



REVISED AGENDA V.2

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SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, December 8, 2014
5:45 p.m.

City Hall Lobby · Shoreline City Hall
17500 Midvale Avenue North

TOPIC/GUESTS: Council of Neighborhoods

SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, December 8, 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 Business Meeting of November 17, 2014	<u>7a1-1</u>	
Minutes of Special Meeting of November 17, 2014	<u>7a2-1</u>	
(b) Approval of expenses and payroll as of November 21, 2014 in the amount of \$3,175,916.45	<u>7b-1</u>	
(c) Adoption of Ordinance No. 698 – Chronic Nuisance Change Issuance to Service	<u>7c-1</u>	
(d) Adoption of Ordinance No. 700 – Budget Amendment for 2014	<u>7d-1</u>	
8. ACTION ITEMS		

- | | | | |
|-----|--|-------------|------|
| (a) | Motion to Authorize the City Manager to Enter into Interlocal Agreements and Cooperative Joint Purchasing Agreements | <u>8a-1</u> | 7:20 |
| (b) | Authorize the City Manager to Execute a Contract Agreement with the Washington State Department of Transportation to Obligate STP Grant Funds for the Meridian Ave North Overlay Project | <u>8b-1</u> | 7:35 |

9. STUDY ITEMS

- | | | | |
|-----|---|-------------|------|
| (a) | Discussion and Presentation of the Transfer of Development Rights Through the Landscape Conservation and Local Infrastructure Program | <u>9a-1</u> | 7:50 |
|-----|---|-------------|------|

10. EXECUTIVE SESSION: Litigation – RCW 42.30.110(1)(i) 8:35

The Council may hold Executive Sessions from which the public may be excluded for those purposes set forth in RCW 42.30.110 and RCW 42.30.140. Before convening an Executive Session the presiding officer shall announce the purpose of the Session and the anticipated time when the Session will be concluded. Should the Session require more time a public announcement shall be made that the Session is being extended.

11. ADJOURNMENT 8:55

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 BUSINESS MEETING

Monday, November 17, 2014
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

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

ABSENT: None

1. CALL TO ORDER

At 7:05 p.m., the meeting was called to order by Mayor Winstead, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Winstead led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember McConnell stated that she attended the Ronald Wastewater Assumption Committee of Elected Officials, and commented on working on transition planning and policy making. She announced the next meeting is scheduled for December 18, 2014 at 9:00 a.m.

Deputy Mayor Eggen stated that he attended a Transfer Plan Review Workshop, and commented on discussing plans to analyze waste reduction options for the King County Transfer Station network.

Councilmember Salomon stated that he attended the King County Mental Health and Substance Abuse Legislative Forum. He commented on the challenge to fully fund mental health programs. He shared the meeting was well attended and that this is a big challenge for a lot of people.

Mayor Winstead stated she attended the Veterans Day Celebration at City Hall, sponsored by the Shoreline Veterans Association, and commented that it was well attended.

5. PUBLIC COMMENT

Bill Murray, Kenmore resident, Physical Education Instructor and High School Coach for Shoreline School District, thanked Council for supporting the Shoreline Pool. He commented on the number of athletes that benefit from the pool as students and future workers.

Teresa Strathy, Lake Forest Park resident, commented on the value of having the pool in the Community, and the health benefit and safe environment the pool provides. She shared that her daughter participated on the Shorecrest swim team, taught swim classes, served as a life guard, and because of the pool, is currently swimming at the college level.

Ann Zylstra, Lake Forest Park resident, commented on the activities and services provided by the pool and the need to ensure kids are safe around water. She shared that her kids competed on the Shorecrest Swim team, took swim lessons and life guard training at the pool, and one of her children is currently employed at the pool. She requested continued support for the pool.

Marla Miller, Deputy Superintendent for Shoreline School District, spoke on the Surface Water Utility Rate Policies regarding the District's Surface Water Fee Credit. She commented that the District's credit amounts to three full time teachers not reimbursed by the State, and that it will be a cost that the District will have to manage. She asked if the City could look at creative stormwater program management practices, and if an incentive program could be provided for public property owners.

6. APPROVAL OF THE AGENDA

The Agenda was adopted by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Roberts, seconded by Councilmember McGlashan, and unanimously carried, the following Consent Calendar items were approved:

- a) Minutes of Special Meeting of October 27, 2014 and Minutes of Business Meeting of October 27, 2014

8. STUDY ITEMS

- a) Discussion of the Extension of the Interlocal Agreement with King County for Animal Control Services

Alex Herzog, Management Analyst, provided the staff report on Animal Control Services. He presented background information on the current contract and services provided. He stated that although no action is required this evening, King County is asking for a letter of intent to extend the agreement for 2016-2017. He reviewed that the service would be 40 hours per week minimum, and identified the type of animals each facility accepts. He reviewed cost models for King County and PAWS and explained that pet licensing revenue is applied to cost. He reviewed PAWS Shelter Services, the schedule for extending the contract, and services received under the current contract.

Councilmembers asked about procedures for stray animals, the impact of social media on reuniting dogs with their owners, if County services are satisfying the needs of the community, and if PAWS intake numbers are decreasing. They pointed out that licenses are significantly lower than the number of pets in Shoreline, and reiterated the need to promote animal licensing in Shoreline. They noted that if the City continues to contract with PAWS, Shoreline's licensing requirements need to be enforced by them.

Mr. Herzog responded that that the intake numbers for stray animals remain flat. He stated he will bring back data from the citizens' survey regarding service satisfaction, and mentioned that he has heard positive feedback when talking to citizens over the phone. He then provided call response time percentages.

Councilmembers expressed their support with moving forward with the extension of the Interlocal Agreement with King County for Animal Control Services.

b) Discussion of Surface Water Utility Rate Policies

Mark Relph, Public Works Director, explained that the Surface Water Utility (SWU) is an enterprise fund, and that all revenue and expenditures remain within the fund. He shared that tonight's discussion focuses on the Education Fee Credit (EFC) and Private Stormwater Facility (PSFC) Credit programs. He explained that these two programs collect approximately \$547,000 in revenue which accounts for 17% of \$3.3 Million in total annual revenue. He reminded Council that the 2015 Budget and the 2015-2020 Capital Improvement Plan assumes that the school credit will sunset next year and the facility credit will remain in the rate structure.

Dan Repp, Utilities and Operations Manager, presented information on the EFC program which provides a 100% rate reduction on Shoreline School District Property, and the PSFC program which gives a one-rate category fee reduction for facilities passing maintenance inspections. He commented on the credits offering no clear purpose or benefit to the SWU or its ratepayers; the lack of equity within program; and on no linkage between performance and credit given. Mr. Repp reviewed the alternatives for the EFC are: allowing the Ordinance to expire, or increase rates over a three year period beginning in 2016. He reviewed the alternatives for the PSFC credits are: status quo, phasing out the program, or amending the PSFC. He then highlighted the pros and cons of each alternative. He stated staff is recommending allowing the EFC to sunset in 2015 as authorized in Ordinance No. 642; the PSFC to be phased out over a period of two years beginning in 2016; and that the Utility use the revenue to pay debt service costs.

Councilmembers commented on the new permit for PSFC requiring a higher level of stormwater retention, and asked if the original purpose of the credit no longer exists. They asked if stormwater credit projects/programs were encouraged by King County or the City and if credit can be given for a specific number of years and then expire. They asked if a new fee schedule category can be created for churches and schools, if the City depends on large lots to help with surface water management, and if the City puts itself at a disadvantage for not incentivizing.

Councilmembers expressed concern over a flat rate being applied to every user whether for an impervious lot or a natural kept rain garden, acknowledged it would take a lot of time to make a perfect program, and commented that the current best option is to let the benefit expire or

decrease the rate reductions. Councilmembers stressed the importance of being equitable, and recalled that Council previously decided not to implement a multi-tiered residential fee structure. They offered support for slowly phasing out the education credit. They advised staff to think about ways to reward responsible stormwater site management, and provide incentives for going above and beyond stormwater retention requirements.

Mr. Repp explained that the original credit was developed in the 1980's and that regulations now are substantially higher. He stated that most facilities were installed prior to 2008 and do not meet today's standards, but are getting the same credit. Mr. Relph added that projects were built around development proposals according to code regulations and not because of a credit program. He commented that approximately 80-90% of facilities have a build date prior to 2008. He explained that it would be challenging to justify a differential rate structure based on exceptions and show that the credit is a benefit to the Utility. He noted that the rate table allows for fee adjustments for upgrading property. Mr. Repp added that a focus on retention performance will assist in ensuring equity, and noted the phase out will be structured to provide a full credit for 2015, 50% credit for 2016, and eliminated in 2017.

9. EXECUTIVE SESSION

At 8:14 p.m., Mayor Winstead announced a five minute recess to be followed by Council's recess into an Executive Session for a period of 20 minutes as authorized by RCW 42.30.110(1)(i) to discuss with legal counsel matters relating to agency enforcement actions, or litigation. City staff attending the Executive Session included: Debbie Tarry, City Manager; John Norris, Assistant City Manager; and Margaret King, City Attorney. At 8:31 p.m. Councilmember Hall left the Executive Session. At 8:45 p.m., Mayor Winstead emerged to announce a 5 minute extension to the Executive Session. At 8:45 p.m., the Executive Session was over.

10. ADJOURNMENT

At 8:45 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING

Monday, November 17, 2014
5:45 p.m.

Conference Room 104 - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Winstead, Deputy Mayor Eggen, Councilmembers McGlashan, Hall, Salomon, and Roberts. Councilmember McConnell arrived at 6:47 p.m.

ABSENT: None

STAFF: Debbie Tarry, City Manager; John Norris, Assistant City Manager; Jessica Simulcik Smith, City Clerk; and Bonita Roznos, Deputy City Clerk

GUESTS: None

At 5:47 p.m., the meeting was called to order by Mayor Winstead.

Goal Setting Workshop and “Mini-Workshop”

Councilmembers discussed the merits of holding a full Council Workshop, and identified potential agenda topics, including jail diversion alternatives, development code amendments and affordable housing. They discussed that jail diversion alternatives, development code amendments, and affordable housing are policy issues that can be more appropriately addressed in a workshop dinner meeting or as a Council study item. While they agreed it was necessary to hold a full workshop, there was no need for a mini-workshop. They talked about the importance of communication, Council interaction, and teambuilding as aspects of their goal setting workshop. Ms. Tarry stated she will provide Councilmembers with dates and location options for their full workshop, which will likely be held sometime in March 2015.

Summer Break

Councilmembers agreed to continue to have summer break occur around the 4th of July holiday.

Agenda Planner Update

Ms. Tarry reviewed the Agenda Planner, future pending and unscheduled items, and asked if it has been helpful. Councilmembers commented on missing the update to the environmental sustainability strategy item. Ms. Tarry responded that the update to the sustainability strategy would be reflected in the Climate Action Plan strategies, but she also stated she would consult with staff and see if should be a separate item. Councilmembers support the 2015 Workshop Dinner Meeting Topics, and expressed a desire to meet annually with the Shoreline Community College Board of Trustees and the School Board.

2015 Proclamation List

Councilmembers support the 2015 Proclamation list and guidelines, and requested reducing the length of the proclamations. They also stated support for the recognition of youth accomplishments as appropriate.

Reading of Ordinances

Councilmember expressed support for a narrow interpretation of the Council rule to waive three readings of an Ordinance, and stated that they would like to see most ordinances follow their three reading rule.

Communication Protocol

Councilmembers stated their preference to correspond with the City Manager, copying the Assistant City Manager, and the Executive Assistant to the City Manager/ Council. Ms. Tarry reminded Council that preferred communication with staff is through the Department Director, copying the Assistant City Manager and the Executive Director to City Manager/Council.

Telephonic Participation at Council Meetings

A discussion ensued about telephonic participation at Council Meetings, and Council agreed they do not want to expend money on a new telephone system specifically for telephonic participation. They agreed that participation by telephone would be allowed and should be a limited occurrence, but Council was not interested in amending their Council Rules of Procedure regarding telephonic participation at this time. Mr. Norris stated he would research improving the technical mechanics of participation by telephone using the current telephone system.

At 7:00 p.m., the meeting adjourned.

Bonita Roznos, Deputy City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Approval of Expenses and Payroll as of November 21, 2014
DEPARTMENT: Administrative Services
PRESENTED BY: R. A. Hartwig, Administrative Services Director

EXECUTIVE / COUNCIL SUMMARY

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

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of \$3,175,916.45 specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
Prior period check cancelled/replaced			13209/13537		\$0.00
10/26/14-11/08/14	11/14/2014	58368-58568	13538-13562	58497-58502	\$443,145.50
					\$443,145.50

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
11/12/2014	57481	57481	(\$54.15)
	57553	57553	(\$109.00)
	57580	57580	(\$198.00)
	57599	57599	(\$43,273.42)
	58036	58036	(\$2,650.00)
11/12/2014	58382	58385	\$46,284.57
11/13/2014	58386	58399	\$188,836.73
11/13/2014	58400	58409	\$12,474.64
11/13/2014	58410	58425	\$1,007,280.29
11/13/2014	58426	58432	\$1,143.04
11/20/2014	58433	58458	\$1,374,866.13
11/20/2014	58459	58470	\$79,761.08
11/20/2014	58471	58491	\$21,768.35
11/20/2014	58492	58496	\$853.14
11/20/2014	58503	58504	\$45,787.55
			\$2,732,770.95

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
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Approved By: City Manager **DT**

City Attorney **MK**

Council Meeting Date: December 8, 2014

Agenda Item: 7(c)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 698 - Chronic Nuisance Properties Amendment
DEPARTMENT:	City Attorney's Office
PRESENTED BY:	Margaret King, City Attorney
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

On March 3, 2014, the City Council adopted Ordinance No. 675 which enacted a new chapter of the Shoreline Municipal Code (SMC), Chapter 9.30 - Chronic Nuisance Properties. Subsequent to this adoption, an error was discovered regarding inconsistent references to appeal time periods. Proposed Ordinance No. 698 corrects this error so as to ensure a single appeal period. This ordinance was presented to Council for discussion and questions on November 24 and Council had no concerns regarding this ordinance.

RESOURCE/FINANCIAL IMPACT:

No resource or financial impact is anticipated.

RECOMMENDATION

Staff recommends that Council move to adopt Ordinance No. 698, amending Shoreline Municipal Code, Chapter 9.30 - Chronic Nuisance Properties.

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

BACKGROUND

On March 3, 2014, the City Council adopted Ordinance No. 675 which enacted a new chapter of the Shoreline Municipal Code (SMC), Chapter 9.30 - Chronic Nuisance Properties. With this enactment, the City provided adequate tools to hold property owners and their tenants responsible when illegal activities and other code violations repeatedly occur on the property. These activities and violations, termed “chronic nuisances,” present serious health, safety, and welfare concerns by interfering with the quality of life, comfort, and calm of the Shoreline community, specifically residential neighborhoods.

DISCUSSION

Subsequent to the adoption of Ordinance No. 675, an error was discovered that resulted in different calculations of time for appeal when a determination of chronic nuisance is being brought before the City Hearing Examiner on appeal. SMC 9.30.050(A)(7) states that an appeal is due within 14 calendar days of the date of *issuance* of the notice and SMC 9.30.060 states that an appeal is due within 14 calendar days from the date of *service* of the notice. This inconsistency must be corrected so as to ensure a timely filing of an appeal of the City’s determination of a chronic nuisance property to the City Hearing Examiner. Without this correction, parties subject to the ordinance would be unsure of the exact deadline for filing any appeal with the City Hearing Examiner. Because the term *service* is used throughout SMC 9.30 to establish deadlines, SMC 9.30.050(A)(7) should be amended to base the appeal date on *service* and not *issuance* of the notice.

Proposed Ordinance No. 698 corrects this error so as to ensure a single appeal period. This ordinance was presented to Council for discussion and questions on November 24 and Council had no concerns regarding this ordinance. The staff report for the November 24 Council discussion can be viewed at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport112414-9c.pdf>.

COUNCIL GOAL(S) ADDRESSED

Council Goal 5 calls for the promotion and enhancement of the City’s safe community and neighborhood programs and initiatives. Amending the chronic nuisance ordinance addresses Goal 5 by ensuring its ultimate goal - alleviating citizen fears caused by the presence of repetitive illegal activity promulgated by residents or proprietors of a particular property – while still ensuring due process for those subject to the ordinance’s enforcement.

RESOURCE/FINANCIAL IMPACT

No resource or financial impact is anticipated.

RECOMMENDATION

Staff recommends that Council move to adopt Ordinance No. 698, amending Shoreline Municipal Code, Chapter 9.30 - Chronic Nuisance Properties.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 698

ORDINANCE NO. 698

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING CHAPTER 9.30, CHRONIC NUISANCE PROPERTIES OF SHORELINE MUNICIPAL CODE TITLE 9, PUBLIC PEACE, WELFARE, AND MORALS TO CORRECT A CLERICAL ERROR.

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 which has broad statutory authority to define, prevent, abate, and impose fines upon persons creating or allowing a nuisance; and

WHEREAS, on March 3, 2014, the City Council adopted Ordinance No. 675, enacting a new chapter of the Shoreline Municipal Code (SMC) Chapter 9.30 *Chronic Nuisance Properties*; and

WHEREAS, subsequent to the adoption, a clerical error was discovered that establishes two appeal periods when a determination of chronic nuisance is being brought before the City Hearing Examiner; and

WHEREAS, SMC 9.30.050(A)(7) states that an appeal is due within 14 calendar days of the date of issuance of the notice and SMC 9.30.060 states that an appeal is due within 14 calendar days from the date of service of the notice; and

WHEREAS, a correction needs to be made so as to ensure a timely filing of an appeal of the City's determination of a chronic nuisance property to the City Hearing Examiner;

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

Section 1. Amendment. Section 9.30.050 of the Shoreline Municipal Code, is amended as set forth below:

SMC 9.30.050 Notice of determination of chronic nuisance property.

A. When a property is determined to be a chronic nuisance property, the property owner of record and person in charge of the property shall be served with a notice of determination of chronic nuisance property with the following information:

...

7. A warning that the property owner of a chronic nuisance property permitted by a person in charge other than the owner, or the owner's agent, must promptly take all steps requested in the notice of determination of chronic nuisance property to assist in abatement of the nuisance property, including pursuing eviction of the person in charge, available to the owner pursuant to any lease and

consistent with state law. A statement advising that any person named in the notice of determination of chronic nuisance property or having any record or equitable title in the property against which the notice of determination is recorded may appeal from the notice to the city of Shoreline hearing examiner within 14 calendar days of the date of ~~issuance~~ service of the notice;

...

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 the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON DECEMBER 8, 2014.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2014
Effective Date: , 2014

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 700 - Budget Amendment for 2014
DEPARTMENT:	Administrative Services
PRESENTED BY:	Robert Hartwig, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

As discussed at the November 24th Council meeting, during the course of the year, the City received grants and other revenues that should be included in the 2014 budget, along with the corresponding expenditures. These new revenue sources were not anticipated when the 2014 budget was developed and adopted by Council in November 2013. A budget amendment is needed to appropriate these unanticipated grants and to account for the corresponding expenditures. Proposed Ordinance No. 700 (Attachment A) provides for this budget amendment.

FINANCIAL IMPACT:

Proposed Ordinance No. 700 totals \$407,817, and increases both revenues and expenditures. The increase in expenditures is offset by the increase in revenues, totaling \$118,983, and the use of available fund balance, totaling \$288,834. The following programs will be impacted by this amendment:

General Fund - \$407,817

- Parks, Recreation and Cultural Services - Administration - \$28,004
- Planning and Community Development – City Planning - \$42,060
- Community Services – Emergency Management Planning - \$48,919
- Transfers Out for Debt Service - \$288,834

RECOMMENDATION

Staff recommends that Council move to adopt Ordinance No. 700, amending the 2014 budget.

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

DISCUSSION

During the course of the year, the City received grants and other revenues that should be included in the 2014 budget, along with the corresponding expenditures. These new revenues were not anticipated when the 2014 budget was developed and adopted by Council. Council reviewed the proposed budget amendment at the November 24, 2014 meeting and provided input and direction to staff. The detail of this budget amendment is as follows, and is also outlined in Attachment B to this staff report.

Revenues – Grant Funding: General Fund revenues will be increased by \$118,983. This includes an Urban Forestry Grant from the Washington State Department of Natural Resources (DNR) (\$10,000); a grant from the King Conservation District (\$18,004); a grant from the Environmental Protection Agency (EPA) National Estuary Grant (\$42,060); and an Emergency Management Performance (EMP) grant from the U.S. Department of Homeland Security (\$48,919).

Parks, Recreation and Cultural Services - Administration: The 2014 appropriation will be increased by \$10,000 to use the proceeds from an Urban Forestry Grant received from the Washington State DNR for implementing Phase 1 of the Urban Forestry Strategic Plan. The appropriation will be increased by an additional \$18,004 to use funding from a grant from the King Conservation District to be used for park restoration work. The total change in appropriation for this program will be \$28,004.

Planning and Community Development - City Planning: The 2014 appropriation will be increased by \$42,060 for a grant from the EPA National Estuary Program administered by the Washington State Department of Commerce. This is for study and analysis of the potential for new development and redevelopment resulting from implementing the Landscape Conservation and Local Infrastructure Program (LCLIP) and to estimate any potential for new revenue to be generated as a result of the development.

Community Services – Emergency Management Planning: The 2014 appropriation will be increased by \$48,919 to use EMP grant funding to purchase software for a badging system and enhancements at the Emergency Operations Center (\$6,000); to fund a consultant to update the City's Comprehensive Emergency Management Plan (\$1,801); to fund 50% of an Administrative Assistant to support program activities (\$39,618); and for staff training (\$1,500).

Transfers Out for Debt Service: The 2014 appropriation is being increased by \$288,834 for two purposes: 1) a transfer of \$260,823 to Fund 221 - Limited Tax General Obligation Bond 2013 Debt Service Fund for the principal and interest payments on the debt issued in 2013 for the North Maintenance Facility; and 2) increase the transfer to Fund 211- Limited Tax General Obligation Bond 2009 by \$28,011 to provide additional funding for debt service payments. The second item is due to the federal government's continued sequestration problems. Sequestration results in lower Build America Bonds subsidy payments. The transfer to Fund 221 is funded from the interfund loan between the Surface Water Utility and the General Funds approved by Council on November 10, 2014. Funding for the Transfer to Fund 211 comes from available fund balance.

FINANCIAL IMPACT

Proposed Ordinance No. 700 totals \$407,817, and increases both revenues and expenditures. The increase in expenditures is offset by an increase in revenues, totaling \$118,983, and the use of available fund balance, totaling \$288,834. The following programs will be impacted by this amendment:

General Fund - \$407,817

- Parks, Recreation and Cultural Services - Administration - \$28,004
- Planning and Community Development – City Planning - \$42,060
- Community Services – Emergency Management Planning - \$48,919
- Transfers Out for Debt Service - \$288,834

The following table summarizes the budget amendments for each fund and the resulting 2014 appropriation for each of the affected funds.

Fund	Current Budget	Budget Amendment Request	Amended Budget
General Fund	\$36,843,013	\$407,817	\$37,250,830
Street Fund	\$1,999,037	\$0	\$1,999,037
Code Abatement Fund	\$100,000	\$0	\$100,000
State Drug Forfeiture Fund	\$13,800	\$0	\$13,800
Federal Drug Forfeiture Fund	\$55,051	\$0	\$55,051
Public Arts Fund	\$20,750	\$0	\$20,750
Revenue Stabilization Fund	\$0	\$0	\$0
Federal Treasury Forfeitures Fund	\$316,310	\$0	\$316,310
Unltd Tax GO Bond 2006	\$1,709,050	\$0	\$1,709,050
Limited Tax GO Bond 2009	\$1,662,567	\$0	\$1,662,567
Limited Tax GO Bond 2013	\$260,823	\$0	\$260,823
General Capital Fund	\$4,878,471	\$0	\$4,878,471
City Facility-Major Maint. Fund	\$90,000	\$0	\$90,000
Roads Capital Fund	\$23,603,999	\$0	\$23,603,999
Surface Water Utility Fund	\$5,602,951	\$0	\$5,602,951
Vehicle Operations/Maintenance Fund	\$245,273	\$0	\$245,273
Equipment Replacement Fund	\$127,253	\$0	\$127,253
Unemployment Fund	\$17,500	\$0	\$17,500
Total	\$77,545,848	\$407,817	\$77,953,665

RECOMMENDATION

Staff recommends that Council move to adopt Ordinance No. 700, amending the 2014 budget.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 700
- Attachment B: Budget Amendment Detail

ORDINANCE NO. 700**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 678 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND.**

WHEREAS, the 2014 Budget was adopted by Ordinance No. 678 and amended by Ordinance Nos. 685 and 691; and

WHEREAS, new grants have been awarded to the City not anticipated when the 2014 budget was adopted by Council and should be appropriated to the General Fund; and

WHEREAS, the City issued Limited General Obligation Bonds in 2013 for the purchase of and improvements to the North Maintenance Facility; and

WHEREAS, Council approved Resolution No. 366 authorizing an interfund loan from the Surface Water Utility Fund and the General Fund for the North Maintenance Facility Debt Service; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.075 to include all revenues and expenditures for each fund in the adopted budget;

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

Section 1. Amendment. The City hereby amends Section 2 of Ordinance No. 678, *Summary of Revenues and Expenditures*, by increasing the appropriation for the General Fund by \$407,817, and by increasing the Total Funds appropriation to \$77,953,665 as follows:

	<u>Current Appropriation</u>	<u>Revised Appropriation</u>
General Fund	\$36,843,013	\$37,250,830
Street Fund	1,999,037	
Code Abatement Fund	100,000	
State Drug Enforcement Forfeiture Fund	13,800	
Public Arts Fund	55,051	
Federal Drug Enforcement Forfeiture Fund	20,750	
Property Tax Equalization Fund	\$0	
Federal Criminal Forfeiture Fund	316,310	
Revenue Stabilization Fund	\$0	
Unltd Tax GO Bond 2006	1,709,050	
Limited Tax GO Bond 2009	1,662,567	
Limited Tax GO Bond 2013	260,823	
General Capital Fund	4,878,471	

City Facility-Major Maintenance Fund	90,000	
Roads Capital Fund	23,603,999	
Surface Water Capital Fund	5,602,951	
Vehicle Operations/Maintenance Fund	245,273	
Equipment Replacement Fund	127,253	
Unemployment Fund	17,500	
Total Funds	\$77,545,848	\$77,953,665

Section 2. 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 five days after passage and publication.

PASSED BY THE CITY COUNCIL ON DECEMBER 8, 2014

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: _____, 2014

Effective Date: _____, 2014

Item	Fund	Orgkey	Object	Amount	Revenue Source	Revenue Object	Amount	Fund Balance 3080000	Total Resources	Explanation
General Fund										
Parks Administration		2408037	5410000	\$ 10,000	WA State DNR Urban Forestry Grant	3331066	\$ 10,000		\$ 10,000	Phase 1 Implementation of the Urban Forestry Strategic Plan
		GR262120	0201							
		2408037	5410000	\$ 18,004	King Conservation District Grant	3378400	\$ 18,004		\$ 18,004	Park Habitat Restoration
Total Parks Administration				\$ 28,004			\$ 28,004		\$ 28,004	
City Planning		2506137	5410000	\$ 42,060	Dept of Commerce EPA Natl Estuary Grant	3336612	\$ 42,060		\$ 42,060	Evaluate how LCLIP can be implemented
Community Services-Emergency Management Planning		2005062	5110000	\$ 39,618	Emergency Management Performance Grant	3319701	\$ 39,618		\$ 39,618	Administrative Asst. program support
		GR267219	0101							
		2005062	5360000	\$ 6,000			\$ 6,000		\$ 6,000	Software for badging system, EOC enhancement
		GR267219	9044							
		2005062	5410000	\$ 1,801			\$ 1,801		\$ 1,801	Comprehensive Emergency Management Plan Update
		GR267219	9041							
		2005062	5430000	\$ 1,500			\$ 1,500		\$ 1,500	Travel to various Emergency Mgmt trainings
		GR267219	9043							
Total Emergency Management Planning				\$ 48,919			\$ 48,919		\$ 48,919	
General Fund Admin. Key - Transfers Out		0010000	5970004	\$ 260,823				\$ 260,823	\$ 260,823	Use proceeds of interfund loan to transfer to Debt Service Fund for North Maintenance Facility
		0010000	5970004	\$ 28,011				\$ 28,011	\$ 28,011	Additional support to offset reduction in Build America Bonds Subsidy due to continued sequestration
Total General Fund Admin. Key - Transfers Out				\$ 288,834			\$ -	\$ 288,834	\$ 288,834	
Total General Fund	001			\$ 407,817			\$ 118,983	\$ 288,834	\$ 407,817	
Total Amendments				\$ 407,817			\$ 118,983	\$ 288,834	\$ 407,817	

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion Authorizing the City Manager to Enter Into Interlocal and Cooperative Joint Purchasing Agreements
DEPARTMENT:	Administrative Services
PRESENTED BY:	Robert Hartwig, Administrative Services Director
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

In accordance with Shoreline Municipal Code Section 2.60.080, the City of Shoreline may enter into interlocal and cooperative joint purchasing agreements. These agreements are authorized by RCW 39.34.030 in order to serve the best interests of the cities. These agreements allow various entities to enjoy the benefits of another entity's competitive bidding processes, saving staff time at no additional cost to the participating entities. SMC 2.60.080 requires City Council's approval prior to entering into these agreements.

RESOURCE/FINANCIAL IMPACT:

There is no direct impact to the City. Ultimately, the City will enjoy the lowest bid prices found by other entities, potentially saving the City money as individual items in the 2015 and future budgets are purchased. When it is possible to use the contract prices already obtained by other entities, the City would also enjoy savings in terms of staff time spent on an individual purchase.

RECOMMENDATION

Staff recommends that Council move to authorize the City Manager or her designee to enter into interlocal and cooperative joint purchasing agreements with any or all of the entities listed in Attachment A.

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

DISCUSSION

Shoreline Municipal Code Section 2.60.080 authorizes the City of Shoreline to enter into interlocal and cooperative joint purchasing agreements. These agreements are ultimately authorized by RCW 39.34.030 in order to serve the best interests of the cities. This section of the code requires City Council's approval prior to entering into these agreements.

Individual purchases are often complex. For example, purchasing a large piece of equipment can require extensive time to develop bid specifications, determine equipment options to suit a vehicle for municipal use, solicit bids, receive and analyze bid results, negotiate the final contract, authorize the bid, etc. Many governmental entities have the need for similar equipment. In some cases another entity may have previously obtained a price for a piece of equipment the City of Shoreline needs to acquire. In these instances it can be to the City's advantage to use the other entity's results for Shoreline's purchase.

This can be accomplished, but requires a joint purchasing agreement with the other entity. These agreements can save money if the price of the equipment has gone up since the bid was awarded. An agreement can also save staff time for other projects and purchases. Having these agreements in place does not result in any additional costs to the City.

If approved, staff will attempt to enter into agreements with any or all of the entities listed in Attachment A. It is not anticipated that agreements will be attempted or entered into with all of the possible entities, but staff would like the flexibility to deal with appropriate governmental partners in King, Pierce, and Snohomish Counties.

The final portion of Attachment A lists several other national cooperatives staff would like to enter into agreements with. These entities are recommended by the City of Yakima's Purchasing Manager, Sue Ownby, who has a state-wide reputation for excellence in working with interlocal and cooperative purchasing.

In addition, it should be noted that the City participates in a "roster contract" separate from these interlocal and cooperative agreements, which is administered by the Municipal Research and Services Center of Washington (MRSC). The roster contract allows the City to participate in MRSC's small works, consultant, and vendor rosters. Essentially MRSC accepts applications from vendors, determines whether they are in compliance with State regulations, whether they are eligible to provide goods and services to governments, and maintains vendor applications. The MRSC roster is not a part of this Council action; this final paragraph is for informational purposes only.

RESOURCE/FINANCIAL IMPACT

There is no direct impact to the City. Ultimately, the City will enjoy the lowest bid prices found by other entities, potentially saving the City money as individual items in the 2015 and future budgets are purchased. When it is possible to use the contract prices already obtained by other entities, the City would also enjoy savings in terms of staff time spent on an individual purchase.

RECOMMENDATION

Staff recommends that Council move to authorize the City Manager or her designee to enter into interlocal and cooperative joint purchasing agreements with any or all of the entities listed in Attachment A.

ATTACHMENTS

Attachment A: Authorized Entities for Interlocal and Cooperative Joint Purchasing Agreements

Authorized Entities for Interlocal and Cooperative Joint Purchasing Agreements

This list includes all of the entities with which the City of Shoreline may attempt to enter into Interlocal Joint Purchasing Agreements. Any additional entities will require separate City Council approval.

CITIES AND TOWNS

- Any City or Town located wholly or partially within King County
- Any City or Town located wholly or partially within Pierce County
- Any City or Town located wholly or partially within Snohomish County

COLLEGES, UNIVERSITIES, AND SCHOOL DISTRICTS

- Any Public College, University, or School District located in King County
- Any Public College, University, or School District located in Pierce County
- Any Public College, University, or School District located in Snohomish County

COUNTIES

- King County
- Pierce County
- Snohomish County

PORT AUTHORITIES

- Port of Everett
- Port of Seattle
- Port of Tacoma

PUBLIC TRANSIT

- Any Public Transit Organization operating wholly or partially within King County
- Any Public Transit Organization operating wholly or partially within Pierce County
- Any Public Transit Organization operating wholly or partially within Snohomish County

OTHER ENTITIES

- Houston-Galveston Area Council (H-GAC) – HGACBuy
- National Joint Powers Alliance (NJPA)
- National Purchasing Partners (NPP)
- National School Boards Association (NSBA) – BuyBoard National Purchasing Cooperative
- The Cooperative Purchasing Network (TCPN)
- U S Communities Government Purchasing Alliance (U S Communities)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Obligate \$674,560 of Washington State Department of Transportation Surface Transportation Program grant funds for the Meridian Avenue N Overlay Project
DEPARTMENT:	Public Works
PRESENTED BY:	Mark Relph, Public Works Director
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

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 \$674,560 of Surface Transportation Program (STP) grant funding for the Meridian Avenue N Overlay Project to be constructed in 2016. This funding source is through WSDOT and provides for 68% of eligible costs.

In accordance with the City’s purchasing policies, Council authorization is required for staff to obligate grant funds exceeding \$50,000. Additionally, WSDOT requires formal authorization of their contracts prior to execution.

RESOURCE/FINANCIAL IMPACT:

The 2015-2020 Capital Improvement Program includes \$674,560 in STP funds as part of the Annual Road Surface Maintenance Program. This grant does require a City match which will utilize revenues from the Transportation Benefit District via the Roads Capital Fund and the Annual Road Surface Maintenance Program.

This project is funded as follows:

Surface Transportation Program	\$674,560
2016 Annual Road Surface Maintenance Program	\$317,340
Total Project	\$991,900

RECOMMENDATION

Staff recommends that Council move to authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$674,560 for the 2016 Meridian Avenue N Overlay Project, including authorization of the Project Prospectus and any addendums or supplements required by the Washington State Department of Transportation.

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

DISCUSSION

The City’s long-term road surface maintenance program is designed to maintain the City’s road system to the highest condition rating with the funds available using various thickness in asphalt overlay and bituminous surface treatments (BST). The City was awarded a federal grant for the overlay preservation of Meridian Avenue N from N 190th Street to N 205th Street. The project will include replacing curb ramps at all intersections, grinding, and two (2) inches of new asphalt.

In accordance with the City’s purchasing policies, Council authorization is required for staff to obligate grant funds exceeding \$50,000. Additionally, WSDOT requires formal authorization of their contracts prior to execution. Given this, staff is requesting that Council authorize the City Manager to execute a Local Agency Agreement with WSDOT to obligate \$674,560 of STP grant funding for this project. Not authorizing the City Manager to enter into the Local Agency Agreement with WSDOT would necessitate returning the identified grant funding to the State.

COUNCIL GOAL ADDRESSED

This project addresses City Council goal #2: Improve Shoreline’s utility, transportation and environmental infrastructure.

RESOURCE/FINANCIAL IMPACT

The 2015-2020 Capital Improvement Program includes \$674,560 in STP funds as part of the Annual Road Surface Maintenance Program. This grant does require a City match which will utilize revenues from the Transportation Benefit District via the Roads Capital Fund and the Annual Road Surface Maintenance Program.

This project is funded as follows:

Surface Transportation Program	\$674,560
<u>2016 Annual Road Surface Maintenance Program</u>	<u>\$317,340</u>
Total Project	\$991,900

RECOMMENDATION

Staff recommends that Council move to authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$674,560 for the 2016 Meridian Avenue N Overlay Project, including authorization of the Project Prospectus and any addendums or supplements required by the Washington State Department of Transportation.

ATTACHMENTS

Attachment A: Meridian Avenue N Overlay Project Vicinity Map

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Transfer of Development Rights and the Landscape Conservation and Local Infrastructure Program		
DEPARTMENT:	Planning & Community Development		
PRESENTED BY:	Steven Szafran, AICP, Senior Planner		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The Landscape Conservation and Local Infrastructure Program (LCLIP) was passed into State Law in 2011. LCLIP creates incentives for both land conservation in the county and infrastructure improvements in the city. The City recently received a grant to study the feasibility of applying LCLIP in the 145th and 185th light rail station subareas, Town Center, and the Community Renewal Area (Aurora Square).

At tonight's meeting the City's consultant, ECONorthwest, will explain the program and provide their preliminary findings to the Council. The feasibility study will be complete in July 2015, and staff will present the final findings of the LCLIP study at that time. However, staff would like to present the study to date before the Council considers the relevant issues of development potential and development agreements in the light rail station subarea plans.

RESCOURSE/FINANCIAL IMPACT:

As this item is for discussion purposes only, there is no financial impact at this time.

RECOMMENDATION

As this item is for discussion purposes only, staff recommends that Council discuss the LCLIP and ask questions of staff and the City's consultant.

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

BACKGROUND

The Landscape Conservation and Local Infrastructure Program (LCLIP) was passed into State Law in 2011. LCLIP creates incentives for both land conservation in the county and infrastructure improvements in the city. This purpose of the program is to encourage the Transfer of Development Rights (TDR) with a public infrastructure financing tool called tax increment financing (TIF). This program seeks to credit added development potential in exchange for preservation of natural and rural lands in the county, while providing greater assessed tax revenues for the City to pay for improvements such as plazas, parks, sidewalks, bike lanes, etc. to encourage vibrant, livable cities.

DISCUSSION

The City began looking at the LCLIP program as a way to include TDRs into the light rail station subareas. In exchange for accepting development rights, the City will have access to financing for revitalizing designated districts. The City will also be able to bond against the future tax revenue generated by the development projects to make essential infrastructure improvements.

The City recently received a grant to study the feasibility of applying LCLIP in the 145th and 185th light rail station subareas, Town Center, and the Community Renewal Area (Aurora Square). At tonight's meeting the City's consultant, ECONorthwest, will explain the program and their preliminary findings to the Council. The attached memo (Attachment A) from ECONorthwest provides background information and analysis of the LCLIP program as it applies to the City of Shoreline.

The feasibility study will be complete in July 2015, and staff will present the final findings of the LCLIP study at that time. However, staff would like to present the study to date before the Council considers the relevant issues of development potential and development agreements in the light rail station subarea plans. Staff will present the same information to the Planning Commission in December 2014, before they make their recommendations to the Council on the 185th light rail station subarea plan and development regulations on January 15, 2015.

RESOURCE/FINANCIAL IMPACT

As this item is for discussion purposes only, there is no financial impact at this time.

RECOMMENDATION

As this item is for discussion purposes only, staff recommends that Council discuss the LCLIP and ask questions of staff and the City's consultant.

ATTACHMENTS

Attachment A: LCLIP Memo from ECONorthwest

DATE: November 21, 2014**ECO Project #:** 21764**TO:** Steve Szafran and Paul Cohen, City of Shoreline**FROM:** LCLIP Project Team: Erik Rundell and Morgan Shook (ECONorthwest), Nick Bratton (Forterra), Matt Hoffman (Heartland)**SUBJECT:** LCLIP IN SHORELINE

The City of Shoreline (Shoreline) is exploring the viability of the Landscape Conservation and Local Infrastructure Program (LCLIP) within the city. LCLIP is a form of tax increment financing enacted in 2011. The program gives cities access to incremental county property tax revenues to finance public improvements within city-designated LCLIP districts.

This memorandum provides an overview of the potential use of the program in Shoreline. The memorandum first provides a summary of LCLIP and then reviews Shoreline's existing policies and regulations to assess possible changes needed to implement LCLIP. Lastly, the memorandum outlines the different mechanisms Shoreline may consider for retiring development rights as part of LCLIP.

What is LCLIP?

The program offers the use of tax increment financing to a city in return for: 1) the creation of a Transfer of Development Right (TDR) program; and, 2) the acceptance of a specified amount in regional development rights. TDR programs allow additional building area beyond the base zoning in a defined urban area in exchange for the purchase of the right to develop farm and forest lands in a rural area, thus preventing development of those lands.

In exchange for the placement of transferred development rights in LCLIP districts, the jurisdictional county (in this case King County) agrees to contribute a portion of its regular property tax to the sponsoring city for use for a defined period (up to 25 years).

The LCLIP program targets only a portion of the incremental property taxes generated from new development. This is not a new tax to residents or businesses. The remaining portion of the property tax still accrues to the sponsoring city and to the jurisdictional county. Existing and incremental revenues flowing from sales, business and occupation, and utility taxes still accrue to the city as if the LCLIP had not been enacted, as well as other capital restricted revenues.

Sponsoring City Ratio

The LCLIP legislation established the total number of transferable development rights that a city is assigned. Shoreline's allocated share from PSRC is 231 TDR credits. In adopting an LCLIP program, the city may decide to accept its entire allocated share or a portion of it. This accepted amount is known as the city's specified portion. The "Sponsoring City Ratio" reflects the specified proportion of development rights a city has chosen to accept of the city's allocated share. The resulting ratio (anywhere from 0 to 1) acts to pro-rate the amount of new construction value that can accumulate to an LCLIP district.

Accepting the full allocated share (all 231 credits for a ratio of 1) would maximize potential LCLIP revenues while taking something less than the full allocated share would reduce the potential value of the program to a city. A sponsoring city-specified portion must be equal to or greater than twenty percent of the sponsoring city allocated share.

In choosing its ratio, the city is trying to select an amount of credits it hopes to place over a 20-year period to meet the threshold requirements (discussed below) and extend the program (and revenues) the full 25 years. In doing so, the city is seeking to encourage enough new development to generate sufficient LCLIP revenue to support its infrastructure financing goals while balancing the risk of TDR utilization by the market or via public intervention.

Performance Thresholds

While the LCLIP program can run for a maximum of 25 years, the legislation requires participating cities to demonstrate performance of the use of credits within their Local Improvement Project Area (LIPA). Cities using the LCLIP tool must meet a series of performance thresholds pegged to the specified portion of credits in order to continue to access its share of county revenues. These thresholds are as follows:

- Threshold #1: Placement of 25% of the specified portion is required to start the program.
- Threshold #2: Placement of 50% of the specified portion is required by year 10 to extend it 5 years.
- Threshold #3: Placement of 75% of the specified portion is required by year 15 to extend it 5 years.
- Threshold #4: Placement of 100% of the specified portion is required by year 20 to extend it 5 years to its conclusion.

Local Improvement Project Area

A Local Improvement Project Area (LIPA), or LCLIP district, is the designated area in which:

- TDR credits will be placed and measured for performance monitoring.
- Infrastructure projects will be specified and funding will be used.
- The calculation of the new construction as the tax basis for LCLIP revenues will be based.

A city may have multiple and non-contiguous LIPA(s) as long as the area(s) meet the legislation requirement of containing less than 25% of the city's assessed value.

The City has four different areas within Shoreline that it is considering for use with LCLIP. The areas include the Town Center zone, Aurora Square, and the study areas for future Link light-rail stations at 145th Street and 185th Street.

Review of Relevant Polices and Regulations in Shoreline

Overall, Shoreline's existing policies support the use of TDR and LCLIP. Shoreline currently offers incentives to advance affordable housing and density goals, although not in the form of incentive zoning; however, it does not have a TDR program in place.

Shoreline's comprehensive plan language establishes a policy foundation for the use of LCLIP and TDR to encourage quality development, revitalize neighborhoods, and provide infrastructure that supports growth. Shoreline should look to the comprehensive plan goals and policies to determine areas that LCLIP funding should be directed towards. Shoreline may consider using LCLIP as a source of funding to meet the goals of catalyzing a master-planned, sustainable lifestyle destination in Aurora Square. Additionally, light rail station expansion areas would benefit from infrastructure investments as the city plans to work with stakeholders to identify and fund additional improvements that can be efficiently constructed in conjunction with light rail and other transit facilities.

Existing Incentives

Shoreline currently offers a variety of incentives to developers to encourage affordable housing, density, and high quality development. However, Shoreline does not currently have a formal incentive zoning program. Shoreline's form based code suggests that bonus options other than additional units or floor area would be approaches to pursue for TDR utilization. Importantly, there are no incentives currently offered for additional height. This would potentially make bonus height an incentive for a TDR program. Additional TDR incentives that award parking reductions or impact fee offsets should be considered in light of existing incentives offered to promote other public benefits.

It is important to look at existing incentive programs to understand how the program would interact with other incentives. For example, if Shoreline were to offer an affordable housing incentive program that provided bonus height in exchange for the inclusion of affordable housing units, developers might have to choose whether to achieve bonus height through TDR or through creating affordable housing units.

Implications for LCLIP

As part of implementing LCLIP, Shoreline will have several important policy decisions to make as part of establishing a program. A strong LCLIP program for the City of Shoreline must position the City to maximize LCLIP revenues through structuring the following program parameters.

- **LIPA geography.** The City will want to create a LIPA(s) that meets the nexus requirements. However, creating a district(s) that contains areas where development is expected will help create a large new construction tax base to use as the basis of the revenue calculation. The larger the tax base, the more funding leverage the City will have for a select sponsoring city ratio. Important questions to consider include:

- Does Aurora Square present an opportunity for absorbing a significant number of TDR credits through developer agreements or a rezone?
- Do station area rezones present an opportunity for absorbing TDR credits through incentive zoning?
- **TDR Code Provisions.** The number of TDR credits used is a function of several factors:
 - The nature of the incentive associated with TDR. Typical TDR incentives offer additional FAR or height. However, TDR can be connected with any variety of opportunities associated with development (“conversion commodities”). Other examples include connecting TDR with reduced setbacks, structured parking requirements, or impervious surface limitations. This is discussed in more detail below.
 - The demand and capacity to place TDR credits. The city must determine how much demand there may be for utilizing an incentive. If using incentive zoning, there must be demand to build beyond the zoning capacity and enough total zoning capacity to retire the specified portion. In addition, TDR may be among a menu of options that developers can choose from.
 - The “exchange rate” for TDR. The amount of incentive a developer receives per TDR credit used in large part determines the extent to which a TDR consumes the incentive zoning available. The incentive created by the TDR exchange rate must be equal to or exceed a developer’s willingness- and ability-to-pay, otherwise TDR will not be used.
- **City-specified portion and program timing.** In order to maximize the flow of LCLIP revenues, the City has an incentive to meet all four performance thresholds. Doing so means the city must select a specified portion that is targeted at some expected absorption of TDR credits over the horizon of the program. This element of the LCLIP program is the most difficult technical aspect that the city must consider. Forecasting future development is difficult, much less determining the rate at which that development could utilize TDRs.

Transfer of Development Rights (TDR) Options

There are several different methods a city could pursue to place development right credits. In Shoreline, the viability of each option varies depending on the geographic areas that the City is considering. LCLIP is a relatively new program, and as a result, the legality of some TDR options is not well established. It is noted where this is the situation. The remainder of the memorandum summarizes each option and in what areas the options could likely be used.

Incentive Zoning

One commonly used TDR mechanism is incentive zoning. Incentive zoning allows developers to vary from base zoning requirements by providing some public benefit, in this case the purchase of development right credits. The incentive can either add value to a project by allowing additional height or density, or by reducing project costs through relaxed parking

requirements or by providing access to a multifamily tax exemption (MFTE) program, for example.

Developer Agreements

Developer agreements are a voluntary way for a city to establish standards and conditions for development of a site with the property owner. TDR use can be negotiated into a developer agreement. For example, TDR purchase of X reduces the amount of infrastructure improvements required by the development, which lowers development costs, and/or awards density or other bonuses that improve project revenue.

City Purchase with Sales Tax Revenues

A city could use a portion of its sales tax revenue to purchase all or a portion of the City's allocated TDR commitment identified by LCLIP. The city would first have to estimate the total purchase price of its commitment and the potential return in property tax revenues through LCLIP. The City could resell those credits to developers when other TDR mechanisms take effect, such as incentive zoning or developer agreements.

Optional Impact Fee In-lieu

The city could establish an optional impact fee that could be paid in-lieu of existing impact fees. The overall objective of this approach is to leverage existing impact fee payment to achieve an overall higher revenue stream from county property taxes. A development project would have the option of paying a proportionate (but lower) fee into a TDR fund in place of an impact fee. The city would then use those funds to purchase development rights. The additional revenues from LCLIP could be used to pay for projects that would have otherwise been paid for with impact fees and/or other funds.

District or Citywide New Fee

Total cost of city's full LCLIP credit allocation is spread across all taxed properties in a district or citywide over 20 years. The city then raises that amount over time (either in districts or citywide) through a fee (creating a new revenue source) to pay for credit acquisition. The actual legality of this method is uncertain and this mechanism has not been used before.

Participation Required

A last option is that the purchase of TDR credits is required for new development as part of an area rezone. The actual legality of this method is uncertain and this mechanism has not been used before.

TDR Options by Geographic Area

The table below shows where these options could likely be applied in Shoreline. The options could still be applied to those areas **without** a “yes”, but it would require more research and/or confirmation.

TDR Approach	Geography			
	Town Center	185th Station Area	145th Station Area	Aurora Square
Incentive Zoning			Yes	
Developer Agreement				Yes
City purchase with sales tax	Yes	Yes	Yes	Yes
Optional Impact Fee in-leu	Yes	Yes	Yes	Yes
District or City-wide new fee	Yes	Yes	Yes	Yes
Participation Required		Yes	Yes	