fees were imposed did not occur; provided, however, that, if the City has expended or encumbered the impact fees in good faith prior to the application for a refund, the Director may decline to provide the refund. If within a period of three (3) years, the same or subsequent

owner of the property proceeds with the same or substantially similar building permit, the owner can petition the Director for an offset in the amount of the fee originally paid and not refunded. The petitioner must provide receipts of impact fees previously paid for a building permit of the same or substantially similar nature on the same real property or some portion thereof. The Director's determinations shall be in writing and shall be subject to the appeals procedures set forth in subsection 12.40.100.

12.40.120 Use of impact fees.

A. Pursuant to this chapter, impact fees:

1. Shall be used for system improvements that will reasonably benefit the new development authorized by the building permit;
2. Shall not be imposed to make up for deficiencies in transportation facilities; and
3. Shall not be used for maintenance or operation.

B. Impact fees may be spent for system improvements including, but not limited to, planning, land acquisition, right-of-way acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, applicable impact fees or mitigation costs, and any other expenses which can be capitalized.

C. Impact fees may also be used to recoup system improvement costs previously incurred by the City to the extent that new growth and development will be served by the previously constructed improvements or incurred costs.

D. In the event that bonds or similar debt instruments are or have been issued for the advanced provision of system improvements for which impact fees may be expended, such impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this chapter.

12.40.130 Review and adjustment of rates.

A. The fees and rates set forth in the rate study may be reviewed and adjusted by the Council as it deems necessary and appropriate in conjunction with the annual budget process so that adjustments, if any, will be effective at the first of the calendar year subsequent to budget period under review.

B. Annually, and prior to the first day of January, the Director shall adjust the fees by the same percentage change as in the most recent annual change of the Washington Department of Transportation's Construction Cost Indices (CCI).

12.40.140 Appeals.

Determinations and decisions by the Director that are appealed by an applicant shall follow the procedures of SMC 20.30 Subchapter 4.

12.40.150 Existing authority unimpaired.

Nothing in this chapter shall preclude the City from requiring the applicant or the proponent of a development authorized by a building permit to mitigate adverse environmental impacts of a specific development pursuant to the SEPA, Chapter 43.21C RCW, based on the environmental documents accompanying the building permit process, and/or Chapter 58.17 RCW, governing plats and subdivisions. Compliance with this chapter or payment of fees under this chapter shall not constitute evidence of a determination of transportation concurrency. Such mitigation shall not duplicate the impact fees charged under this chapter.

**TRANSPORTATION IMPACT FEES
EXHIBIT B**

Chapter 3.01 is amended to add:

3.01.015 Transportation Impact Fees.

A. Rate Table.

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip	
90	Park-and-ride lot w/ bus svc	2,848.02	per parking space
110	Light industrial	7.78	per square foot
140	Manufacturing	5.86	per square foot
151	Mini-warehouse	2.09	per square foot
210	Single family house (includes townhouse and duplex)	5,567.41	per dwelling unit
220	Apartment (includes accessory dwelling unit)	3,607.49	per dwelling unit
230	Condominium	3,662.61	per dwelling unit
240	Mobile home park	2,601.80	per dwelling unit
251	Senior housing	1,190.65	per dwelling unit
255	Continuing care retirement	1,776.18	per dwelling unit
310	Hotel	3,722.02	per room
320	Motel	2,965.00	per room
444	Movie theater	11.67	per square foot
492	Health/fitness club	15.37	per square foot
530	School (public or private)	4.52	per square foot
540	Junior/community college	11.82	per square foot
560	Church	3.04	per square foot
565	Day care center	29.19	per square foot
590	Library	14.75	per square foot
610	Hospital	7.15	per square foot
710	General office	10.76	per square foot
720	Medical office	19.55	per square foot
731	State motor vehicles dept	94.21	per square foot
732	United States post office	22.48	per square foot
820	General retail and personal services (includes shopping center)	8.14	per square foot
841	Car sales	14.97	per square foot
850	Supermarket	22.23	per square foot

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip
851	Convenience market-24 hr	41.31 per square foot
854	Discount supermarket	22.67 per square foot
880	Pharmacy/drugstore	13.09 per square foot
912	Bank	31.85 per square foot
932	Restaurant: sit-down	22.97 per square foot
934	Fast food	52.85 per square foot
937	Coffee/donut shop	67.05 per square foot
941	Quick lube shop	23,840.66 per service bay
944	Gas station	21,679.38 per pump
948	Automated car wash	46.34 per square foot

B. Administrative Fees.

1. For each impact fee imposed, there shall be charged a non-refundable administrative fee equal to the charge for one hour as set forth in the City's fee schedule, SMC 3.01.010. The administrative fee shall be paid at the time the building permit is issued.
2. Request to the Director for an estimate or preliminary determination of impact fees shall be charged a non-refundable administrative processing fee as provided in SMC 3.01.010(G)(10) Interpretation of Development Code. The fee shall be paid at the time the request is submitted to the City.
3. Any applicant submitting an independent fee calculation as provided in SMC 12.40.060 shall pay a non-refundable administrative fee to cover the cost of reviewing the independent fee calculation. The fee shall be based on the hourly rate set forth in the City's fee schedule, SMC 3.01.010, times the actual hours incurred by the City to perform the review. The fee shall be paid prior to issuance of the Director's determination.
4. Administrative fees shall not be credited against the impact fees.

RATE STUDY
FOR
IMPACT FEES
FOR
TRANSPORTATION

CITY OF SHORELINE, WASHINGTON

April 24, 2014

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EXECUTIVE SUMMARY

The purpose of this study is to establish the rates for impact fees for transportation¹ facilities in the City of Shoreline, Washington.

Rates

The rates for transportation impact fees for new residential development are:

Type Dwelling Unit	Impact Fee per Unit
Single Family	\$ 5,567.41
Apartment	3,607.49
Condominium	3,662.61

The rates for transportation impact fees for non-residential land uses are listed in Table 5.

Impact Fees vs. Other Applicant Contributions

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy or use the new development. Throughout this study, the term "applicant" is used as a shorthand expression to describe anyone who is obligated to pay impact fees, including builders, owners or developers.

The impact fees that are described in this study do not include any other forms of applicant contributions or exactions, such as mitigation or voluntary payments authorized by SEPA (the State Environmental Policy Act, RCW 43.21C), system development charges for water and sewer authorized for utilities (RCW 35.92 for municipalities, 56.16 for sewer districts, and 57.08 for water districts), local improvement districts or other special assessment districts, linkage fees, or land donations or fees in lieu of land.

Adjustments for Other Sources of Revenue for Transportation Capital Improvements

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of transportation facilities. These other revenues are accounted for by adjusting (i.e., reducing) the amount of

¹ Throughout this study the term "transportation" refers to "public streets and roads" defined in RCW 82.02.090, including related appurtenances such as curb, gutter, sidewalk, bicycle lanes and other components of complete streets.

the impact fee rates to adjust for the portion of transportation capital project costs that are paid by the other revenues.

Credits for Other Contributions by Applicant

An applicant who contributes land, improvements or other assets that are part of one of the impact fee projects may receive a "credit" which reduces the amount of impact fee that is due. This credit is in addition to the adjustment for other revenues described in the preceding paragraph. The City has the sole right to determine what contributions are acceptable. The improvement by the applicant must be part of one or more of the projects listed in Table 1 of this study. Frontage improvements for those projects are not eligible for a credit unless the Director determines that the frontage improvement will not be replaced or significantly altered when the project is constructed.

Who Pays Impact Fees

Impact fees are paid by all types of new development that are not exempted by City Code. Impact fee rates for new development are based on, and vary according to the type of land use.

Service Areas for Impact Fees

Impact fees in some jurisdictions are collected and expended within service areas that are smaller than the jurisdiction that is collecting the fees. Impact fee programs are not required to use multiple service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Public streets and roads impact fees are collected and expended in a single service area throughout the current boundaries of the City of Shoreline because of the compact size of the City and the accessibility of its transportation system to all property within the City.

Timing of Payment of Impact Fees

Impact fees are usually collected at the time the local government issues a building permit. In the City of Shoreline the amount of the impact fees are calculated at the time the complete building application is submitted. The impact fees are paid at the time the building permit is issued unless authorized by City Code.

Uses of Impact Fee Revenue

Impact fee revenue can be used for the capital cost of public facilities. Impact fees cannot be used for operating or maintenance expenses. The cost of public facilities that can be paid for by impact fees include engineering design studies, environmental review, land surveys, right of way acquisition, engineering, permitting, financing, administrative expenses, construction, applicable mitigation costs, and capital equipment (i.e., signals) pertaining to

transportation capital improvements. A separate administrative fee charged with the impact fee provides money to pay for the cost of administering the impact fee program.

The public facilities that can be paid for by impact fees are "system improvements" (which are typically outside the development), and "designed to provide service to service areas within the community at large" as provided in RCW 82.02.050(9)), as opposed to "project improvements" (which are typically provided by the applicant on-site within the development or adjacent to the development), and "designed to provide service for a development project, and that are necessary for the use and convenience of the occupants or users of the project" as provided in RCW 82.02.050(6).

Expenditure Requirements for Impact Fees

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the government for the unused capacity of existing facilities. Impact fee payments that are not expended or obligated within 10 years must be refunded unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fees for longer than 10 years. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the government, and annual reports must describe revenue and expenditures.

Applicant Options

Washington law provides people who are liable for impact fees several alternatives to paying the impact fees calculated in this study. The applicant can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The applicant can appeal to the Hearing Examiner the impact fee calculation by the City of Shoreline. If the local government fails to expend the impact fee payments within 10 years of receipt of such payments, the applicant can obtain a refund of the impact fees (unless the City Council has made a written finding and extension of the deadline pursuant to RCW 82.02.060(3)(a). The applicant can also obtain a refund if the development does not proceed, no impacts are created, and the City has not expended the impact fees.

ORGANIZATION OF THE STUDY

This impact fee rate study contains four chapters, and an appendix:

- Chapter 1 summarizes the statutory basis for developing impact fees, discusses issues that must be addressed, and presents the methodology and formulas for determining the amount of the impact fee.

- Chapter 2 lists the capital improvement project costs of system improvements to transportation facilities, and subtracts non-impact fee revenues to determine the unfunded cost of eligible transportation projects.
- Chapter 3 documents the growth in trips attributable to new development, and calculates the cost per growth trip.
- Chapter 4 documents the trip generation rate for each type of land use, and calculates the transportation impact fee for each of the land use types.
- Appendix A documents the need for additional transportation facilities, including identification of existing deficiencies in transportation system capacity for current development, capacity of existing transportation system available for new development, and additional transportation system capacity needed for new development, as specified in RCW 82.02.050(4).

DATA USED IN THIS STUDY

This impact fee rate study is based on the most recent data provided by the City of Shoreline.

1. STATUTORY BASIS AND METHODOLOGY

Local governments charge impact fees for several reasons: 1) to obtain revenue to pay for some of the cost of new public facilities; 2) to implement a public policy that new development should pay a portion of the cost of facilities that it requires, and that existing development should not pay all of the cost of such facilities; and 3) to assure that adequate public facilities will be constructed to serve new development.

This study of impact fees for transportation for Shoreline, Washington describes the methodology that is used to develop the fees, presents the formulas, variables and data that are the basis for the fees, and documents the calculation of the fees. The methodology is designed to comply with the requirements of Washington State Law.

This study uses data and levels of service standards from the Transportation Element and the Capital Facilities Plan Element of the City's Comprehensive Plan.

STATUTORY BASIS FOR IMPACT FEES

The Growth Management Act of 1990 authorizes local governments in Washington to charge impact fees. RCW 82.02.050 - 82.02.100 contain the provisions of the Growth Management Act that authorize and describe the requirements for impact fees.

The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development); and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments.

The following synopsis of the most significant requirements of the law includes citations to the Revised Code of Washington as an aid to readers who wish to review the exact language of the statutes.

Types of Public Facilities

Four types of public facilities can be the subject of impact fees: 1) public streets and roads; 2) publicly owned parks, open space and recreation facilities; 3) school facilities; and 4) fire protection facilities. *RCW 82.02.050(2) and (4), and RCW 82.02.090(7)*

Types of Improvements

Impact fees can be spent on "system improvements" (which are typically outside the development), as opposed to "project improvements" (which are typically provided by the applicant on-site within the development). *RCW 82.02.050(3)(a) and RCW 82.02.090(6) and (9)*

Benefit to Development

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. *RCW 82.02.050(3)(a) and (c)*. Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government), and local governments must develop impact fee rate categories for various land uses. *RCW 82.02.060(6)*

Proportionate Share

Impact fees cannot exceed the development's proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. *RCW 82.02.050(3)(b) and RCW 82.02.060(1)*

Reductions of Impact Fee Amounts

Impact fees rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or proratable to particular system improvements). *RCW 82.02.050(1)(c) and (2) and RCW 82.02.060(1)(b)* Impact fees may be credited for the value of dedicated land, improvements or construction provided by the applicant (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)* The City has the sole right to determine what contributions are acceptable.

Exemptions from Impact Fees

Local governments have the discretion to provide exemptions from impact fees for low-income housing and other "broad public purpose" development, but all such exemptions must be paid from public funds (other than impact fee accounts). *RCW 82.02.060(2)*

Applicant Options

Applicants who are liable for impact fees can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. *RCW 82.02.060(5)*. Applicants can pay

impact fees under protest and appeal impact fee calculations. *RCW 82.02.060(4) and RCW 82.02.070(4) and (5)*. The applicant can obtain a refund of the impact fees if the local government fails to expend or obligate the impact fee payments within 10 years, or terminates the impact fee requirement, or the applicant does not proceed with the development (and creates no impacts). *RCW 82.02.080*

Capital Facilities Plans

Impact fees must be expended on public facilities in a capital facilities plan (CFP) element (or used to reimburse the government for the unused capacity of existing facilities). The CFP must conform to the Growth Management Act of 1990, and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050(4), RCW 82.02.060(7), and RCW 82.02.070(2)*

New Versus Existing Facilities

Impact fees can be charged for new public facilities (*RCW 82.02.060(1)(a)*) and for the unused capacity of existing public facilities (*RCW 82.02.060(7)*) subject to the proportionate share limitation described above.

Accounting Requirements

The local government must separate the impact fees from other monies, place them in an interest bearing account, expend or obligate the money on CFP projects within 10 years, and prepare annual reports of collections and expenditures. *RCW 82.02.070(1)-(3)*

ISSUES RELATING TO IMPACT FEES

Prior to calculating impact fee rates, several issues must be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for new revenue for additional transportation facilities, and the benefit of transportation facilities to new development.

Responsibility for Public Facilities

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. The City of Shoreline is legally and financially responsible for the transportation facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private streets or roads, but it may charge impact fees for some streets or roads that it does not administer if such facilities are "owned or operated by government entities" (*RCW 82.02.090 (7)*). Thus, a city or county may charge impact fees for transportation, and enter into an

agreement with the State of Washington for the transfer, expenditure, and reporting of transportation impact fees for state roads. A city may not charge or use impact fees on State roads without an agreement with the State, and a City CFP that includes state road projects.

Need for Additional Transportation Capacity

The need for additional transportation system capacity is determined by using standards for levels of service for transportation facilities and other metrics, such as increase in traffic volume. The analysis of needed transportation facilities must comply with the statutory requirements of identifying existing deficiency, reserve capacity and new capacity requirements for facilities. An analysis of the need for additional transportation facilities is presented in Appendix A.

Need for New Revenue for Additional Transportation Capacity

The need for new revenue for transportation facilities is demonstrated by comparing the cost of new facilities through 2030 to the existing sources of revenue for the same time horizon. The City's Transportation Element and CFP for transportation facilities does not have enough revenues from other sources to pay needed costs without impact fees.

Determining the Benefit to Development

The law imposes three tests of the benefit provided to development by impact fees: 1) proportionate share, 2) reasonably related to need, and 3) reasonably related to expenditure (*RCW 80.20.050(3)*).

1. Proportionate Share.

First, the "proportionate share" requirement means that impact fees can be charged only for the portion of the cost of public facilities that is "reasonably related" to new development. In other words, impact fees cannot be charged to pay for the cost of reducing or eliminating deficiencies in existing facilities.

Second, there are several important implications of the proportionate share requirement that are not specifically addressed in the law, but which follow directly from the law:

- Costs of facilities that will be used by new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: (1) by allocating the total cost between new and existing users, or (2) calculating the cost per trip and applying the cost only to new development when calculating impact fees.

- Impact fees that recover the costs of existing unused capacity should be based on the government's actual cost, rather than the replacement cost of the facility. Carrying costs may be added to reflect the government's actual or imputed interest expense.

The third aspect of the proportionate share requirement is its relationship to the requirement to provide adjustments and credits to impact fees, where appropriate. These requirements ensure that the amount of the impact fee does not exceed the proportionate share.

- The "adjustments" requirement reduces the impact fee to account for past and future payments of other revenues (if such payments are earmarked for, or proratable to, the system improvements that are needed to serve new growth).
- The "credit" requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the applicant (if such facilities are in the adopted CFP and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated right of way and the quality and design of a donated transportation facilities improvement can be required to be acceptable to the local government.

Without such adjustments and credits, the fee-paying development might pay more than its proportionate share.

2. Reasonably Related to Need.

There are several ways to fulfill the requirement that impact fees be "reasonably related" to the development's need for public facilities, including personal use and use by others in the family or business enterprise (direct benefit), use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). These measures of relatedness are implemented by the following techniques:

- Impact fees for transportation facilities are charged to properties that need (i.e., benefit from) new transportation facilities. The City of Shoreline provides its transportation facilities network to all kinds of property throughout the City regardless of the type of use of the property.
- The relative needs of different types of growth are considered in establishing fee amounts (i.e., different trip generation rates for different types of land use).

- Applicants can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee schedule calculation for their property classification. Such reduced needs must be permanent and enforceable (i.e., via land use restrictions).

Shoreline’s transportation facilities serve the entire City, therefore the impact fees for these transportation capital improvements are based on a single service area that encompasses the City.

3. Reasonably Related to Expenditures.

Two provisions of the law tend to reinforce the requirement that expenditures be "reasonably related" to the development that paid the impact fee. First, the requirement that fee revenue must be earmarked for specific uses related to public facilities ensures that expenditures are on identifiable projects, the benefit of which can be demonstrated. Second, impact fee revenue must be expended or obligated within 10 years, unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fees for longer than 10 years. This deadline ensures a benefit to the applicant by prohibiting the City from holding the money indefinitely.

METHODOLOGY AND RELATIONSHIP TO CAPITAL FACILITIES PLAN

Impact fees for transportation facilities begin with the list of projects in the City's Transportation Element and Capital Facilities Plan (CFP). The projects in the Transportation Element and CFP are analyzed to identify capacity costs attributable to new development. The costs are adjusted to reflect other sources of revenue paid by the new development (and any payments that reduce the cost of the facility that is to be paid by impact fees). The costs are calculated per growth trip. The costs per growth trip are applied to the unique trip generation rates for each type of land use. The amount of the fee is determined by charging each fee-paying development for cost of the number of growth trips that it generates.

Calculation of Impact Fee Amounts

Five formulas are used to determine the amount of impact fees for transportation facilities that are required as a result of new development:

$$1. \quad \begin{array}{r} \text{Road}^2 \\ \text{Project} \\ \text{Costs} \end{array} - \begin{array}{r} \text{Cost of} \\ \text{Existing} \\ \text{Deficiencies} \end{array} - \begin{array}{r} \text{Cost of Capacity} \\ \text{for Growth} \\ \text{After 2030} \end{array} = \begin{array}{r} \text{Capacity Cost} \\ \text{for Future} \\ \text{Growth} \end{array}$$

² In the formulas and tables in this study, the terms "road" or "roads" is used as a shorthand expression for "transportation" (i.e., "public streets and roads" authorized by RCW 82.02.090(7)).

2.	Capacity Cost for Future Growth	-	Other Funds Committed To Projects	=	2008 ³ -2030 Growth's Share of Projects		
3.	Future Trips on Road Network	-	Current Trips on Road Network	=	Growth Trips on Road Network		
4.	2008-2030 Growth's Share	÷	Growth Trips on Road Network	-	"Not Rely Solely" Adjustment	=	Eligible Cost per Growth Trip
5.	Eligible Cost per Growth Trip	x	Trip Generation Rate per Land Use	=	Impact Fee for Land Use Type		

³ 2008 is the baseline year of Shoreline's most recent traffic model. Development that has occurred between 2009 and the present, and increases in trips on Shoreline's street network since 2008 are considered "growth" for the purpose of calculating impact fee costs per trip. However, impact fees will be charged only to growth that occurs after the effective date of Shoreline's ordinance adopting impact fees, and growth between 2009 and that effective date will not be charged impact fees.

2. ROAD SYSTEM IMPROVEMENT COSTS ELIGIBLE FOR IMPACT FEES

This chapter includes a description of the first two formulas, each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of 2008-2030 growths' share of the capital cost of system improvements to transportation facilities that are eligible for impact fees.

The transportation projects listed in this chapter are eligible for impact fees because the needs analysis of the Transportation Element and CFP projects presented in Appendix A meets the requirements of RCW 82.02.

FORMULA 1: CAPACITY COST FOR FUTURE GROWTH

The cost of the capacity of eligible transportation projects for future growth is calculated by subtracting the cost of existing deficiencies and the cost of capacity not used by 2030 from the total transportation project costs as shown in the City's Transportation Element and Capital Facilities Plan (CFP) for transportation facilities.

$$\begin{array}{rclclcl}
 1. & \text{Road} & & \text{Cost of} & & \text{Cost of Capacity} & & \text{Capacity Cost} \\
 & \text{Project} & & \text{Existing} & & \text{for Growth} & & \text{for Future} \\
 & \text{Costs} & - & \text{Deficiencies} & - & \text{After 2030} & = & \text{Growth}
 \end{array}$$

There are three variables that require explanation: (A) the costs of transportation projects, (B) the cost of existing deficiencies, and (C) the cost of capacity for growth after 2030.

Variable (A) Costs of Transportation Projects

The Transportation Element and Capital Facilities Plan identify capital projects needed to maintain the City's current transportation system, and to meet the additional demands from growth. The projects in the Transportation Element and CFP were analyzed to determine which projects are needed to serve growth. Appendix A presents the results of that analysis.

The costs of transportation projects used in this study include the full cost of the project, including engineering, right of way, and construction costs.

The cost of transportation projects does not include any costs for interest or other financing. If the City decides in the future to borrow money for transportation facilities, the carrying costs for financing can be added to the costs in this study, and the impact fee can be recalculated to include such costs.

Variable (B): Costs of Existing Deficiencies

Impact fees can be charged for growth's proportionate share of transportation projects, but impact fees cannot be charged for the portion of projects that eliminate deficiencies that existed before growth occurred. The portion of a project that eliminates an existing deficiency is not eligible for impact fees, therefore the cost of eliminating the existing deficiency is subtracted from the total cost of the project.

For transportation segments, the cost of existing deficiency is determined by dividing the current deficient traffic volume by the capacity created by the new project. The resulting percent is the portion of the project that is needed for the existing deficiency. That percent is multiplied times the total transportation project cost to determine the portion of the cost that is needed to eliminate the existing deficiency.

For intersections, the cost of existing deficiency is determined by dividing the number of seconds of delay in excess of the standard by the number of seconds allowed by the standard. The resulting percent is the portion of the project that is needed for the existing deficiency. That percent is multiplied times the total intersection project cost to determine the portion of the cost that is needed to eliminate the existing deficiency.

Variable (C) Costs of Capacity for Growth after 2030

The impact fees in this study are calculated for growth that will occur between 2008 and 2030, but some of the transportation projects in the Transportation Element and Capital Facilities Plan create more capacity than will be used up by growth through 2030. The amount of capacity that is not used by 2030 is available for long-term growth that occurs after 2030, but its cost should not be included in impact fees for short-term growth.

The cost of growth after 2030 is calculated by determining the unused ("reserve") capacity. Reserve capacity is the difference between the total capacity of the improved transportation facilities and the amount of traffic volume in the year 2030 (as forecast by the traffic model). The cost (value) of reserve capacity is determined by dividing the reserve capacity by the total capacity created by the new project. The resulting percent is the portion of the project that is unused reserve capacity in 2030. That percent is multiplied times the total project cost to determine the portion of the cost that is for capacity for growth that will occur after 2030. However, project #6, N 175th St. from Stone to Meridian is being constructed in order to relieve congestion on Meridian. As a result, the analysis of reserve capacity on N 175th is not applicable to the impact fee calculations.

CALCULATION OF CAPACITY COSTS FOR FUTURE GROWTH

The calculation of the cost of the capacity of eligible transportation projects for future growth is presented in Table 1. Columns 1 and 2 list the eligible projects and total costs from the Transportation Element and CFP. The total costs are reduced by existing deficiency costs and costs of capacity for growth after 2030 in Columns 3 and 4. These ineligible costs are subtracted from the total costs, and the balance in Column 5 is the cost of capacity for future growth.

	(1)	(2)	(3)	(4)	(5)
#	Project	Project Cost	Cost of Existing Deficiency	Cost of Post-2030 Reserve Capacity	2008 - 2030 Growth Share
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	\$ 5,479,125	\$199,241	\$ 0	\$ 5,279,884
2.	N 175th St/Meridian Ave N: 500 ft	5,260,356	180,502	0	5,079,854
3.	Meridian Ave N: N 145th St to N 205th St	10,108,030	0	0	10,108,030
4.	NE 185th St: 1st Ave NE to 7th Ave NE	308,068	0	211,797	96,271
5.	N 175th St: Meridian Ave N to I-5	4,269,679	0	0	4,269,679
6.	N 175th St: Stone to Meridian	13,253,502	0	0	13,253,502
	Totals	38,678,760	379,743	211,797	38,087,220

FORMULA 2: 2008-2030 GROWTH'S SHARE

The 2008-2030 growth share of transportation project cost is calculated by subtracting the value of other funds that are committed to the project and which will pay for part of growth's share of the cost (from Table 1).

$$2. \text{ Capacity Cost for Future Growth} - \text{Other Funds Committed To Projects} = \text{2008-2030 Growth's Share of Projects}$$

There is one new variable that requires explanation: (D) other funds committed to projects.

Variable (D): Other Funds Committed to Projects

Impact fee rate calculations must recognize and reflect all known sources of revenue from new development that are earmarked or proratable to a particular impact fee project. These sources of revenue can include locally generated revenues (e.g., taxes, fees or charges, interest, etc.), state and/or

federal grants, bonds, or other revenue sources, which are committed to transportation capital improvement projects. The City's Transportation Element and CFP list specific sources of revenue for each project. The City of Shoreline's impact fee calculations include all non-impact fee revenue, whether paid by new development, or paid by existing residents and businesses.

The sources of revenue listed in the City's Transportation Element and CFP are available to pay for the City's "share" of projects, as well as growth's "share." The City's share includes the costs of variables B and C listed above: costs of existing deficiencies, and cost of capacity for growth after 2030. The revenues in the City's plan were analyzed to determine the portion that was available for the City's share and the portion that was for growth's share. The City has no revenue that applies to growth's share of project costs.

Revenues that are used for repair, maintenance or operating costs are not included because impact fees are not used for such expenses. Revenues for payments of *past* taxes paid on vacant land prior to development are not included because new capital projects do not have prior costs, therefore prior taxes did not contribute to such projects.

If an applicant believes that past tax payments were made by his/her property and such taxes meet the criteria of RCW 82.02.060(1)(b), an applicant can submit documentation and request a special review.

CALCULATION OF 2008-2030 GROWTH'S SHARE

The 2008-2030 growth share of transportation project cost is presented in Table 2. Column 1 lists the eligible projects from the Transportation Element and CFP. Column 2 lists the capacity cost for future growth (from Table 1, column 5). The capacity costs in Column 1 are reduced by the other revenue that pays for growth's share (Column 3). The result is shown in Column 4: 2008-2030 growth's share of the transportation improvement projects.

TABLE 2 NET GROWTH SHARE ELIGIBLE FOR IMPACT FEES				
	(1)	(2)	(3)	(4)
#	Project	2008 - 2030 Growth Share	Other Funds Committed to Projects	Net Growth Share (Eligible for Impact Fees)
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	\$ 5,279,884	\$ 0	\$ 5,279,884
2.	N 175th St/Meridian Ave N: 500 ft	5,079,854	0	5,079,854
3.	Meridian Ave N: N 145th St to N 205th St	10,108,030	0	10,108,030
4.	NE 185th St: 1st Ave NE to 7th Ave NE	96,271	0	96,271
5.	N 175th St: Meridian Ave N to I-5	4,269,679	0	4,269,679
6.	N 175th St: Stone to Meridian	13,253,502	0	13,253,502
	Totals	38,087,220	0	38,087,220

3. 2008-2030 GROWTH COST PER GROWTH TRIP

In this chapter the 2008-2030 growth's share of the cost of eligible transportation projects from Chapter 2 is converted to a cost per growth trip. As in the previous chapter, this chapter includes a description of each formula and each variable that is used in the formulas, an explanation of the use of data in the formula, and the calculation of the unfunded cost per growth trip, using formulas 3 and 4.

FORMULA 3: GROWTH TRIPS

The growth of trips on Shoreline's transportation system is calculated by subtracting the number of trips currently on the transportation system from the number of trips that are forecast to be on the transportation system in the year 2030:

$$\begin{array}{rcccl}
 3. & \text{Future} & & \text{Current} & & \text{Growth} \\
 & \text{Trips on} & - & \text{Trips on} & = & \text{Trips on} \\
 & \text{Road Network} & & \text{Road Network} & & \text{Road Network}
 \end{array}$$

There is one new variable used in formula 3 that requires explanation: (E) trips.

Variable (E) Trips (Current and Future)

A traffic demand model is used to analyze traffic on transportation facilities. Shoreline's model was run by the City's transportation planning consultant, DKS Associates, and the results used to calculate current and future trips on Shoreline's transportation facilities. The data from the model is presented here as p.m. peak hour trips.

CALCULATION OF GROWTH TRIPS

Table 3 shows the future and current trips and calculates the growth trips.

TABLE 3 GROWTH TRIPS (P.M. PEAK HOUR) IN SHORELINE			
(1)	(2)	(3)	(4)
Origin - Destination	2008 Trips	2030 Trips	Growth Trips (Increase in Trips)
internal to internal	2,444	3,352	908
internal to external	7,009	8,846	1,837
external to internal	8,168	9,766	1,598
external to external	8,011	9,700	1,689
Total Trips	25,632	31,664	6,032

FORMULA 4: COST PER GROWTH TRIP

The 2008-2030 growth share of cost of transportation projects per growth trip is calculated by dividing the 2008-2030 growth share of cost of transportation projects by the number of growth trips:

$$4. \quad \begin{array}{cccccc} \text{2008-2030} & & \text{Growth} & & \text{"Not Rely} & & \text{Eligible Cost} \\ \text{Growth's} & \div & \text{Trips on} & - & \text{Solely"} & = & \text{per} \\ \text{Share} & & \text{Road Network} & & \text{Adjustment} & & \text{Growth Trip} \end{array}$$

There is one new variable used in formula 3 that requires explanation: (F) "not rely solely on impact fees."

Variable (F) "Not Rely Solely on Impact Fees"

RCW 82.02.050(7) provides that "...the financing for system improvements to serve new development ... cannot rely solely on impact fees." The statute provides no further guidance, and "not rely solely" could be anything between 0.1% and 99.9%, thus additional analysis is presented below.

As noted previously, the total cost of all eligible projects is \$38.1 million, and 0.99% of that is for existing deficiencies. In addition, the future reserve capacity equals 0.55% of total costs. The City is required to pay for existing deficiencies and reserve capacity costs. The City may or may not eventually recoup the costs of future reserve capacity from development that occurs after the 2030 planning horizon for the transportation improvements. Arguably the 0.99% and the 0.55% that will be paid by the City provide sufficient compliance with the requirement to "not rely solely on impact fees." However, in the event that the intent of the statute is more narrowly construed to mean that the City should "not rely solely on impact fees" for the \$38,087,220 cost that is eligible for impact fees, an additional 3% reduction (\$1,142,617) is made to the impact fee calculation. This is accomplished at the end of Table 4, by reducing the cost per trip by 3%, and the resulting net cost per trip will be used as the basis for the remaining calculations of the transportation impact fee for Shoreline.

CALCULATION OF COST PER GROWTH TRIP

Table 4 shows the calculation of the cost per growth trip by dividing the 2008-2030 growth share of cost of transportation projects that are eligible for impact fees (from Table 2) by the number of growth trips (from Table 3) to produce the total cost per growth trip. The last step in Table 4 is to subtract an amount equal to 3% of the total cost per trip in order to determine the eligible cost per trip.

TABLE 4 COST PER GROWTH TRIP	
(1) Description	(2) Amount
Growth Share of Project Costs	\$ 38,087,220
P.M. Peak Hour Growth Trips	6,032
Cost per P.M. Peak Hour Growth Trip	\$ 6,314.19
RCW 82.02.050 (2) "cannot rely solely on impact fees"	-3.00%
Net Cost per P.M. Peak Hour Growth Trip	\$ 6,124.77

4. IMPACT FEE RATES FOR SPECIFIC LAND USES

In this chapter the eligible cost per growth trip (from chapter 3) is converted to an impact fee rate per unit of development for a variety of land use categories. As in the previous chapter, this chapter includes a description of the formula and each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of the impact fee, using formula 5.

FORMULA 5: IMPACT FEE RATES FOR SPECIFIC LAND USES

The impact fee for each category of land use is determined by multiplying the cost per growth trip times the number of trips generated per unit of development of each category of land use:

$$\begin{array}{rcccl}
 5. & \text{Eligible Cost} & & \text{Trip} & & \text{Impact} \\
 & \text{per} & & \text{Generation} & = & \text{Fee for} \\
 & \text{Growth Trip} & \times & \text{Rate per Land Use} & & \text{Land Use Type}
 \end{array}$$

The formula uses different trip generation rates for different types of land uses (i.e., single family houses, office buildings, etc.). There is one new variable used in formula 4 that requires explanation: (G) trip generation rates.

Variable (G) Trip Generation Rates

This rate study uses the data reported in Trip Generation, compiled and published by the Institute of Transportation Engineers (ITE). The report is currently in its 8th edition. The report is a detailed statistical compilation of hundreds of surveys of trip origins and destinations conducted throughout the United States. The data is reported on several variables (i.e., type of land use, units of development, number of employees, hour of day, etc.). The data used in this impact fee rate study is for trips generated during the p.m. peak hour, since that is the same basis as the trip data for the City’s level of service. Impact fee rates are calculated in this study for many frequently used types of land use (i.e., dwellings, offices, retail, restaurants, etc.). Impact fees can be calculated for other land uses not listed in this rate study by referring to the data in the ITE report.

Trip generation data is reported initially as the total number of trips leaving and arriving at each type of land use (i.e., trip ends). There are two adjustments made to each trip generation rate before it is used to calculate the impact fee.

The first adjustment is to reduce the number of trips charged to land uses that are incidental attractors and generators of trips. For example, if a person leaves work to return home at the end of the workday, the place of employment is the origin, and the home is the destination. But if the person stops enroute to run an errand at a store, the ITE data counts the stop at the store as a new destination (and a new origin when the person leaves the store). In reality, the work-to-

home trip was going to occur regardless of the incidental stop, therefore the trip rate of the store should not be charged as an additional impact on the transportation system. The adjustment is based on the number of "pass-by" trips that stop at the store instead of "passing by." In Table 5, these trips are eliminated by counting only the trips that are truly "new" trips (i.e., a person made a special trip to the store). The adjustment is shown in the rate table as "Percent New Trips."

The second adjustment is the "Trip Length Factor." Not all trips are the same length. Longer trips need more transportation facilities, so they are considered to have a greater impact than shorter trips. The ITE report's trip generation data is adjusted by a factor that compares the average trip length of each type of development to the average trip length of all trips. Some land uses have factors greater than 1.0 (i.e., hospitals are factored at 1.28 because their trips are 28% longer than average) while other land uses have factors less than 1.0 (i.e., 24-hour convenience markets trips are factored at 0.44 because their trips are only 44% the length of an average trip).

CALCULATION OF IMPACT FEE RATES FOR SPECIFIC LAND USES

Table 5 shows the calculation of impact fee rates for twenty-eight frequently used categories of land use that are listed in column 1. The ITE trip rate in column 2 is multiplied times the percent new trips in column 3, and the result is multiplied times the trip length factor in column 4. Column 5 reports the net new trips that are the result of these calculations. The impact fee rates in column 6 are calculated by multiplying the net new trips from column 5 times the eligible cost per growth trip (from Table 4, and repeated in the column heading of column 6). If the trip generation rate in column 5 is reported per 1,000 square feet, the calculation of rates for column 6 includes a step of dividing by 1,000 in order to calculate the impact fee rate per square foot.

An applicant for a building permit will be assessed an impact fee that is determined as follows:

1. Select the appropriate land use category from Table 5, and find the impact fee rate per unit in column 6.
2. Determine the number of "units" of development, such as dwelling units, or square feet of buildings the applicant proposes to build. (Specific "units" used for impact fees are listed in the right portion of column 6 of Table 5).
3. Multiply the rate per unit by the number of units to be built. The result is the impact fee.

TABLE 5 IMPACT FEE RATES							
(1)	(2)	(3)	(4)	(5)		(6)	
ITE Code	Land Use Category/ Description	Trip Rate ¹	% New Trips ²	Trip Length Factor ³	Net New Trips Per Unit of Measure		Impact Fee Per Unit @ \$6,124.77 per Trip
90	Park-and-ride lot w/ bus svc	0.62	75%	1.00	0.47	parking spce	2,848.02 per parking spce
110	Light industrial	0.97	100%	1.31	1.27	1,000 sq ft	7.78 per square foot
140	Manufacturing	0.73	100%	1.31	0.96	1,000 sq ft	5.86 per square foot
151	Mini-warehouse	0.26	100%	1.31	0.34	1,000 sq ft	2.09 per square foot
210	Single family house (includes townhouse and duplex)	1.01	100%	0.90	0.91	dwelling	5,567.41 per dwelling unit
220	Apartment (includes accessory dwelling unit)	0.62	100%	0.95	0.59	dwelling	3,607.49 per dwelling unit
230	Condominium	0.52	100%	1.15	0.60	dwelling	3,662.61 per dwelling unit
240	Mobile home park	0.59	100%	0.72	0.42	dwelling	2,601.80 per dwelling unit
251	Senior housing	0.27	100%	0.72	0.19	dwelling	1,190.65 per dwelling unit
255	Continuing care retirement	0.29	100%	1.00	0.29	dwelling	1,776.18 per dwelling unit
310	Hotel	0.59	100%	1.03	0.61	room	3,722.02 per room
320	Motel	0.47	100%	1.03	0.48	room	2,965.00 per room
444	Movie theater	3.80	85%	0.59	1.91	1,000 sq ft	11.67 per square foot
492	Health/fitness club	3.53	90%	0.79	2.51	1,000 sq ft	15.37 per square foot
530	School (public or private)	0.97	80%	0.95	0.74	1,000 sq ft	4.52 per square foot
540	Junior/community college	2.54	80%	0.95	1.93	1,000 sq ft	11.82 per square foot
560	Church	0.55	95%	0.95	0.50	1,000 sq ft	3.04 per square foot
565	Day care center	12.46	75%	0.51	4.77	1,000 sq ft	29.19 per square foot
590	Library	7.30	75%	0.44	2.41	1,000 sq ft	14.75 per square foot
610	Hospital	1.14	80%	1.28	1.17	1,000 sq ft	7.15 per square foot
710	General office	1.49	90%	1.31	1.76	1,000 sq ft	10.76 per square foot
720	Medical-dental office	3.46	75%	1.23	3.19	1,000 sq ft	19.55 per square foot
731	State motor vehicles dept	17.09	90%	1.00	15.38	1,000 sq ft	94.21 per square foot
732	United States post office	11.12	75%	0.44	3.67	1,000 sq ft	22.48 per square foot
820	General retail and personal services (includes shopping center)	3.73	66%	0.54	1.33	1,000 sq ft	8.14 per square foot
841	Car sales	2.59	80%	1.18	2.44	1,000 sq ft	14.97 per square foot
850	Supermarket	10.50	64%	0.54	3.63	1,000 sq ft	22.23 per square foot
851	Convenience market-24 hr	52.41	39%	0.33	6.75	1,000 sq ft	41.31 per square foot
854	Discount supermarket	8.90	77%	0.54	3.70	1,000 sq ft	22.67 per square foot
880	Pharmacy/Drugstore	8.42	47%	0.54	2.14	1,000 sq ft	13.09 per square foot
912	Bank	25.82	53%	0.38	5.20	1,000 sq ft	31.85 per square foot
932	Restaurant: sit-down	11.15	57%	0.59	3.75	1,000 sq ft	22.97 per square foot
934	Fast food	33.84	50%	0.51	8.63	1,000 sq ft	52.85 per square foot
937	Coffee/donutshop	42.93	50%	0.51	10.95	1,000 sq ft	67.05 per square foot
941	Quick lube shop	5.19	75%	1.00	3.89	service bay	23,840.66 per service bay
944	Gas station	13.87	58%	0.44	3.54	pump	21,679.38 per pump
948	Automated car wash	11.64	65%	1.00	7.57	1,000 sq ft	46.34 per square foot

¹ ITE Trip Generation (8th Edition): 4-6 PM Peak Hour Trip Ends

² Excludes pass-by trips: see "Trip Generation Handbook: An ITE Proposed Recommended Practice" (1988) and other sources.

³ Ratio to average trip length

APPENDIX A: ANALYSIS OF NEEDS FOR ROAD IMPROVEMENTS

Need for Transportation to Serve Growth in Shoreline

RCW 82.02 requires impact fees to be based on the City's Capital Facilities Plan which must identify existing deficiencies in transportation system capacity for current development, capacity of existing transportation system available for new development, and additional transportation system capacity needed for new development. Shoreline's Capital Facilities Plan for transportation projects is found in the Transportation Element of the City's Comprehensive Plan.

Existing deficiencies and reserves were summarized in Table 2 of this study. The purpose of this appendix is to summarize needs for additional capacity for new development based on data provided in the Transportation Element of the City's Comprehensive Plan.. Specifically, Figure A-4 denotes roadway projects to accommodate growth. Tables 8.2 and 8.3 speak to 2008 and 2030 increased in time delay (for LOS) in % and Appendix E, Figures E-2, E-3, E-4, and E-5 all speak to growth with 2008 and 2030 vehicle counts and % growth calculations being presented.

The need for additional transportation facilities is determined by using several criteria, including increases in traffic volume, increases in transportation system capacity and determination that the capacity increases are needed for growth. Table A-1 lists the transportation projects from Shoreline's Transportation Element and CFP that are eligible for impact fees because of the results of one or more criteria.

TABLE A-1 ANALYSIS OF NEED FOR ROAD PROJECTS TO SERVE GROWTH					
(1)	(2)	(3)	(4)	(5)	
#	Project	Description	Volume Increase 2008 - 2030	Capacity Increase 2008 - 2030	
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	Add/Drop Lanes	50%	380 vph	X
2.	N 175th St/Meridian Ave N: 500 ft	NB Add lane, Restripe WB Approach	44%	380 vph	X
3.	Meridian Ave N: N 145th St to N 205th St	Add two way left turn lane	39%	140 vph	X
4.	NE 185th St: 1st Ave NE to 7th Ave NE	Add two way left turn lane	38%	160 vph	X
5.	N 175th St: Meridian Ave N to I-5	Roadway widening and sidewalks	22%	160 vph	X
6.	N 175th St: Stone to Meridian	Roadway widening, sidewalks and vertical realignment	40%	160 vph	X

Potential Amendments Requested by Councilmembers

Ordinance 690 – Potential Amendment #1A – Deferral of Payment for a Single Family Residential Unit

Shoreline Municipal Code 12.40.050

F. A building permit applicant may defer payment of impact fees for a single family detached residential dwelling unit until the earlier of the seven (7) days after the date of the sale of the dwelling unit or eighteen (18) months after issuance of the original building permit, whichever occurs first, but only if before issuance of the building permit, the applicant:

1. Submits to the Director a signed and notarized deferred impact fee application, pays associated administrative fees, and provides acknowledgement form for each single family detached residential dwelling unit for which the applicant wishes to defer payment of the impact fees;
2. Records at the applicant's expense a covenant and lien that:
 - a. requires payment of the impact fees to the City at the earlier of seven (7) days after the date of sale or eighteen (18) months after issuance of the original building permit, whichever occurs first;
 - b. provides that if the impact fees are paid through escrow at closing of sale, in the absence of an agreement between the buyer and the seller to the contrary, the impact fees shall be paid from the seller's proceeds;
 - c. provides that the seller bears strict liability for the payment of the impact fees;
 - d. requires the seller or seller's agent of property subject to the covenant and lien to provide written disclosure of the covenant and lien to a purchaser or prospective purchaser. Disclosure of the covenant must include the amount of impact fees payable and that the fees are to be paid to the City on the date of sale;
 - e. makes the applicant legally liable for payment of the impact fees if the fees are not paid by the earlier of seven days after the date of sale or eighteen months after the building permit has been issued, whichever occurs first; and
 - f. in the event impact fees are not paid in accordance with this section, the City may initiate any action legally available to collect such impact fees, including foreclosure. The City shall also be entitled to intent and reasonable attorney fees and costs incurred

G. Payment of impact fees deferred under this subsection shall be made by cash, escrow company check, cashier's check or certified check.

H. Upon receipt of payment of impact fees deferred under this subsection, the City shall execute a lien release for each single family detached residential dwelling unit for which the impact fees have been received. Unless an agreement to the contrary is reached between buyer and seller, the seller, at the seller's expense, shall be responsible for recording the lien release.

I. The director shall not issue the required building permit until the impact fees have been paid or the signed and notarized deferred impact fee application and acknowledgement form and deferral fee has been received and approved by the City.

J. Not later than one year after the effective date of this Chapter, the Director shall report to the Council on the effect of subsection 12.40.050.F-I. The report shall include information on the number of applications for deferral, the length of time of deferral, the amount of fees deferred, the number of fees and amount not paid as required, and any adverse impacts to the ability of the City to construct projects made necessary by new development. The report shall also include recommendations for changes to address deficiencies identified in the report.

12.40.020 Definitions.

“Impact fee” means a payment of money imposed upon development as a condition of development approval to pay for transportation facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for transportation facilities, that is a proportionate share of the cost of the transportation facilities, and that is used for facilities that reasonably benefit the new development. An impact fee does not include a reasonable permit fee or application fee. An impact fee does not include the administrative fee for collecting and handling impact fees, the fee for reviewing independent fee calculations, or the fee for deferring payment of impact fees.

3.01.015 Transportation Impact Fees.

B. Administrative Fees.

3. Each application for a deferral of payment of residential impact fees as provided in SMC 12.40.050(F) shall pay a non-refundable administrative deferral fee equal to the charge for one hour as set forth in the City's fee schedule, SMC 3.01.010. The fee shall be paid at the time the application for deferral is submitted to the City.

Ordinance 690 – Potential Amendment #1B – Deferral of Payment for Residential Dwelling Units (Single and Multi-Family)

Shoreline Municipal Code 12.40.050

F. A building permit applicant may defer payment of impact fees for a single-family detached dwelling unit, a condominium unit(s), or a multi-family residential building until the earlier of the seven (7) days after the date of sale of the unit or building or eighteen (18) months after issuance of the original building permit, whichever occurs first, but only if before issuance of the building permit, the applicant:

1. Submits to the Director a signed and notarized deferred impact fee application, pays associated administrative fees, and provides acknowledgement form for each single-family detached dwelling unit, condominium unit, or all of the dwelling units in a multi-family residential building for which the applicant wishes to defer payment of the impact fees;
2. Records at the applicant's expense a covenant and lien that:
 - a. requires payment of the impact fees to the City at the earlier of seven (7) days after the date of sale or eighteen (18) months after issuance of the original building permit, whichever occurs first;
 - b. provides that if the impact fees are paid through escrow at closing of sale, in the absence of an agreement between the buyer and the seller to the contrary, the impact fees shall be paid from the seller's proceeds;
 - c. provides that the seller bears strict liability for the payment of the impact fees;
 - d. requires the seller or seller's agent of property subject to the covenant and lien to provide written disclosure of the covenant and lien to a purchaser or prospective purchaser. Disclosure of the covenant must include the amount of impact fees payable and that the fees are to be paid to the City on the date of sale;
 - e. makes the applicant legally liable for payment of the impact fees if the fees are not paid by the earlier of seven (7) days after the date of sale or eighteen months after the building permit has been issued, whichever occurs first; and
 - f. in the event impact fees are not paid in accordance with this section, the City may initiate any action legally available to collect such impact fees, including foreclosure. The City shall also be entitled to intent and reasonable attorney fees and costs incurred

G. Payment of impact fees deferred under this subsection shall be made by cash, escrow company check, cashier's check or certified check.

H. Upon receipt of payment of impact fees deferred under this subsection, the City shall execute a lien release for each single-family detached residential dwelling unit, condominium unit, or multi-family residential building for which the impact fees have been received. Unless an agreement to the contrary is reached between buyer and seller, the seller, at the seller's expense, shall be responsible for recording the lien release.

I. The director shall not issue the required building permit until the impact fees have been paid or the signed and notarized deferred impact fee application and acknowledgement form and deferral fee has been received and approved by the City.

J. Not later than one year after the effective date of this Chapter, the Director shall report to the Council on the effect of subsection 12.40.050.F-I. The report shall include information on the number of applications for deferral, the length of time of deferral, the amount of fees deferred, the number of fees and amount not paid as required, and any adverse impacts to the ability of the City to construct projects made necessary by new development. The report shall also include recommendations for changes to address deficiencies identified in the report.

12.40.020 Definitions.

"Impact fee" means a payment of money imposed upon development as a condition of development approval to pay for transportation facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for transportation facilities, that is a proportionate share of the cost of the transportation facilities, and that is used for facilities that reasonably benefit the new development. An impact fee does not include a reasonable permit fee or application fee. An impact fee does not include the administrative fee for collecting and handling impact fees, the fee for reviewing independent fee calculations, or the fee for deferring payment of impact fees.

3.01.015 Transportation Impact Fees.

B. Administrative Fees.

3. Each application for a deferral of payment of residential impact fees as provided in SMC 12.40.050(F) shall pay a non-refundable administrative deferral fee equal to the charge for one hour as set forth in the City's fee schedule, SMC 3.01.010. The fee shall be paid at the time the application for deferral is submitted to the City.

Ordinance 690 – Potential Amendment #2 – Reduction in Impact Fee (75%)

WHEREAS; the City of Shoreline developed a Rate Study for Impact Fees for Transportation that identified a transportation impact fee at \$6,124.77 per trip and has determined that adoption of seventy five percent of that fee per trip is appropriate;

Shoreline Municipal Code 3.01.015(A). Rate Table

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$4,593.58 per Trip	
90	Park-and-ride lot w/ bus svc	2,136.02	per parking space
110	Light industrial	5.84	per square foot
140	Manufacturing	4.40	per square foot
151	Mini-warehouse	1.57	per square foot
210	Single family house (includes townhouse and duplex)	4,175.56	per dwelling unit
220	Apartment (includes accessory dwelling unit)	2,705.62	per dwelling unit
230	Condominium	2,746.96	per dwelling unit
240	Mobile home park	1,951.35	per dwelling unit
251	Senior housing	892.99	per dwelling unit
255	Continuing care retirement	1,332.14	per dwelling unit
310	Hotel	2,791.52	per room
320	Motel	2,223.75	per room
444	Movie theater	8.75	per square foot
492	Health/fitness club	11.53	per square foot
530	School (public or private)	3.39	per square foot
540	Junior/community college	8.87	per square foot
560	Church	2.28	per square foot
565	Day care center	21.89	per square foot
590	Library	11.06	per square foot
610	Hospital	5.36	per square foot
710	General office	8.07	per square foot
720	Medical office	14.66	per square foot
731	State motor vehicles dept	70.66	per square foot
732	United States post office	16.86	per square foot
820	General retail and personal services (includes shopping center)	6.11	per square foot
841	Car sales	11.23	per square foot
850	Supermarket	16.67	per square foot
851	Convenience market-24 hr	30.98	per square foot
854	Discount supermarket	17.00	per square foot
880	Pharmacy/drugstore	9.82	per square foot

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$4,593.58 per Trip	
912	Bank	23.89	per square foot
932	Restaurant: sit-down	17.23	per square foot
934	Fast food	39.64	per square foot
937	Coffee/donut shop	50.29	per square foot
941	Quick lube shop	17,880.50	per service bay
944	Gas station	16,259.54	per pump
948	Automated car wash	34.76	per square foot

Ordinance 690 – Potential Amendment #3 – Deferral of Payment for Small Business

12.40.020 Definitions.

“Impact fee” means a payment of money imposed upon development as a condition of development approval to pay for transportation facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for transportation facilities, that is a proportionate share of the cost of the transportation facilities, and that is used for facilities that reasonably benefit the new development. An impact fee does not include a reasonable permit fee or application fee. An impact fee does not include the administrative fee for collecting and handling impact fees, the fee for reviewing independent fee calculations, or the fee for deferring payment of impact fees.

Shoreline Municipal Code 12.40.XXX

Deferral of Impact Fees Allowed for Small Business.

For the purpose of this section a “small business” is a commercial enterprise that employs ten (10) or fewer full-time equivalent employees. The payment of required impact fees may be deferred from the time of building permit issuance in accordance with the following:

- A. The property owner shall be solely liable for impact fees deferred pursuant to this section;
- B. Fifty (50) percent of the impact fees shall be paid before the building permit is issued by the City;
- C. The remaining fifty (50) percent of the impact fee shall be paid within 24 months from the date of building occupancy or, when ownership of the property is transferred, whichever is earlier;
- D. The property owner has submitted a city-approved deferred impact fee application for the development for which the property owner/applicant wishes to defer payment of the impact fees and has paid the required administrative fees;
- E. The property owner, at their sole expense, records a lien in a form approved by the City Attorney for impact fees against the property in favor of the City in the total amount of all deferred impact fees for the development;
- F. In the event impact fees are not paid in accordance with this section, the City may initiate any action legally available to collect such impact fees, including foreclosure. The City shall also be entitled to interest and reasonable attorney fees and costs incurred; and
- G. Upon receipt of final payment of all deferred impact fees, the Planning Department shall execute a separate lien release for the property in a form approved by the city attorney. The property owner, at their sole expense, will be responsible for recording each lien release.

Ordinance 690 – Potential Amendment #4A – Low-Income Housing Exemption

SMC 12.40.070(G) Exemptions. [With no time restriction and AMI open to Council Discretion]

Low-income housing provided by a non-profit entity. "Low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of _____ percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. As provided in RCW 82.02.060, a non-profit entity, as defined in RCW 84.36.560(7)(f), as amended, shall be entitled to an exemption of impact fees under the following conditions:

:

- i. The developer/applicant shall execute and record a covenant that prohibits using the property for any purpose other than for low-income housing except as provided within this subsection;
- ii. The covenant shall, at a minimum, address price restrictions and household income limits for the low-income housing;
- iii. The covenant shall run with the land and apply to subsequent owners and assigns;
- iv. The covenant must state that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion;
- v. Any claim for an exemption for low-income housing must be made no later than the time of application for a building permit.
- vi. Any claim for an exemption for low-income housing not made shall be deemed waived.
- vii. The developer/applicant or any subsequent property owner shall file a notarized declaration with the city manager as provided in SMC 3.27.080(A), as amended, within 30 days after the first anniversary of the date of issuance of the building permit and each year thereafter.

Covenants shall be record with the applicable county auditor or recording officer.

Ordinance 690 – Potential Amendment #4B – Low-Income Housing Exemption

SMC 12.40.070(G) Exemptions. [With time restriction and AMI open to Council Discretion]

Low-income housing provided by a non-profit entity. "Low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of _____ percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. As provided in RCW 82.02.060, a non-profit entity, as defined

in RCW 84.36.560(7)(f), as amended, shall be entitled to an exemption of impact fees under the following conditions:

:

- i. The developer/applicant shall execute and record a covenant that prohibits using the property for any purpose other than for low-income housing except as provided within this subsection;
- ii. The covenant shall, at a minimum, address price restrictions and household income limits for the low-income housing;
- iii. The covenant shall run with the land and apply to subsequent owners and assigns;
- iv. The covenant must require that the proposed housing unit or development will continue to be used for low-income housing for a period of not less than ____ years;
- v. The covenant must state that if the property is converted to a use other than for low-income housing prior to the expiration of the ____ year time restriction, the property owner must pay the applicable impact fees in effect at the time of conversion;
- vi. Any claim for an exemption for low-income housing must be made no later than the time of application for a building permit.
- vii. Any claim for an exemption for low-income housing not made shall be deemed waived.
- viii. The developer/applicant or any subsequent property owner shall file a notarized declaration with the city manager as provided in SMC 3.27.080(A), as amended, within 30 days after the first anniversary of the date of issuance of the building permit and each year thereafter.

Covenants shall be record with the applicable county auditor or recording officer.



**HOUSING
DEVELOPMENT**
consortium

Deputy Mayor Chris Eggen
City of Shoreline
17500 Midvale Avenue N
Shoreline, WA 98133-4905

June 27, 2014

RE: Ordinance 690, Transportation Impact Fee and Exemption for Affordable Housing

Dear Deputy Mayor Eggen:

Thank you for the opportunity to provide feedback on the proposed ordinance regarding transportation impact fees. We appreciate your continued involvement in the North King County Affordable Housing and Homelessness workgroup, and this letter is in response to a conversation regarding affordable housing incentives at our last meeting.

The Housing Development Consortium of King County (HDC) has been following the City Council's consideration of an impact fee exemption for affordable housing. **In light of recent conversations with City staff, and on behalf of HDC's more than 100 organizational members, we urge you and the rest of Council to reconsider exempting affordable housing from transportation impact fees.**

HDC is a nonprofit, membership organization which represents nonprofit organizations, government agencies, and private businesses who are working to develop affordable housing across King County and who are dedicated to the vision that all people should have a safe, healthy, and affordable home. In other words, we believe that all people, regardless of income, deserve the opportunity to thrive in a safe neighborhood with good jobs, quality schools, strong access to transit, and plenty of parks and open space for a healthy lifestyle.

We greatly appreciate our partnership with the City of Shoreline which helps support this vision, in particular your support of the North King County Affordable Housing and Homelessness Workgroup. We also applaud Shoreline

HDC's Affordable Housing Members:
Low-income Housing Organizations
Community Development Corporations
Special Needs Housing Organizations
Public Housing Authorities
Community Action Agencies
Workforce Housing Organizations
Public Development Authorities
Government Agencies and Commissions
Architects and Designers
Development Specialists
Certified Public Accountants
Regional Funders and Lenders
National Funders and Lenders
Community Investment Specialists
Property Managers
Law Firms
Contractors

Affording Opportunity

1402 Third Avenue, Suite 1230 Seattle, Washington 98101

for its commitment to this vision through a Comprehensive Plan that incorporates policies to promote affordable housing in the City, such as policies H7, H8, H10, H19, and H20. Shoreline's Comprehensive Plan expresses the City's intention to create incentives to promote the development of homes affordable to low-income households, specifically policies H7 and H8. With limited public dollars, the City's primary opportunity to support affordable housing development lies in public incentives, such as fee waivers and other creative strategies. **The City has expressed an interest in doing more to support affordable housing throughout our partnership; an impact fee exemption is one tool you can use to promote this goal.**

We understand the Council has had some concerns about the mechanics of an impact fee exemption for affordable housing. We would like to address these concerns, and our understanding is that City staff is also able to address these points in a memo to Council.

❖ **Income Targeting**

We understand the Council's concerns around the income targeting of an impact fee exemption for affordable housing. Based on our review of other cities' policies and conversations with City staff regarding the interpretation of RCW 82.02.060, we believe an affordable housing impact fee exemption can be targeted to housing affordable at less than the 80% of Area Median Income (AMI) standard. Creating an exemption that applies to homes affordable at the 60% of AMI level is both allowable and good policy. A 60% AMI income targeting is recommended as best practice in order to align with federal funding sources, such as the Low Income Housing Tax Credit.

We believe that an income targeting at this level would still allow the City to collect revenue from market-rate housing developments in Shoreline. Preliminary data from market analyst Dupree + Scott shows that, for apartments constructed since 2008 in Shoreline, rents are unaffordable to households earning 60% of AMI. Furthermore, projects that are not already using federal low-income housing subsidies are unlikely to take advantage of an impact fee waiver because it would require a long-term affordability covenant that would place restrictions on rents for 30 years.

❖ **Paying for an Exemption**

We also know the Council has been concerned about how to pay for an impact fee exemption for affordable housing. RCW 82.02.060 *does not* require the City to pay for the majority of this exemption using general funds; impact fee accounts (or any account) can be used to pay for an exemption of up to 80% of the impact fee; the remaining 20% would need to be made up from funds other than impact fee accounts.

❖ **Long Term Affordability**

It is national best practice to require publicly subsidized affordable housing to remain affordable for at least thirty years. Fortunately, RCW 82.02.060 offers the City the flexibility to require long-term affordability. If income targeting is set at 60% of AMI, the City Council does not need to worry about monitoring compliance with long-term affordability covenants. In almost all cases, other public subsidy, such as Low Income Housing Tax Credits, is used to build housing affordable at this income level. These

programs have strict and regular monitoring and compliance mechanism. This is true for both nonprofit and for-profit affordable housing developments.

In sum, RCW 82.02.060 gives cities across Washington State leeway in how they write affordable housing impact fee exemptions into their codes. It is meant to set minimum standards, not to place constraints on what works locally. Right here in King County, Kirkland, Bellevue, and Sammamish have adopted impact fee exemptions for affordable housing, to name just a few examples. We urge Shoreline to join with these cities in exempting affordable housing from impact fees.

Putting aside the technical questions for a moment, we would like to take this opportunity to explain why we think an impact fee exemption for affordable housing is good policy.

Shoreline already has tremendous affordable housing needs, and this need will only continue to worsen. 26% of Shoreline renter households are paying more than 50% of their income in housing costs. As the City continues to grow and develop, particularly with the new light rail, rents will continue to rise, and low-wage workers and families will see safe, healthy, and affordable housing continue to drift further from their reach.

We believe public housing authorities, nonprofit housing developers, *and* private sector partners are critical for meeting this need. We are in the midst of an affordability crisis that is only getting worse, and we must support the private sector's involvement in developing affordable housing in King County. For this reason, we recommend exempting all affordable housing from impact fees, regardless of who develops these homes. However, we would be supportive of a nonprofit and public housing authority exemption if the City does not believe a broader exemption is appropriate at this time.

Affordable housing developers, both for- and nonprofit, rely on philanthropic and public funds to create housing that is affordable to low-income families. By increasing costs, impact fees reduce the number of affordable homes that can be built with this funding. **By exempting affordable housing from impact fees, the City of Shoreline can maximize public housing investments and ensure housing funds are used for their intended purpose—housing individuals and families who need safe, healthy, and affordable homes.**

We recognize that in this climate of tight funding, generating revenue is critical to sustaining Shoreline's budget. In fact, new affordable housing development and rehabilitation has enormous potential to contribute to the economic vibrancy of Shoreline. Affordable housing can revitalize neighborhoods and put money into the local economy, from wages for construction workers to supporting nearby commercial districts. And, when families spend less on housing, they are able to spend more on other basics like groceries, gas, and childcare. This will improve the quality of life in Shoreline overall and support a strong, thriving economy in the City.

There are many ways to structure an impact fee exemption for affordable housing. HDC is not an expert in drafting municipal code, but we would like to suggest some language for how Shoreline might construct its program. This language can be found in an addendum to this letter and builds

off the work your staff and consultants have already done. It suggests only a few modifications that reflect the technical considerations outlined above.

We know this language can only serve as a guide for City staff and the City Council. HDC encourages you to think about how you might reformat these suggestions to fit Shoreline's needs, and we would be happy to work with the City as you reconsider this issue. You can reach us at kayla@housingconsortium.org or (206) 682-9541 with any questions or concerns. Thank you for your commitment to helping Shoreline's families live in safe, healthy, and affordable homes. We believe an impact fee exemption for affordable housing will bring you one step closer to this goal.

Sincerely,



Kayla Schott-Bresler
Policy Manager



Marty Kooistra
Executive Director

CC: Alicia McIntire, Senior Planner – Transportation Division, City of Shoreline

Addendum: Model Language for a Low-Income Housing Impact Fee Exemption

“Low-income housing” means housing with a monthly housing expense, that is no greater than thirty percent of sixty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. As provided in RCW 82.02.060, developers of low-income housing, including single family residential dwelling units and multi-family residential buildings, shall be entitled to an exemption of impact fees under the following conditions:

The developer/applicant shall execute and record a covenant that prohibits using the housing units for any purpose other than for low-income housing except as provided within this subsection;

The covenant shall, at a minimum, address price restrictions and household income limits for the low-income housing;

The covenant shall run with the land and apply to subsequent owners and assigns;

The covenant must require that the proposed housing unit or development will continue to be used for low-income housing and remain affordable to those families/households for a period of not less than 30 years;

The covenant must state that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion;

Any claim for an exemption for low-income housing must be made no later than the time of application for a building permit;

Any claim for an exemption for low-income housing not made shall be deemed waived;

Covenants shall be recorded with the applicable county auditor or recording officer.

Note: This language builds off the work your staff and consultants have already done. It suggests a few modifications that reflect the technical considerations outlined in our attached comment letter.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Sound Transit Long-Range Plan Comments
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Alicia McIntire, Senior Transportation Planner
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

Sound Transit has released the Draft Supplemental Environmental Impact Statement (SEIS) on the Regional Transit Long-Range Plan (LRP) Update. The LRP outlines Sound Transit's vision for high-capacity transit (HCT) in the urban areas of Snohomish, King and Pierce Counties. The plan includes corridors for light rail, commuter rail, streetcar and regional express bus/bus rapid transit. The plan focuses on the functional elements of the system - how HCT and supporting services will continue to help meet the transportation needs created by future population and employment growth in the region.

The projects, programs and services identified in the LRP will be used to develop future ballot measures for voter approval, such as ST3. The Sound Transit Board is considering placing a ballot measure before voters as early as 2016. The ability to ask for additional funding from voters will require approval from the state legislature, as Sound Transit has currently maximized their allowed authority.

Staff has reviewed the Draft SEIS and prepared a preliminary comment letter (Attachment A). Staff prepared this letter using the direction provided in the City's scoping comment letter, policy direction in the Transportation Master Plan and Comprehensive Plan, as well as other issues that have arisen during our light rail planning efforts.

RESOURCE/FINANCIAL IMPACT:

There is no financial impact associated with submittal of comments in response to the Draft SEIS. Construction of future capital improvements by Sound Transit beyond those included in the Sound Move and ST2 voter approved ballot measures would require additional voter approval.

RECOMMENDATION

Staff recommends Council provide direction on the content of the City's Draft SEIS comment letter so that it can be finalized and submitted to Sound Transit prior to the close of the comment period on July 28, 2014.

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

BACKGROUND

Sound Transit has released the Draft Supplemental Environmental Impact Statement (Draft SEIS) on the Regional Transit Long-Range Plan (LRP) Update. The LRP outlines Sound Transit's vision for high-capacity transit (HCT) in the urban areas of Snohomish, King and Pierce Counties. The plan includes corridors for light rail, commuter rail, streetcar and regional express bus/bus rapid transit. The plan focuses on the functional elements of the system - how HCT and supporting services will continue to help meet the transportation needs created by future population and employment growth in the region.

The projects, programs and services identified in the LRP will be used to develop future ballot measures for voter approval, such as ST3. The Sound Transit Board is considering placing a ballot measure before voters as early as 2016. The ability to ask for additional funding from voters will require approval from the state legislature, as Sound Transit has currently maximized their allowed authority.

Environmental scoping for the plan update was held from October 25 - November 25, 2013. At that time, the City submitted a scoping comment letter to Sound Transit identifying capital and service investments for Sound Transit to include in the LRP (Attachment B). The Draft SEIS was released on June 13, 2014. During the 45 day public review period for the Draft SEIS, Sound Transit has scheduled six open houses/public hearings. Comments on the Draft SEIS may be submitted in writing, via email and at the public hearings. Staff has reviewed the Draft SEIS and prepared a preliminary comment letter. Staff prepared this letter using the direction provided in the City's scoping comment letter, policy direction in the Transportation Master Plan and Comprehensive Plan, as well as other issues that have arisen during our light rail planning efforts.

DISCUSSION

The Draft SEIS analyzes several potential projects, programs and policies within Sound Transit's service area. The Draft SEIS presents a plan-level environmental review of two LRP Update alternatives: the Current Plan Alternative (the No Action Alternative) and the Potential Plan Modifications Alternative (the Action Alternative). Each alternative considers broad actions throughout the region - transit modes, corridors, types of supporting facilities, programs, and policies. Upon completion of the environmental review process, the Sound Transit Board will decide whether and how to revise the LRP.

Sound Transit identified several screening criteria to use when evaluating potential modifications to the LRP. They include:

- Does it meet the statutory definition of HCT or necessary supporting facility or service?
- To what extent does it provide public transportation services to regional growth centers and help facilitate an integrated system of transit services?
- To what extent is it consistent with earlier decisions or actions made as part of *Sound Move* or ST2 and does it avoid duplication of Sound Transit service?

- Is it within the Sound Transit district or represent a reasonable next step for extending HCT service or connecting to the regional HCT system?
- Is it defined in enough detail to be analyzed?

Attachment C to this staff report identifies the specific projects, programs and policies contained in both alternatives which directly apply to the City of Shoreline, as well many of those that apply system wide. All letters and numbers on the maps correspond to identified corridors in either the Current Plan or the Potential Plan Modifications. A list of these corridors can be found at:

http://www.soundtransit.org/Documents/pdf/projects/LRPupdate/LRPUpdate_DraftSEIS_02_Executive%20Summary.pdf.

The projects, programs and policies are briefly described without supporting details, since the LRP is meant to provide a high-level overview of potential future investments. The LRP is also financially unconstrained and project level costs are not evaluated as part of the Draft SEIS. Additional project details will be identified as part of the development of future system plans/ballot measures, which are financially constrained. It is expected that if the Potential Plan Modifications are approved, they would add to the Current Plan, thereby retaining all elements of the Current Plan. Completed projects, such as Central Link, will not be deleted from the LRP.

Both the Current Plan and the Potential Plan Modifications identify projects along specific corridors, often by mode (light rail, BRT, express bus), as well as system-wide improvements, which are often policies or programs implemented by Sound Transit. Both alternatives also assume that stations, operations and maintenance facilities, access improvements, and other supporting transit facilities may be implemented along any of the transit corridors. These are referred to as “representative projects” since they represent the types of projects that could be built along any existing or future corridor. Representative projects may or may not be site specific.

The types of representative projects are as follows, listed below by mode:

- Light rail – Service expansion, transit stations and park-and-ride facilities, pedestrian and bicycle access and safety, and operations and maintenance facilities
- Commuter rail – Service expansion, new track, transit stations and park-and-ride facilities, pedestrian and bicycle access and safety, and operations and maintenance facilities
- Regional express bus/bus rapid transit – Service expansion or revised bus routes, transit stations and park-and-ride facilities, HOV direct access, transit priority improvements, rider amenities, grade or barrier separation, and operations and maintenance facilities

In its scoping comment letter, the City identified several projects, programs and policies for Sound Transit to include in the LRP update. The following table lists each one as well as its status in the Draft SEIS. In many cases, there is overlap between the two plan alternatives, overlap along corridors and among modes in a given location.

	PROJECT/PROGRAM/POLICY SUGGESTED BY CITY OF SHORELINE	STATUS
1	Multimodal improvements to 145 th Street	Included as a representative project in the Potential Plan Modifications: “Improve NE 145 th Street, including multimodal/ bus priority treatments (e.g. BAT Lanes)”
2	Identification of the appropriate type of HCT service for SR 522 (light rail or BRT); provide BRT service until light rail can be constructed and service implemented	Included in the Potential Plan Modifications as a new light rail corridor from North Kirkland or UW Bothell to Northgate (Corridor #10) and Ballard to Bothell via Northgate (Corridor #11) (existing LRP identifies it as HCT only)
3	Completion of the business access and transit lanes on SR 522 from NE 145 th Street (and possibly further south) to Bothell	Completion of BAT lanes included in Current Plan
4	Bus service connections from SR 522 to the NE 145 th Street light rail station	Bus service connections between SR 522 and 145 th St station identified as a new corridor in the Potential Plan Modifications (Corridor #29)
5	Parking garages in SR 522 corridor cities	New parking or expansion of existing facilities are identified as representative projects in the Current Plan
6	BRT improvements on SR 522	BRT improvements on SR 522 are included in the Current Plan as a representative project
7	Include a Sounder station in the Richmond Beach area	Station at Richmond Beach is included in the Current Plan as a representative project
8	Add an additional Sounder station(s) in Seattle	Stations in Ballard, Broad Street and other locations in Seattle are included in the Current Plan as representative projects
9	Reevaluate the need for Sounder North Service due to landslides and future light rail service to Everett	Not being considered as it is inconsistent with earlier decisions/actions made as part of <i>Sound Move</i>
10	Provide capital and service investments on SR 99 to support/improve BRT service	BRT service on SR 99 from Seattle to Everett is included in the Current Plan; BRT service on this corridor currently provided by King County Metro Transit and Community Transit; the Potential Plan Modifications include “Support BRT programs of other agencies, with goal of Institute for Transportation and Development Policy Bronze BRT standard” as a representative project
11	Improve State Route 104/ State Route 99 interchange	Widening SR 99 at SR 104 is included in the Current Plan as a representative project
12	Provide light rail service from Ballard to Shoreline Community College	Included in the Potential Plan Modifications as both a new light rail corridor from downtown Seattle to Magnolia/Ballard to SCC (Corridor #1) and HCT corridor from downtown Seattle to Ballard to Edmonds via SCC (mode not specified – light rail or BRT) (Corridor #20)
13	Improve east-west transit service in Shoreline	Improved east-west service in Shoreline connecting SR 99 BRT, I-5 LRT and SR 522 HCT is identified as a representative project for bus service in the Potential Plan Modifications; no specific routes identified
14	Provide pedestrian improvements on State Route 104	Pedestrian access and circulation information /wayfinding is included as a representative project in the Current Plan
15	Fund Transit Oriented Development catalyst projects	Financially support construction of transit-oriented development is included as a representative project in the Potential Plan Modifications
16	Paid parking to fund bus service	Increase costs for Park & Ride use is included as a representative project in the Current Plan; does not specifically note the use of funding for bus service

Light rail from Ballard to Everett Station via Aurora Village, Lynnwood is identified as a new corridor (Corridor #3) and was not included in Shoreline's letter. Staff believes this project should be included in the LRP update.

With the exception of reevaluation of Sounder North service, all of the City of Shoreline's scoping comments are addressed in some manner, either by the Current Plan or the Potential Plan modifications. There are a few issues that staff believes merit clarification:

1. The Draft SEIS assumes that additional regional express bus/BRT service, including service on 145th Street (corridor #29) will operate on existing roadways where buses currently operate. Therefore, improvements to these corridors would have little to no potential to generate environmental impacts. The updated LRP needs to acknowledge the potential for widening of 145th Street. Because the cross-section is unknown at this time and will be determined as part of the City's Route Development Plan (RDP), staff suggests that this project be amended to state that improvements will be consistent with the City's RDP. Sound Transit is a participating agency in the City's RDP process and will help to develop the recommended alternative for the corridor. See staff report at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport042814-9b.pdf> for an overview of the City's planned RDP process.
2. Corridor improvements on 145th Street should extend from Aurora Avenue N (SR 99) to Bothell Way NE (SR 522) and include the interchange. The specific types of improvements will be identified as part of the City of Shoreline's Route Development Plan but at a minimum would address transit speed and reliability and pedestrian and bicycle access along the corridor and across the interchange to the light rail station. This would apply to representative Projects #1 and #13 in the table above.
3. The City should support light rail on SR 522 but emphasize BRT improvements and service in interim. Other corridor cities identified light rail as the preferred HCT mode on SR 522.

After the close of the scoping comment period, Sound Transit staff began developing alternatives to include in the Potential Plan Modifications. These alternatives were presented to a staff working group in late February and subsequently shared with Council via the City Manager's report. At that time, staff received a councilmember request to include the following additional projects in the draft LRP:

- A streetcar from Richmond Beach to the light rail station at NE 185th Street, North City and Lake Forest Park as a representative projects
- A streetcar from Shoreline Community College to the NE 145th Street light rail station, Lake City Way and Bothell
- A separated bicycle/pedestrian bridge north of 145th Street.

Per Council direction, these projects can be incorporated into the City's comment letter. Staff recommends that a separated bicycle/pedestrian bridge in the vicinity of 145th Street be addressed in the context of the City's RDP, as nonmotorized crossing of I-5 will be evaluated as part of this process (in coordination with the City's station area

planning efforts) and that Sound Transit should accept a role and respond to this need. The City may also wish to have Project #13 (identified in the table above) modified to be non-specific about mode in order to address the potential for streetcar service between the community college and Bothell. Because streetcar services were typically identified in the Potential Plan Modifications Alternative as options to connect areas to regional transit hubs, Sound Transit may not include the two suggested streetcar services in the plan, although they may be included as bus services.

Attachment A is a draft letter to Sound Transit providing comments regarding the Draft SEIS for the Long Range Plan update. Staff is seeking Council direction regarding this letter so that it can be finalized and submitted to Sound Transit prior to the close of the comment period on July 28, 2014.

STAKEHOLDER OUTREACH

Sound Transit has been responsible for public outreach associated with the Long Range Plan update. Environmental scoping for the plan update was held from October 25-November 25, 2013. The Draft SEIS was released on June 13, 2014. During the 45 day public review period for the Draft SEIS, Sound Transit has scheduled six open houses/public hearings. Comments on the Draft SEIS may be submitted in writing, via email and at the public hearings.

COUNCIL GOAL(S) ADDRESSED

This issue addresses Council Goal 2: "Improve Shoreline's utility, transportation, and environmental infrastructure". This also supports Council Goal 3: "Prepare for two Shoreline light rail stations" by helping to identify multimodal options to deliver riders to the light rail stations as an alternative to single occupancy vehicles.

RESOURCE/FINANCIAL IMPACT

There is no financial impact associated with submittal of comments in response to the Draft SEIS. Construction of future capital improvements by Sound Transit beyond those included in the Sound Move and ST2 voter approved ballot measures would require additional voter approval.

RECOMMENDATION

Staff recommends Council provide direction on the content of the City's Draft SEIS comment letter so that it can be finalized and submitted to Sound Transit prior to the close of the comment period on July 28, 2014.

ATTACHMENTS

- Attachment A: Draft comment letter in response to Sound Transit Draft SEIS for the Long Range Plan update
- Attachment B: Projects, programs and policies evaluated in the Sound Transit Draft SEIS for the Long Range Plan update (City of Shoreline and system wide only)

Attachment C: City of Shoreline scoping comment letter for Sound Transit Draft SEIS
for the Long Range Plan update

July 21, 2014

Sound Transit
 Attn: Ms. Karin Ertl
 401 S. Jackson St
 Seattle, WA 98104

Dear Ms. Ertl:

The City of Shoreline would like to take this opportunity to provide Sound Transit with our comments in response to the Draft Supplemental Environmental Impact Statement for Sound Transit's Long Range Plan update. The City is excited about the Lynnwood Link light rail extension and the regional connections it will provide Shoreline residents and is interested in seeing additional improvements to the region's high capacity transit system in the future. The projects and programs that will be included in the updated Long Range Plan will build upon the substantial investments Sound Transit has already made or is planning to complete in the region in the next decade. With that in mind, the City of Shoreline offers the following comments.

The City of Shoreline appreciates that Sound Transit incorporated almost all of our scoping comments and suggested projects, policies, programs and systemwide services as either new corridors or representative projects in the Potential Plan Modifications or that they will be retained through the Current Plan. Shoreline was also pleased to see an additional corridor (Corridor #3) included as part of the Potential Plan Modifications. The City of Shoreline supports retaining the projects, systemwide policies, programs and services identified in the Current Plan. The City also supports including the following projects and policies that would expand or enhance service in the City of Shoreline identified in the Potential Plan Modifications, with some requests for revisions.

POTENTIAL PLAN MODIFICATIONS - Projects	
MODE	PROJECT
Light Rail	Downtown Seattle to Magnolia/Ballard to Shoreline Community College (Corridor #1)
Light Rail	Ballard to Everett Station via Aurora Village, Lynnwood (Corridor #3)
Light Rail	North Kirkland or UW Bothell to Northgate via SR 522 (Corridor #10)
Light Rail	Ballard to Bothell via Northgate (Corridor #11)
HCT Service (Light Rail or BRT)	Downtown Seattle to Edmonds via Ballard, Shoreline Community College (Corridor #20)

Regional Express Bus	145 th Street from I-5 serving SR 522 (Corridor #29)
Bus	Improved east-west service in Shoreline connecting SR 99 BRT, I-5 LRT and SR 522 HCT (representative project)
Bus	Improve NE 145 th Street, including multimodal/bus priority treatments (e.g. BAT Lanes) (representative project)
POTENTIAL PLAN MODIFICATIONS - Systemwide Policies, Programs and Services	
PROGRAM ELEMENT	NAME
BRT	Support BRT programs of other agencies, with goal of ITDP Bronze BRT standard
Transit Oriented Development	Support implementation of the Growing Transit Communities partnership
Transit Oriented Development	Financially support construction of transit-oriented development

Shoreline requests the following revisions to the Potential Plan Modifications:

1. The Draft SEIS assumes that additional regional express bus/BRT service, including service on 145th Street (Corridor #29) will operate on existing roadways, similar to current bus service and thus, improvements to these corridors would have little to no potential to generate environmental impacts. The City of Shoreline is in the process of creating a Route Development Plan (RDP) for this corridor. The RDP will identify future cross-sections for the roadway that will be needed to improve safety and operations for all modes of travel. Although the cross-section is unknown at this time, it is a given that some degree of widening will be needed, if only to upgrade the existing substandard sidewalks. Sound Transit is a participating agency in the City's RDP process and will help to develop the recommended alternative for the corridor. The updated LRP needs to acknowledge the potential for widening of 145th Street and assess the environmental impacts at the plan level. (Please note: The City of Shoreline anticipates performing environmental review of the project during the design phase of improvements for this corridor.) Because the cross-section is unknown at this time and will be determined as part of the City's Route Development Plan (RDP), the description for Corridor #29 should be amended to state that improvements will be consistent with the City of Shoreline's RDP for 145th Street.
2. Corridor improvements on 145th Street should extend from Aurora Avenue N (SR 99) to Bothell Way NE (SR 522) and include the I-5 interchange. These should include transit speed and reliability enhancements as well as improvements to pedestrian and bicycle access along the corridor and across the interchange to the light rail station. The specific types of improvements will be

identified as part of the City of Shoreline's RDP and the LRP projects should be amended to state that improvements will be consistent with the City of Shoreline's RDP for 145th Street. This would apply to the following representative projects: "Improve NE 145th Street, including multimodal/ bus priority treatments (e.g. BAT Lanes)" and "Improved east-west service in Shoreline, connecting SR 99 BRT, I-5 LRT, and SR 522 HCT".

3. The City of Shoreline supports light rail as the preferred HCT mode on SR 522 but would like to see BRT improvements and service on this roadway until such time as light rail service begins.

To be included, per Council direction

The City of Shoreline would also like to see the following additional projects included in the updated LRP:

- *A streetcar from Richmond Beach to the light rail station at NE 185th Street, North City and Lake Forest Park as a representative projects*
- *A streetcar from Shoreline Community College to the NE 145th Street light rail station, Lake City Way and Bothell (The City may also request that this be included as an example of a representative project that is not mode specific and improves east-west service in Shoreline connecting SR 99 BRT, I-5 LRT and SR 522 HCT)*
- *A separated bicycle/pedestrian bridge in the vicinity of 145th Street, consistent with the City of Shoreline's Route Development Plan. Nonmotorized crossing of I-5 will be evaluated as part of the City's RDP process (in coordination with the City's light rail station area land use planning efforts) and Sound Transit should accept a role and respond to this need, as this will be vital in delivering riders to the 145th Street light rail station.*

Thank you for your consideration of our comments. We look forward to working with Sound Transit on completion of the Long Range Plan update. If you have any questions or need additional information, feel free to contact Alicia McIntire, Senior Transportation Planner at 206.801.2483 or amcintire@shorelinewa.gov.

Sincerely,

Shari Winstead
Mayor

CURRENT PLAN ALTERNATIVE			
MODE	PROJECT	STATUS	NOTES
Light Rail	Northgate to Lynnwood	ST2	Includes stations at NE 145 th Street and NE 185 th Street
Sounder	North Line	Sound Move	
Regional Express Bus	Route 510/512	Sound Move	All-day service in Shoreline at NE 145 th St and I-5 except during peak periods in primary peak direction; service likely to be truncated at Lynnwood Transit Center once light rail service begins along the Lynnwood Link Extension
BRT or Regional Express Bus	SR 99 – Seattle to Everett	LRP Plan Corridor	BRT service on this corridor currently provided by King County Metro Transit and Community Transit
HCT Service (Light Rail or BRT)	Northgate to Bothell via SR 522	LRP Plan Corridor	Potential Plan Modifications specify this mode as light rail
Light Rail	Station at NE 155 th Street		This is considered a Representative Project
Sounder	Station in Shoreline/ Richmond Beach		This is considered a Representative Project
Sounder	Add Express Service		This is considered a Representative Project
Sounder	Increase service frequency		This is considered a Representative Project
Sounder	All-day, two-way service		This is considered a Representative Project
Bus	Improvements at Aurora Village		This is considered a Representative Project
Infrastructure Improvement - Bus	Widen SR 99 at SR 104 to provide bus lanes		This is considered a Representative Project
Infrastructure Improvement - Bus	SR 522 BAT Lanes; NE 145 th St to Bothell/I-405		This is considered a Representative Project
Infrastructure Improvement - Bus	SR 99 BAT Lanes: Aurora Village to Seattle CBD		This is considered a Representative Project
Infrastructure Improvement - Bus	Improve I-5/145 th Street interchange		This is considered a Representative Project
Regional Express Bus	Revise/enhance ST Express Route 522 (e.g., to full BRT, to serve NE 185th in Bothell, to serve Roosevelt Link)		This is considered a Representative Project; Potential Plan Modifications specify this mode as light rail
Multiple Modes – Parking	NE 145 th St/SR 522		This is considered a Representative Project
Multiple Modes – Parking	NE 145 th /I-5		This is considered a Representative Project; parking at this location is included as part of the Lynnwood Link Extension
Multiple Modes – Parking	Shoreline Park and Ride Lot Expansion		This is considered a Representative Project
Multiple Modes – Parking	I-5/NE 185 th St		This is considered a Representative Project; parking at this location is included as part of the Lynnwood Link Extension

Representative projects: Types of projects that could be built along any existing or future corridor. Representative projects may or may not be site specific. Types of representative projects, by mode, may include:

- Light rail – Service expansion, transit stations and park-and-ride facilities, pedestrian and bicycle access and safety, and operations and maintenance facilities
- Commuter rail – Service expansion, new track, transit stations and park-and-ride facilities, pedestrian and bicycle access and safety, and operations and maintenance facilities
- Regional express bus/bus rapid transit – Service expansion or revised bus routes, transit stations and park-and-ride facilities, HOV direct access, transit priority improvements, rider amenities, grade or barrier separation, and operations and maintenance facilities

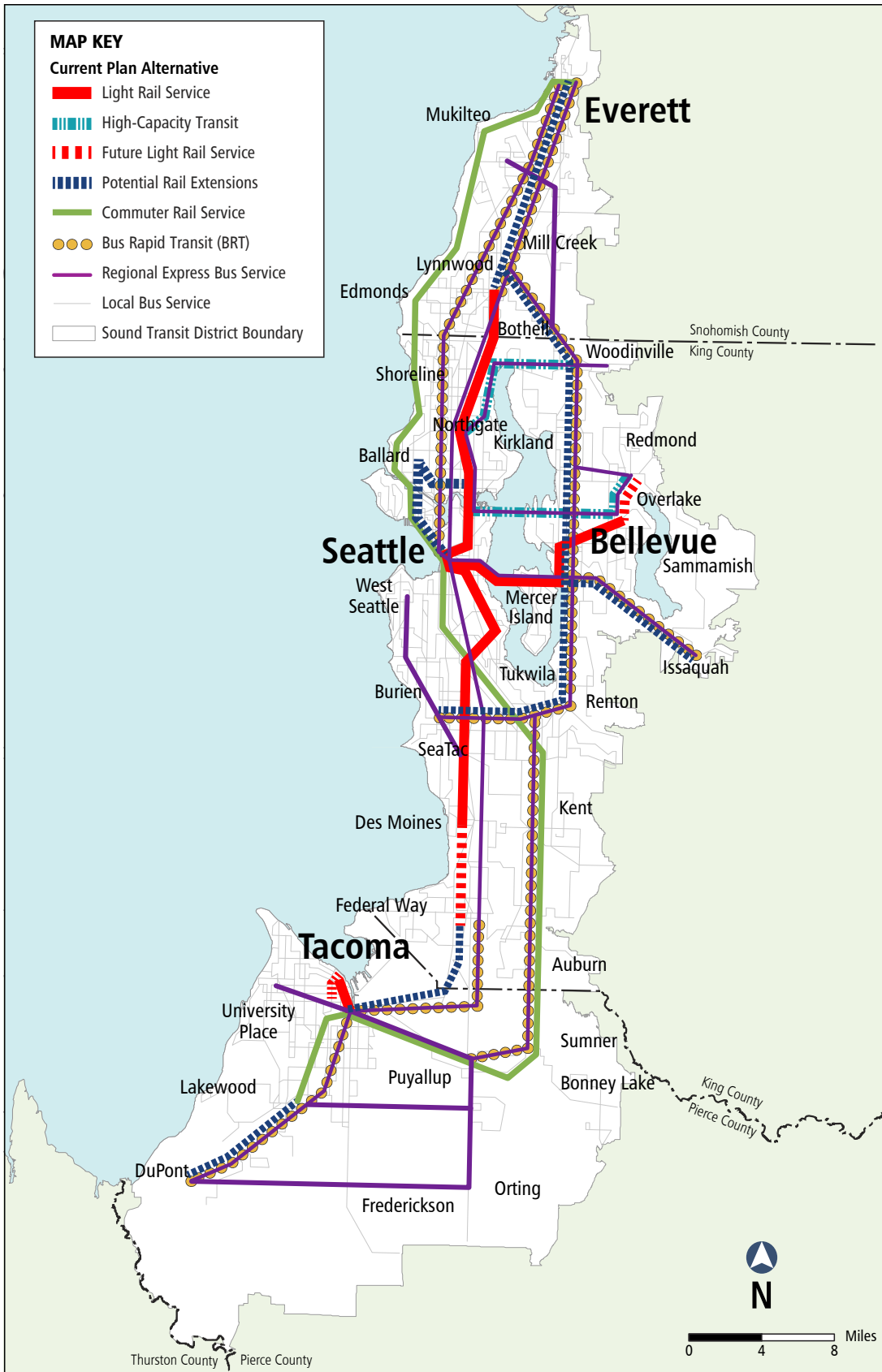
ATTACHMENT B

CURRENT PLAN ALTERNATIVE - Systemwide Policies, Programs and Services		
PROGRAM ELEMENT	NAME	NOTE/OPERATIONAL STATUS
Access (Non-Motorized; Connections with Other Transit; Parking)	Sound Transit System Access Policy	Current Policies – In Operation
Sustainability	Sound Transit Sustainability Initiative	Current Policies – In Operation
Transit Oriented Development	Sound Transit Transit-Oriented Development Policy	Current Policies – In Operation
Research and Technology	Off-board payments	Current Policies – In Operation
Connections with Other Services and Facilities	Support high-capacity feeder services	LRP Policy/Program
Connections with Other Services and Facilities	Better integrate transit transfer areas and operations	LRP Policy/Program
Transit Oriented Development	Support transit-oriented development	LRP Policy/Program
Connections with Other Services and Facilities	Improve passenger facilities	LRP Policy/Program
Transit Oriented Development	Support transit-oriented development through station design and placement	LRP Policy/Program
Connections with Other Services and Facilities	Support multi-modal connections	LRP Policy/Program
Connections with Other Services and Facilities	Provide improved system access	LRP Policy/Program
Planning, TSM, TDM, Other	Help fund TDM/market development programs	LRP Policy/Program
Research and Technology	Provide real-time information displays	LRP Policy/Program
Research and Technology	Technology advancements and upgrades	LRP Policy/Program
Parking	Increase costs for Park & Ride use	Systemwide Representative Project
Parking	Provide increased Park & Ride capacity	Systemwide Representative Project
Parking	Stop building new Park & Ride capacity	Systemwide Representative Project
Parking	Provide parking mitigation to cities with stations	Systemwide Representative Project
Connections with Other Services and Facilities	Improve feeder services	Systemwide Representative Project
Connections with Other Services and Facilities	Complete a transit access study on SR 522 (improve access to transit)	Systemwide Representative Project
Connections with Other Services and Facilities	Support transit speed and reliability projects	Systemwide Representative Project
Connections with Other Services and Facilities	Pedestrian access and circulation information/wayfinding	Systemwide Representative Project
Connections with Other Services and Facilities	Provide increased bus layover capacity at stations and hubs	Systemwide Representative Project
Connections with Other Services and Facilities	Improve connections between HCT and regional centers	Systemwide Representative Project
Connections with Other Services and Facilities	Provide improved bicycle storage, including bike share	Systemwide Representative Project
Connections with Other Services and Facilities	Improve non-motorized access to stations	Systemwide Representative Project
Planning, TSM, TDM, Other	Transit Flow & Safety	Systemwide Representative Project
Planning, TSM, TDM, Other	Computer Systems/Enhancements	Systemwide Representative Project
Planning, TSM, TDM, Other	System Access Study	Systemwide Representative Project
Planning, TSM, TDM, Other	Evaluate and implement effective technologies	Systemwide Representative Project
Planning, TSM, TDM, Other	Partner with WSDOT on demand management	Systemwide Representative Project
Planning, TSM, TDM, Other	Support transit-oriented development through density incentives	Systemwide Representative Project
Sustainability	Emphasize sustainability for buildings and operations	Systemwide Representative Project
Sustainability	Renewable energy in buildings/ stations	Systemwide Representative Project

ATTACHMENT B

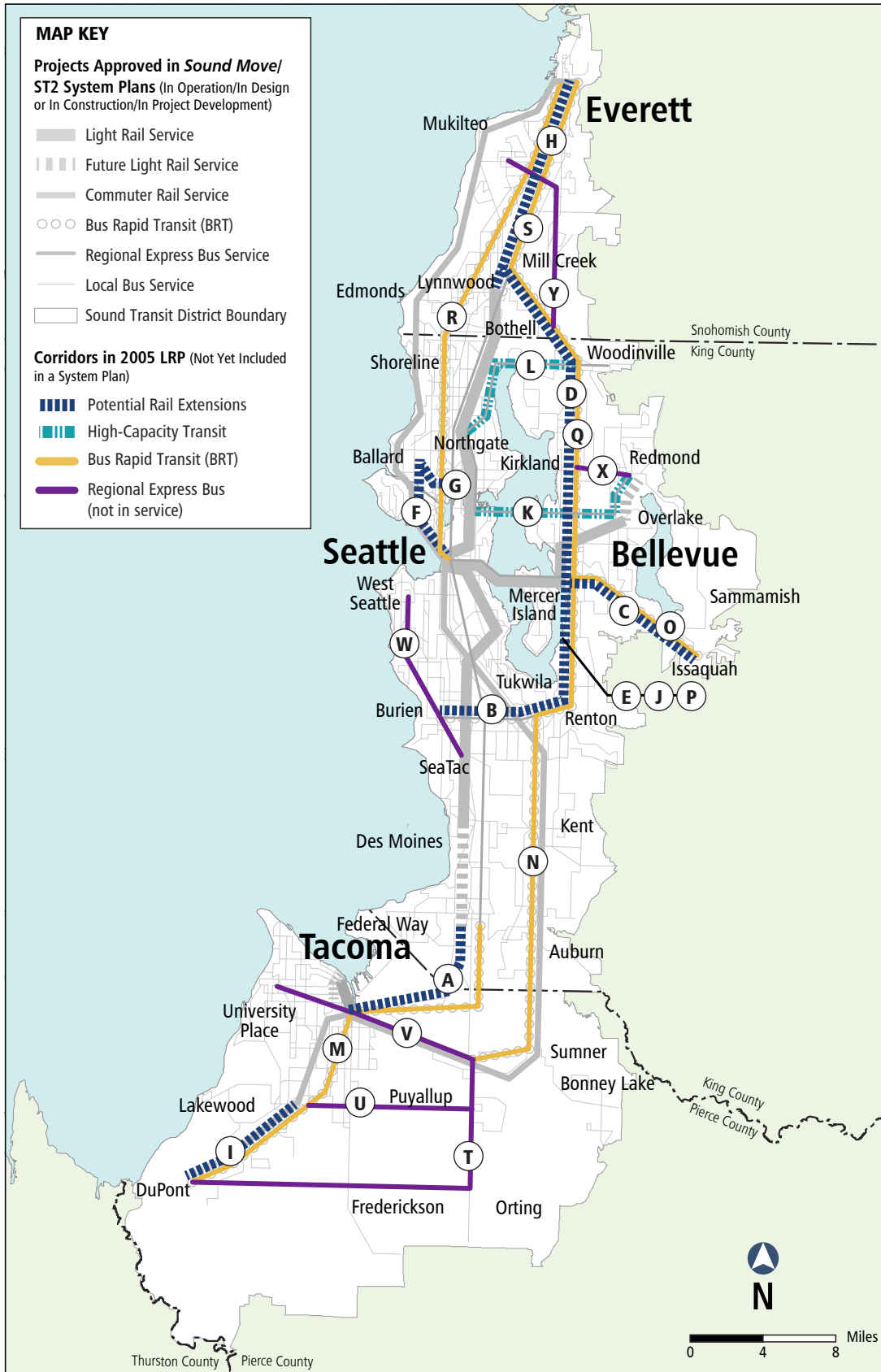
POTENTIAL PLAN MODIFICATIONS			
MODE	PROJECT	STATUS	NOTES
Light Rail	Downtown Seattle to Magnolia/Ballard to Shoreline Community College	New Corridor (1)	
Light Rail	Ballard to Everett Station via Aurora Village, Lynnwood	New Corridor (3)	
Light Rail	North Kirkland or UW Bothell to Northgate via SR 522	New Corridor (10)	
Light Rail	Ballard to Bothell via Northgate	New Corridor (11)	
HCT Service (Light Rail or BRT)	Downtown Seattle to Edmonds via Ballard, Shoreline Community College	New Corridor (20)	
Regional Express Bus	145 th Street from I-5 serving SR 522	New Corridor (29)	
Bus	Improved east-west service in Shoreline connecting SR 99 BRT, I-5 LRT and SR 522 HCT		This is considered a Representative Project; no specific routes identified
Bus	Improve NE 145 th Street, including multimodal/bus priority treatments (e.g. BAT Lanes)		This is considered a Representative Project

POTENTIAL PLAN MODIFICATIONS - Systemwide Policies, Programs and Services		
PROGRAM ELEMENT	NAME	NOTE/OPERATIONAL STATUS
BRT	Support BRT programs of other agencies, with goal of ITDP Bronze BRT standard	Systemwide Representative Project
Transit Oriented Development	Support implementation of the Growing Transit Communities partnership	Systemwide Representative Project
Transit Oriented Development	Financially support construction of transit-oriented development	Systemwide Representative Project



Source: Sound Transit 2014

Figure S-1 Current Plan Alternative



Source: Sound Transit 2014

Figure S-2 Current Plan Alternative—corridors analyzed in this Draft SEIS



Source: Sound Transit 2014

Figure S-3 Potential Plan Modifications Alternative—light rail, commuter rail, and high-capacity transit



Source: Sound Transit 2014

Figure S-4 Potential Plan Modifications Alternative—regional express bus and bus rapid transit



SHORELINE
CITY COUNCIL

Keith A. McGlashan
Mayor

Chris Eggen
Deputy Mayor

Will Hall

Doris McConnell

Chris Roberts

Jesse Salomon

Shari Winstead

November 25, 2013

Sound Transit
Attn: James Irish, LRP Scoping
401 S. Jackson Street
Seattle, WA 98104

Dear Mr. Irish:

The City of Shoreline would like to take this opportunity to provide Sound Transit with our scoping comments for the Sound Transit Long Range Plan update. The City is excited about the Lynnwood Link light rail extension and the regional connections it will provide Shoreline residents and interested in seeing additional improvements to the region's high capacity transit system in the future.

The projects and programs that will be included in the updated Long Range Plan will build upon the substantial investments Sound Transit has already made or is planning to complete in the region in the next decade. This includes the Lynnwood Link light rail extension, which will provide light rail service in Shoreline. With that in mind, the City of Shoreline would like Sound Transit to address the following capital and service investments as part of the Long Range Plan update. These investments should be included as part of the next funding package presented to voters.

145th Street improvements

The light rail station at NE 145th Street (SR 523) and Interstate 5 will serve as a regional station, drawing residents not only from the City of Shoreline but also cities located along the SR 522 corridor including north Seattle, Lake Forest Park, Kenmore and Bothell. NE 145th Street is already congested during peak periods and additional traffic traveling to and from the light rail station will worsen this condition. The City of Shoreline is very interested in seeing multi-modal improvements to the corridor and is considering annexation of the roadway from the City of Seattle and King County. The City has budgeted funding for a Route Development Plan for this corridor and has already begun discussions with the City of Seattle, King County, Sound Transit and the Washington State Department of Transportation about the types of improvements that are needed. Significant components include improved transit connections between SR 522 and the light rail station and improvements to the interchange at Interstate 5 that will help traffic and transit flow throughout the corridor.

Planning for improvements to SR 523 will be a large, multi-jurisdictional effort, with participation by Sound Transit, the Washington State Department of Transportation, the Cities of Seattle, Shoreline and Lake Forest Park and King County Metro. It is anticipated that improvements to the corridor will serve a regional purpose by connecting the SR 522

corridor cities to light rail via bus, bicycle, walking or vehicle. The City of Shoreline would like to see improvements to NE 145th Street included as part of the Long Range Plan in order to facilitate this regional improvement. The specific types of improvements would be identified as part of the City of Shoreline's Route Development Plan but at a minimum would address transit speed and reliability and pedestrian and bicycle access.

In addition to connections to and from SR 522 to the east, pedestrian and bicycle access to the NE 145th Street light rail station from the west side of Interstate 5 also needs improvements. The traffic speeds and volumes at the interchange serve as a significant impediment to nonmotorized access to the future light rail station. The long range plan should identify a facility(ies) that will improve pedestrian and bicycle access to the station from the west side of Interstate 5, such as a separated bicycle and pedestrian bridge.

State Route 522 corridor

As stated above, it is expected that residents from many SR 522 corridor cities will utilize the NE 145th Street light rail station. High capacity transit (HCT) service along the corridor that serves the light rail station at NE 145th Street will be essential in encouraging light rail users to access the station via bus. The existing Long Range Plan identifies SR 522 as an HCT Corridor and the update should identify the appropriate type of HCT service for it, such as light rail or bus rapid transit service (BRT). It is likely that light rail service on this corridor would be a very long term project and BRT service should serve in the interim until such time as light rail can be constructed and service implemented.

In addition to the NE 145th Street improvements described above, roadway improvements that facilitate HCT service on SR 522 are needed. The Long Range Plan should identify how Sound Transit will work with jurisdictions along the SR 522 corridor to develop the following roadway and service improvements:

- Completion of the business access and transit lanes from NE 145th Street (and possibly further south) to Bothell
- Bus service connections from SR 522 to the NE 145th Street light rail station
- Parking garages in corridor cities
- BRT or other high capacity transit service on SR 522. The fundamental components generally associated with BRT service should be provided along this route including mandatory off board fare collection at all stops, raised platforms and low floor buses for level boarding and wide stop spacing with underlying local bus service. Sound Transit should work with other area transit providers to develop a standard for BRT in the region. Any improvements to facilitate BRT service on the corridor should be designed to accommodate light rail infrastructure if it will be placed in the same location.

Commuter rail

The current long range plan includes commuter rail service from downtown Seattle to Everett. This service was approved as part of the Sound Move ballot measure and has been in place for several years. The original Sound Move plan included a provisional station at Richmond Beach in Shoreline and, due to budget constraints, this station has not been constructed. Continuation of this service should be reevaluated, particularly in relation to the commencement of light rail service to Everett. The Long Range Plan update should reevaluate both commuter rail service and capital improvements to include the following:

- Inclusion of a station in the Richmond Beach area of Shoreline. This station could be located at the Point Wells site located just north of the City of Shoreline in Snohomish County. Snohomish County has identified Point Wells as an Urban Center is currently reviewing permit applications for development at this site. A commuter rail station has been discussed as a potential element of this development.
- Currently, commuter rail in the north corridor has only one stop in Seattle and it is in the south end of downtown. The original Sound Move plan included a provisional station in Ballard and a station at Broad Street was considered during development of the ST2 ballot package. Addition of a new station(s) in Seattle should be evaluated as part of the update.
- Commuter rail service in the north corridor has faced some difficulties regarding ridership, funding and service reliability due to landslides along the corridor. If this service is to be continued and/or stops added, capital improvements to help prevent future landslides should be implemented. If this service is discontinued, alternative service to Mukilteo and Edmonds that utilizes and possibly expands upon Sound Transit's existing investments should be provided. This could include extension of high capacity transit service from the Interstate 5 "spine" or SR 99 to these two jurisdictions.

State Route 99/Aurora Avenue N

The current long range plan identifies SR 99 as BRT/Regional Express bus corridor from downtown Seattle to Everett. Community Transit provides BRT and local bus service on this corridor from Shoreline to Everett and King County Metro Transit is scheduled to begin BRT service from downtown Seattle to the Aurora Village Transit Center in Shoreline in February 2014. King County Metro Transit's service will include more frequent stop spacing than what is generally associated with BRT service. They also will not provide underlying local bus service. Capital improvements have been limited and do not include features such as mandatory off board fare collection at all stops, implementation/construction of continuous all-day BAT lanes and raised platforms for level boarding. The Long Range Plan should evaluate these types of capital and service investments to support/provide improved BRT service in this corridor.

State Route 104/ State Route 99 interchange

When King County Metro's BRT service on SR 99 begins, it will intersect with Community Transit's BRT service at the Aurora Village Transit Center in Shoreline, near the King/Snohomish County line. Shoreline anticipates completing BAT lanes on SR 99 in the city in 2015. Once this project is completed, BAT lanes will be present on the north and south sides of the SR 99/SR 104 interchange. The lack of BAT lanes across this interchange creates a transit choke point. Reconstruction of this interchange to provide BAT lanes should be included as a project in the Long Range Plan.

Light rail service from Ballard to Shoreline Community College

Sound Transit and the City of Seattle are currently in the process of evaluating options for light rail service from downtown Seattle to Ballard. The Long Range Plan should expand upon this work, identifying the appropriate light rail corridor to connect Shoreline Community College to Ballard and plan for capital and service improvements along this corridor.

Improved east-west transit service in Shoreline

With the commencement of light rail service along Interstate 5 and BRT service on SR 99, as well as planned HCT improvements on SR 522, the City of Shoreline will have three HCT corridors. In order to develop a frequent transit network that further connects Shoreline residents to the regional transit system, improved east-west transit service is needed. Sound Transit's Long Range Plan should identify these east-west corridors in Shoreline and the appropriate type of HCT service for them and plan for capital and service improvements along them.

Pedestrian improvements on State Route 104

Community Transit is likely to provide feeder bus service to the future light rail station at NE 185th Street and it is anticipated that they will utilize State Route 104 and 5th Avenue NE as a primary route to the station. Currently, the pedestrian environment is substandard, with no sidewalks available for transit riders. With the expected increase in bus and pedestrian activity in this area, sidewalks and other pedestrian amenities for transit users should be identified in the Long Range Plan.

Funding of Transit Oriented Development catalyst projects

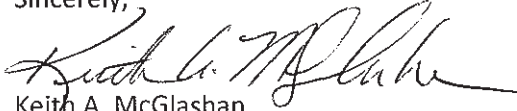
Sound Transit currently focuses on providing regional transit service, with the development of Transit Oriented Development (TOD) projects occurring when surplus property is available. At many of the light rail stations, TOD projects have not yet been developed. As part of the Long Range Plan update, Sound Transit should examine options for development of TOD catalyst projects around new and existing light rail stations. These projects would be funded as part of the ST3 ballot measure.

Paid parking to fund bus service

Sound Transit has begun its first experiment with paid parking and the agency's System Access Policy identifies paid parking as a tool to increase ridership, support transit and facility operations and support transit access improvements. During the timeframe addressed in the Long Range Plan, paid parking may become the norm in the Puget Sound Region and planning for this change should begin now. The long range plan should examine options to apply parking fees to fund additional bus service accessing the station.

Thank you for your consideration of our scoping comments. We look forward to working with Sound Transit on the Long Range Plan update. If you have any questions or need additional information, feel free to contact Alicia McIntire, Senior Transportation Planner at 206.801.2483 or amcintire@shorelinewa.gov.

Sincerely,



Keith A. McGlashan
Mayor

cc: Shoreline City Council
Debbie Tarry, Interim City Manager
John Norris, Acting Assistant City Manager
Mark Relph, Public Works Director
Kirk McKinley, Transportation Manager
Alicia McIntire, Senior Transportation Planner