



REVISED AGENDA V.2

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SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, January 26, 2015
5:45 p.m.

City Hall Lobby · Shoreline City Hall
17500 Midvale Avenue North

TOPIC/GUESTS: [Parks Director Retirement Reception](#)

SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, January 26, 2015
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) <u>Minutes of Business Meeting of November 24, 2014</u>	<u>7a1-1</u>	
<u>Minutes of Business Meeting of December 1, 2014</u>	<u>7a2-1</u>	
<u>Minutes of Business Meeting of January 5, 2015</u>	<u>7a3-1</u>	
(b) <u>Approval of expenses and payroll as of January 9, 2015 in the amount of \$2,128,054.45</u>	<u>7b-1</u>	
(c) <u>Authorize the City Manager to Execute a Contract with WSDOT to Obligate STP Grant Funds for the Bicycle Plan Implementation Project</u>	<u>7c-1</u>	
(d) <u>Authorize the City Manager to Execute a Contract with EarthCorps for Trail Work and Environmental Restoration for Shoreline Parks</u>	<u>7d-1</u>	

and Surface Water Facilities

- (e) Authorize the City Manager to Execute an Amendment to the 2014 Agreement with Osborn Consulting Inc. for the Design of the 2015 Stormwater Pipe Repair and Replacement Program Project 7e-1

8. STUDY ITEMS

- (a) Discussion of Affordable Housing as a Component of the Proposed Light Rail Development Regulations 8a-1 7:50
- (b) Discussion of Ord. No. 694 – Amendments to the Shoreline Municipal Code for Property Tax Exemptions 8b-1 8:50
- (c) Discussion of Ord. No. 704 – Amendments to the Shoreline Municipal Code Chapter 3.01 - Fee Schedule 8c-1 9:20

9. ADJOURNMENT

9:30

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>.

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CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, November 24, 2014
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Winstead, Deputy Mayor Eggen, Councilmembers McGlashan, Hall, Salomon, and Roberts. Councilmember McConnell attended via telephone for Action Item 8b.

ABSENT: Councilmember McConnell

1. CALL TO ORDER

At 7:00 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 with the exception of Councilmember McConnell.

Councilmember Hall moved to excuse Councilmember McConnell from the meeting due to personal reasons. The motion was seconded by Councilmember Salomon and passed unanimously, 6-0.

3. REPORT OF CITY MANAGER

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

4. COUNCIL REPORTS

Councilmember McGlashan reported attending the National League of Cities Conference in Austin, Texas. He shared about his participation on the nominating committee for selection of President, Vice President and Boardmembers and attending courses on land use and city budgets.

Councilmember Salomon reported attending the Water Resource Inventory Area meeting which focuses on bringing back Chinook salmon. He shared that studies show a low return of adult salmon, and commented on fish dying in Puget Sound due to climate change, pollution, and lack of a shallow water habitat.

5. PUBLIC COMMENT

There were no members from the public wanting to address the Council.

6. APPROVAL OF THE AGENDA

The Agenda was adopted by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember McGlashan, seconded by Councilmember Hall and unanimously carried, 5-0, (Councilmember Salomon stepped away from the dais), the following Consent Calendar items were approved:

- (a) **Minutes of Special Meeting of November 3, 2014 and Minutes of Business Meeting of November 3, 2014**
- (b) **Approval of expenses and payroll as of November 7, 2014 in the amount of \$1,082,464.06**

8. ACTIONS ITEMS

- (a) Adoption of Ordinance No. 701 – Setting the 2015 Regular and Excess Property Tax Levies

Councilmember McConnell joined the meeting via telephone.

Robert Hartwig, Administrative Services Director, stated the 2015 Property Tax Levy for Regular Levies (Operations) is \$10.6 Million, and that the Bond Levy (Parks and Open Space) rate is \$1.7 Million.

Councilmember Hall moved adoption of Ordinance 701 establishing the City's 2015 regular and bond Excess Property Tax Levies. The motion was seconded by Councilmember Roberts.

Councilmember Hall commented on the Council keeping their commitment to the voters to preserve basic city services and setting tax rates in a responsible manner.

The motion passed unanimously.

- (b) Adoption of Ordinance No. 699 – Adopting the 2015 Budget, the 2015 Fee Schedule, the 2015 Salary Schedule, and the 2015-2020 Capital Improvement Plan

Mr. Hartwig stated the proposed 2015 Budget totals \$72.6 million and the General Fund accounts for \$37.2 million of the Budget.

Councilmember McGlashan moved adoption of Ordinance 699, adopting the 2015 Budget, the 2015-2020 Capital Improvement Plan, the 2015 Salary Schedule, the 2015 Fee Schedule, establishing fund appropriations for the 2015 calendar year, and adding a new section

3.35.117 to the Shoreline Municipal Code. The motion was seconded by Councilmember Hall.

Deputy Mayor Eggen moved to amend the main motion by amending the 2015 Budget in the General Fund to increase the Human Services funding allocation by \$15,000 on page 132, as a one-time programmatic increase for training and/or outreach for community members to address critical needs within the Shoreline community. An example of such a program may be the Youth Mental Illness First Aid Training program. The motion was seconded by Councilmember Salomon.

Deputy Mayor Eggen spoke about receiving requests to increase human services funding and acknowledged decreases in funding levels from other human services funding providers. He recalled asking staff to identify human services issues in Shoreline and that staff recommended a youth mental illness first aid program as a top funding priority. He pointed out the appropriateness of staff to identify human services projects that will benefit the community. Councilmember Salomon spoke in favor of the amendment and talked about the importance of spending money to assist with youth mental illness. Councilmember McGlashan asked the name of the service provider, commented on the difficulty in selecting one organization over another when they all need money, expressed concern over funding an organization without going through the appropriate Council process, and stated he will not be supporting the amendment. He recommended that a grant request process be developed for these types of awards, and cautioned against providing organizations one time funding awards. Mayor Winstead concurred with Councilmember McGlashan and commented that she would like to see a process developed for allocating awards to ensure that the money is received as designated by Council. Councilmember Hall asked if the request had been presented to the Council for discussion, and if the Center for Human Services made this request. Councilmember Roberts asked if the Center for Human Services can achieve the results identified in the amendment.

Ms. Tarry confirmed that the service provider is the Center for Human Services, and stated that they can achieve the results identified in the amendment. She added that there are also other organizations that offer youth mental illness first aid programs. She explained that the request came about as a result of research conducted by staff upon request by Deputy Mayor Eggen. Councilmember McConnell voiced support for the amendment.

The amendment passed 4-3, with Deputy Mayor Eggen, and Councilmembers McConnell, Roberts and Salomon voting in favor.

Councilmember Salomon moved to amend the 2015 Proposed Budget in the General Fund, eliminating the proposed Assistant Planner position on page 229, and reducing the 2015 Budget by \$79,080. The motion was seconded by Deputy Mayor Eggen.

Councilmember Salomon commented that the Assistant Planner position is an on-going full-time position, and that he believes demand for planning projects will decrease once the 145th and 185th Stations Subarea Plans have been completed. He expressed a desire to see the Planning & Community Development Department find other solutions to fill gaps in next year's budget. Deputy Mayor Eggen asked the City Manager why the position is needed. Ms. Tarry described increases in the level of permit activity, explained that the Department was reduced by five full

time employee positions during the period of the recession, and shared that the position is needed to maintain levels of service and to meet the long term goal of doubling multi-family housing units. Councilmember Roberts stated he will oppose the amendment because of the increase in permit activity and to help reduce the amount of time it takes to process a permit. Councilmembers Hall and McConnell concurred with Councilmember Roberts.

The vote on the amendment failed 1-6 with Councilmember Salomon voting yes.

Councilmember Salomon moved to amend the 2015 Proposed Budget in the General Fund, eliminating the On Call Plan Check services on pages 147 and 229. This change will reduce 2015 expenditures appropriations budget by \$50,000.

The motion died for lack of a second.

Councilmember Salomon moved to amend the 2015-2020 Capital Improvement Plan Program in the General Capital Fund, eliminating the pool study on page 307, and reducing the 2018 Capital Improvement Program by \$115,000.

The motion died for lack of a second.

Councilmember Salomon spoke about surface water management and aggressively addressing stormwater pollution to help bring back salmon runs. He expressed support for staff's recommendation to report on the outcomes of the Thornton Creek Low Impact Development study and projects, and the potential for expanding the program, as a part of the 2016 budget process.

Councilmember Roberts stated his support for the budget, requested that the Human Services amendment be brought back to Council with administrative details, and commented on looking forward to next year's discussion on Extra Help practices. He expressed concern about State revenue sharing and encouraged the Council to continue to advocate to the State to maintain their commitment to helping cities.

Deputy Mayor Eggen stated his appreciation of an understandable and balanced budget, and supports looking into surface water management and solutions.

Mayor Winstead thanked staff and Councilmembers for their hard work and diligence in the budget process.

Councilmember Hall moved to add the following sentence to the main motion: authorize the City Manager or her designee to make the necessary revisions to the 2015 Proposed Budget based on the amendments voted on this evening. The motion was seconded by Councilmember Roberts and passed unanimously.

The main motion passed unanimously as amended.

Councilmember McConnell left the meeting.

9. STUDY ITEMS

(a) Discussion of Ordinance No. 700 – Final Budget Amendment for 2014

Mr. Hartwig provided an overview of 2014 Budget Amendment Requests. He reported that proposed budget amendments totaling \$407,817 are: \$10,000 for Urban Forestry; \$18,004 for Park Restoration Work; \$42,060 for Landscape Conservation and Local Infrastructure Program Implementation Study; \$48,919 for an Emergency Management Grant; and \$288,834 for Transfers Out for Debt Services.

Councilmembers asked if this item can be acted on tonight. Ms. Tarry explained that it is an Ordinance and Council Rules would need to be waived. She recommended placing the item on the Consent Calendar for the December 8, 2014 meeting, and Councilmembers concurred.

(b) Discussion of Ordinance No. 692 – Small Vendor License Fees

Dick Deal, Parks, Recreation and Cultural Services Director and Mary Reidy, Recreation Superintendent, presented the staff report. Ms. Reidy stated the City's Business License program was established in 2009, and explained that Ordinance 692 would create an exemption from the licensing requirement for small businesses, with nominal activity in Shoreline, to participate in placemaking events. She provided examples of those events and then reviewed the proposed exemptions.

Councilmembers asked how many businesses would be affected by the proposed Ordinance, and questioned how many of them are required to register with the Department of Revenue and therefore required to obtain a Shoreline Business License. They requested information on the City's Business License Program, asked what the \$40 license fee covers, and how businesses benefit from paying the fee. They asked staff to provide information on other cities' business license programs; to comment on the merits of issuing refunds/reimbursements to businesses instead of exempting them; and to include all recognized nonprofit events in the exemption language.

Councilmembers commented that the City benefits from the business licensing list because it provides the City with the ability to perform outreach and welcome new businesses into Shoreline, and that the exemption would help to encourage participation of small businesses at City events.

Mr. Deal estimated that 100 businesses would be impacted by the Ordinance, and commented on making it easier for vendors to participate in an occasional event. Jessica Simulcik Smith, City Clerk, explained the benefits of the business licensing program.

(c) Discussion of Ordinance No. 698 – Chronic Nuisance Change Issuance to Service

Margaret King, City Attorney, provided the staff report. She explained that Ordinance 698 corrects a clerical error to Ordinance 675, enacted March 2014 which established the City's

Chronic Nuisance Properties regulations. She added that Ordinance 698 clarifies the deadline for filing an appeal.

Councilmembers confirmed that the edited version of the Ordinance will come back before Council on December 8.

10. ADJOURNMENT

At 8:30 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

DRAFT

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, December 1, 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 7:00 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

Deputy Mayor Eggen reported attending the Sound Cities Association (SCA) Board meeting and discussing the placement of non-paying members on SCA Boards. He shared that the Board approved a change to the bylaws, to be presented to membership, and specifies a preference for appointment of only paying members to SCA Committees.

5. PUBLIC COMMENT

Meghan Peterka, Ridgecrest Neighborhood, commented on attending a recent meeting and finding out the Station Subarea is a much larger than she had envisioned. She commented on taking a tour of the area with City staff and learning that some of the residents are unaware of what's happening. She requested that the process be extended.

Janet Way, Shoreline Preservation Society, expressed concern over the 145th Route Development Plan (RDP). She commented on grant money being received for certain items, that plans for a 145th bridge are not included, and that WSDOT does not have plans to complete the interchange for the freeway to connect the Lightrail Station. She questioned how a rezone can be

planned if the interchange or road is not completed to accept increased density, how the EIS can be completed when these other projects are not, and stated the projects need to be interconnected. She spoke about the public not being aware of what is happening in the Station Subareas.

Dan Dale, Shoreline resident, spoke in regards to the 185th EIS, and commented on mitigation impacts missing from the document. He shared that although the study focuses on MUR-85, Council should visualize the limits at 140 feet and question if this is what Shoreline wants.

6. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

7. CONSENT CALENDAR

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

- (a) Minutes of Business Meeting of November 10, 2014**
- (b) Authorize the City Manager to Execute a Contract Agreement with KPFF for the Design of the 10th Avenue NW Bridge Repairs**
- (c) Authorize the City Manager to Execute a Contract Agreement with the Washington State Department of Transportation to Obligate STP Grant Funds for the 15th Avenue NE Overlay Project**
- (d) Authorize the City Manager to Execute a Construction Contract with Taylor's Excavators, Inc. for the NE 195th Street Separated Trail Project**

8. ACTIONS ITEMS

- (a) Motion to Authorize the City Manager to Execute a Contract with Stewart, MacNichols, Harmell, Inc., P.S. for Primary Public Defense Services**

Alex Herzog, Management Analyst, provided the staff report on Primary Public Defense Services. He recounted that the current contractor will no longer offer services after the new year. He reviewed the new caseload limits requirements and the new service of providing arraignment hearings anticipated in 2015. He then described the request for proposal process and proposed contract provisions.

Councilmember McGlashan moved to authorize the City Manager to execute a contract with Stewart, MacNichols, Harmell, Inc., P.S. for Primary Public Defense Services for two years and three one-year options to extend, for a total contract do not exceed amount of \$1,370,000 in a form to be approved by the City Attorney. The motion was seconded by Councilmember McConnell.

Councilmember McGlashan stated his support for the new contract. Councilmember Salomon commented on seeing this as an improvement to defense services the City provides, adhering to best practices, and stated he considers this a victory for public defense. Deputy Mayor Eggen added that he is pleased to see that the City is providing defense services at all arraignments.

The motion passed unanimously.

9. STUDY ITEMS

(a) Discussion of 145th Route Development Plan - Project Goals and Funding Strategies

Alicia McIntire, Senior Transportation Planner, joined by Kirk McKinley, Transportation Manager, and Scott MacColl, Intergovernmental Relations Program Manager, provided the staff report. Ms. McIntire provided background on the project, highlighted what the process allows for, and stressed the importance of participation of interjurisdictional partners and public involvement. She presented interjurisdictional partners are Washington State Department of Transportation, Seattle Department of Transportation, King County Metro, Sound Transit, Seattle City Light, Puget Sound Regional Council, and then identified other agency participants. She stated staff is recommending a Citizen Advisory Task Force (CATF) consisting of 12 representatives from adjacent neighborhoods, businesses, the North King County Mobility Coalition, and Lakeside School. She then reviewed project goals, evaluation criteria, and long term funding strategies. She stated the RDP Consultant has been hired and the first task is to create a RDP schedule. She requested Council's recommendations on the CATF, the preliminary draft project goals, and evaluation criteria. Mr. McKinley commented on the importance of staffs' communication with Council on strategies, funding sources, and construction schedules.

Councilmembers commented on 145th Street serving a regional area and asked how many people using the road live and work in Shoreline. They explained having this information will be useful to encourage neighboring communities to participate in the process, and to leverage additional funding. They discussed the CATF having representation from Kenmore, Lake Forest Park, and other neighboring communities, and giving preference to those who live near 145th Street and use the corridor. They commented on the need for building grant support, securing federal and state funding, and requested staff to explore other funding options to get the project completed quicker. They recommended adding a goal to the RDP to finish the project before the 145th Street Light Rail Station opens.

Councilmembers expressed concern over a timeline that could jeopardize grant money, and over developing a successful RDP when the scope of the interchange has not been addressed. They pointed out that different challenges exist on both sides of 145th Street and that the RDP must be cognizant of needs on both sides of the interchange. It was recommended that the RDP first focus on the areas to the west of I-5.

Councilmembers commented on dealing with the gap between the Burke Gilman Trail and 25th Ave, and asked about a non-motorized bridge at the north end of the stations that allow for a more direct route to be added to Transportation Improvement Plan. They expressed support for a pedestrian bridge at 147th Street and a physical bike separation. They recommended participation by SeaShore Transportation Forum, Cascade Bicycle Club, Jackson Park Golf Club and the

Council of Neighborhoods. They asked if there will be an estimate of capacity at full build out; what will happen if the preferred alternative does not meet the prospective transit needs, or if the Plan cannot be completed by 2023; and if there are alternatives to address these issues. They commented on the RDP addressing how much right-of-way is needed and discussed the possibility of a zoning buffer on 145th Street to ensure it can be built properly. They asked for staffs' suggestions on how citizens can help advocate for their own neighborhood.

Scott MacColl, Intergovernmental Relations Program Manager, spoke to interjurisdictional support and the formation of a SR522 and SR523 Working Group to get input and buy in from surrounding communities. Ms. McIntire explained that they do not know how many people using the road live and work in Shoreline and where trips initiate from. She clarified that the grant fund match needs to be obligated by June 1, 2016. She talked about taking a corridor wide approach to address the 145th Street from 3rd Avenue to State Route 522 to include the interchange, and meeting the requirements specified in the grant. She then described the partnership with WSDOT and Sound Transit to develop a preliminary design for the interchange to incorporate in the RDP. She confirmed there are different needs for each side of the corridor and explained that the master plan will address a proper design for both east and west sides. She outlined the greenway network and the potential bicycle corridor within the 145th Street Station Subarea, and explained that the 145th Subarea Plan will inform the RDP regarding future projections regarding traffic volumes and identify transit connector service needs. She anticipates that invitations for the CAFT will be sent out early next year and expects them to meet about four to five times.

10. ADJOURNMENT

At 8:38 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, January 5, 2015
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 7:00 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

There were no Council Reports presented.

5. PUBLIC COMMENT

Fred Wong, Shoreline/Lake Forest Park Arts Council, thanked Council for their support and explained the benefits of art in the community. He announced the implementation of a new online community arts calendar, spoke about awarding art mini grants to teen participants from the Shoreline Recreation Center, and expressed appreciation to staff for coordinating essential community collaborations.

Victoria Stiles, Shoreline Historical Museum, thanked Council for support of the Museum. She commented on Shoreline celebrating 20 years of incorporation as a city, Richmond Beach's 125 year anniversary, and shared that the Shoreline Historical Museum will be commemorating 40 years of the preservation of Shoreline history in 2015. She talked about the importance of keeping track of history and announced the opening of a new exhibit, *All About 125 Years of*

Ethnic Heritage in Richmond Beach, on January 17, 2015 at 2:00p.m at the Richmond Beach Library.

Ginny Scantlebury, Richmond Beach, commented on the closure of Richmond Beach Saltwater Park during construction of the pedestrian bridge. She noted the lack of signage regarding beach access, and the need for signage estimating when the Park will reopen.

Dick Deal, Parks, Recreation and Cultural Services Director, clarified that the beach will be closed, and explained that there is no public access to the beach other than across the bridge. He commented on coordinating a construction schedule with BNSF Railroad, and stated as soon as dates are received, signs will be posted with detail regarding the bridge closure and reopening.

6. APPROVAL OF THE AGENDA

Councilmember Salomon moved to table approval of the November 24, 2014 and December 1, 2014 Council Business Meeting Minutes to January 12, 2015, and to approve the agenda as amended. The motion was seconded by Councilmember McConnell and passed unanimously.

7. CONSENT CALENDAR

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

- (a) Minutes of Special Meeting of November 24, 2014**
- (b) Motion to Authorize the City Manager to Execute a Contract with the Shoreline/Lake Forest Park Arts Council**
- (c) Motion to Authorize the City Manager to Execute a Contract with the Shoreline Historical Museum**
- (d) Motion to Authorize the City Manager to Execute a Contract for Professional Services with Perteet, Inc. for On-Call Construction Management and Inspection Services in an amount not to Exceed \$150,000 annually for 2015 and renewable for 2016**

8. ACTIONS ITEMS

- (a) Waiving Council Rule 2.4, A through E and Appointment of Youth Member to Serve on the Shoreline Library Board**

Mary Reidy, Recreation Superintendent, provided background on the Library Board and explained that the youth position has been vacant since September 2014. She provided highlights of the applicant's, Ella McGuigan, resume. She concluded the presentation by recommending that the Council waive Council rules 2.4, A through E, requiring a Council sub-committee to

interview potential board candidates and provide a recommendation to the full Council, and to appoint Ella McGuigan to the Shoreline Library Board youth position effective January 5, 2015 with an option for re-appointment on June 30, 2015.

Councilmember McConnell moved Council waive Council rules 2.4, A through E, requiring a Council sub-committee to interview potential board candidates and appoint Ella McGuigan to the Shoreline Library Board youth position effective January 5, 2015 with an option for re-appointment on June 30, 2015. The motion was seconded by Councilmember Hall.

Councilmember McConnell expressed Council's appreciation of youth board members' desire to contribute to their community.

The motion passed unanimously.

Mayor Winstead congratulated Ms. McGuigan on her appointment and invited her to address the Council. Ms. McGuigan commented on spending summers in the Shoreline Library and shared her excitement about being appointed to the Library Board.

(b) Discussion of Business License Program and Adoption of Ordinance No. 692
Business License Exemption Program

Jessica Simulcik Smith, City Clerk, joined by Mary Reidy, Recreation Superintendent, provided the staff report. Ms. Smith provided background and reviewed the administration of Shoreline's Business Licensing Program. She shared program statistics and highlighted that from January to November 2014, 1,040 new businesses obtained a Shoreline Business License; of these new businesses 58% are located in the City, and 76% within the City are home based businesses. She then reviewed the first proposed exception in Ordinance 692 is for individuals and/or businesses who conduct limited retail sales as part of a City-sponsored event or a recognized 501(c)(3) nonprofit organization-sponsored event no more than six (6) days per calendar year and who generate no more than \$5,000 in gross receipts per calendar year within the City. She reviewed the second proposed exception applies to individuals and/or businesses who provide recreational instruction or performance services as part of a City-sponsored event or a recognized 501(c)(3) nonprofit organization-sponsored event and who generate no more than \$5,000 in gross receipts per calendar year within the City. She concluded by providing examples of businesses at City-sponsored events that would qualify for one of the proposed exemptions, and highlighting comparable cities with similar exemptions.

Deputy Mayor Eggen moved to adopt Ordinance No. 692 allowing for a limited exception to licensing requirements for small businesses at City-sponsored or nonprofit sponsored events. The motion was seconded by Councilmember McConnell.

Deputy Mayor Eggen commented on providing a business license exemption that allows and encourages businesses that conduct limited sales in the City to participate in City sponsored events.

Councilmember Roberts moved to amend the motion replacing section D and E of the ordinance to read “Business, including dealers, vendors, entertainers, or instructors, authorized to provide goods or services or conduct retail sales as part of a civic, community, or school sponsored event, which is open to the public without the payment of an admission fee, provided the business does not operate within the city more than six (6) days per calendar year. The City Clerk, or their designee, shall maintain a list of civic, community, or school sponsored events where this exemption applies”. The motion was seconded by Councilmember Salomon.

Councilmember Roberts commented that business license exemptions in other cities do not have a retail dollar threshold to qualify for the exemption like Ordinance 692 is proposing. He stated the amendment directs the City Clerk to maintain a list of events in which the exemption applies, and that the language is broad enough to capture nonprofit organizations and all those events that can contribute to placemaking.

Councilmember Hall expressed concern that the amendment’s wording may pose unintended consequences by allowing businesses to participate in both private and nonprofit events up to six days per calendar year without the need for a business license. He explained how having a revenue cap will produce a verifiable number that can be reviewed and help reduce the likelihood of a business circumventing the \$40 fee.

Councilmember McGlashan asked if Farmers Market vendors are required to have a business license and expressed concern that the exemption language might cause them to limit the number of days they operate to avoid the license requirement. Ms. Reidy explained that a business license is required if the vendor meets the criteria, and that a regular vendor’s sales will offset the \$40 Business License Fee.

Margaret King, City Attorney, advised that Councilmember Hall’s concern could be addressed by modifying the amendment to read “provided the business does not operate, *at such authorized events*, within the City more than six (6) days per calendar year”.

Councilmember Robert withdrew the motion to amend and moved to amend the ordinance replacing section D and E to read “Business, including dealers, vendors, entertainers, or instructors, authorized to provide goods or services or conduct retail sales as part of a civic, community, or school sponsored event, which is open to the public without the payment of an admission fee, provided the business does not operate, as such authorized events, within the city more than six (6) days per calendar year. The City Clerk, or their designee, shall maintain a list of civic, community, or school sponsored events where this exemption applies”. The motion was seconded by Deputy Mayor Eggen.

Councilmember McConnell moved to call for the question. The motion was seconded by Councilmember Salomon and passed 5-2 with Councilmember McGlashan and Hall voting in opposition.

The amended motion failed 3-4 with Deputy Mayor Eggen and Councilmembers McGlashan, Hall and Salomon voting in opposition.

Deputy Mayor Eggen moved to amend the main motion to strike “501(c)(3)”, and replace it with 501(c)3 or 501(c)19 in section D and E of the ordinance. The motion was seconded by Councilmember Salomon.

Deputy Mayor Eggen shared that 501(c)(3) excludes veteran organizations.

Councilmember McGlashan expressed concern over picking two nonprofits and omitting others. A discussion ensued on the inclusion and exclusion of different types of nonprofit organizations, and 501(c) statuses.

Ms. Simulcik Smith stated that nonprofits are registered with the Washington Secretary of State. Ms. Tarry added that any nonprofit registered with the Secretary of State is exempt from paying the \$40 business license fee, and clarified that the intent of Ordinance 692 is to exempt businesses conducting retail sales or offering a service at a City-sponsored or nonprofit event.

The motion failed 1-6 with Deputy Mayor Eggen voting in the affirmative.

Councilmember Roberts asked about the City’s ability to track gross revenue received from businesses within the City of Shoreline. He expressed concern that the language in the main motion requires self reporting of the \$5,000 gross receipts per calendar year. Ms Tarry responded that the City receives sales tax revenue data from the State which can be used to calculate gross revenue figures, if the business is producing sales tax in the City. Ms. Simulcik Smith confirmed that the City would rely on businesses to determine whether or not they qualify for the exemption.

The main motion passed 6-1 with Councilmember Roberts voting in opposition.

9. ADJOURNMENT

At, 8:06 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Approval of Expenses and Payroll as of January 9, 2015
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 \$2,128,054.45 specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
12/7/14-12/20/14	12/26/2014	58958-59150	13607-13628	58807-58814	\$579,614.94
					<u>\$579,614.94</u>

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
12/29/2014	1089	\$3,248.14
		<u>\$3,248.14</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
12/29/2014	58545	58545	(\$900.00)
12/29/2014	58806	58806	\$900.00
12/29/2014	58815	58820	\$81,268.10
12/29/2014	58821	58844	\$176,975.28
1/2/2015	58845	58857	\$79,067.33
1/8/2015	58858	58863	\$37,596.61
1/8/2015	58864	58897	\$273,146.65
1/8/2015	58898	58898	\$375.00
1/8/2015	58899	58906	\$9,823.31
1/9/2015	58907	58915	\$881,439.09
1/9/2015	58916	58917	\$5,500.00

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
			<u>\$1,545,191.37</u>

Approved By: City Manager **DT**

City Attorney **MK**

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Obligate \$555,957 of Surface Transportation Program Grant Funds for the Bicycle Implementation Plan 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 \$555,957 of Surface Transportation Program (STP) grant funding for the Bicycle Implementation Plan Project. This funding source is through WSDOT and provides for 86% 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 \$555,957 in STP grant funds. This grant does require a City match which will utilize revenues from the Roads Capital Fund.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$555,957 for the Bicycle Implementation Plan project, including authorization of the Project Prospectus and any addendums or supplements required by the Washington Department of Transportation.

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

DISCUSSION

The City was awarded a federal Surface Transportation Program (STP) grant for the Bicycle Implementation Plan project. This project will implement a majority of the City's adopted Bicycle Implementation Plan and Wayfinding Program.

The Bicycle Implementation Plan includes a combination of bicycle lanes, sharrows and route signage, which can be seen on the attached Vicinity Map (Attachment A). The Wayfinding Program identifies type and location of bicycle and pedestrian oriented wayfinding signs throughout the City to help guide non-motorized travelers to destinations throughout Shoreline and neighboring jurisdictions. Implementation will include project management, design of facilities, minor roadway repair, procurement of materials and construction.

Staff is requesting Council to authorize the City Manager to obligate the STP grant funds with the Washington State Department of Transportation. 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.

The grant obligation deadlines are as follows:

- Preliminary Engineering/Design - June 1, 2015
- Construction - June 1, 2016

The alternative to executing a Local Agency Agreement with WSDOT to obligate the STP grant funding would be to not enter into the grant agreement and return the identified funding to the State. Staff does not recommend that Council proceed with this alternative option.

COUNCIL GOAL ADDRESSED

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

RESOURCE/FINANCIAL IMPACT

This project is funded as follows:

Surface Transportation Program	\$555,957
Roads Capital Fund	\$86,768
Total Project	<u>\$642,725</u>





RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Local Agency Agreement to obligate grant funds totaling \$555,957 for the Bicycle Implementation Plan project, including authorization of the Project Prospectus and any addendums or supplements required by the Washington Department of Transportation.

ATTACHMENTS

Attachment A: Bicycle Implementation Plan Project Vicinity Map

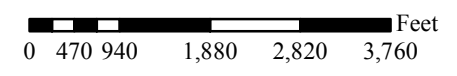
Vicinity Map Bicycle System Implementation

-  Signed
-  Sharrow
-  Bicycle Lane
-  Existing or Funded Facility

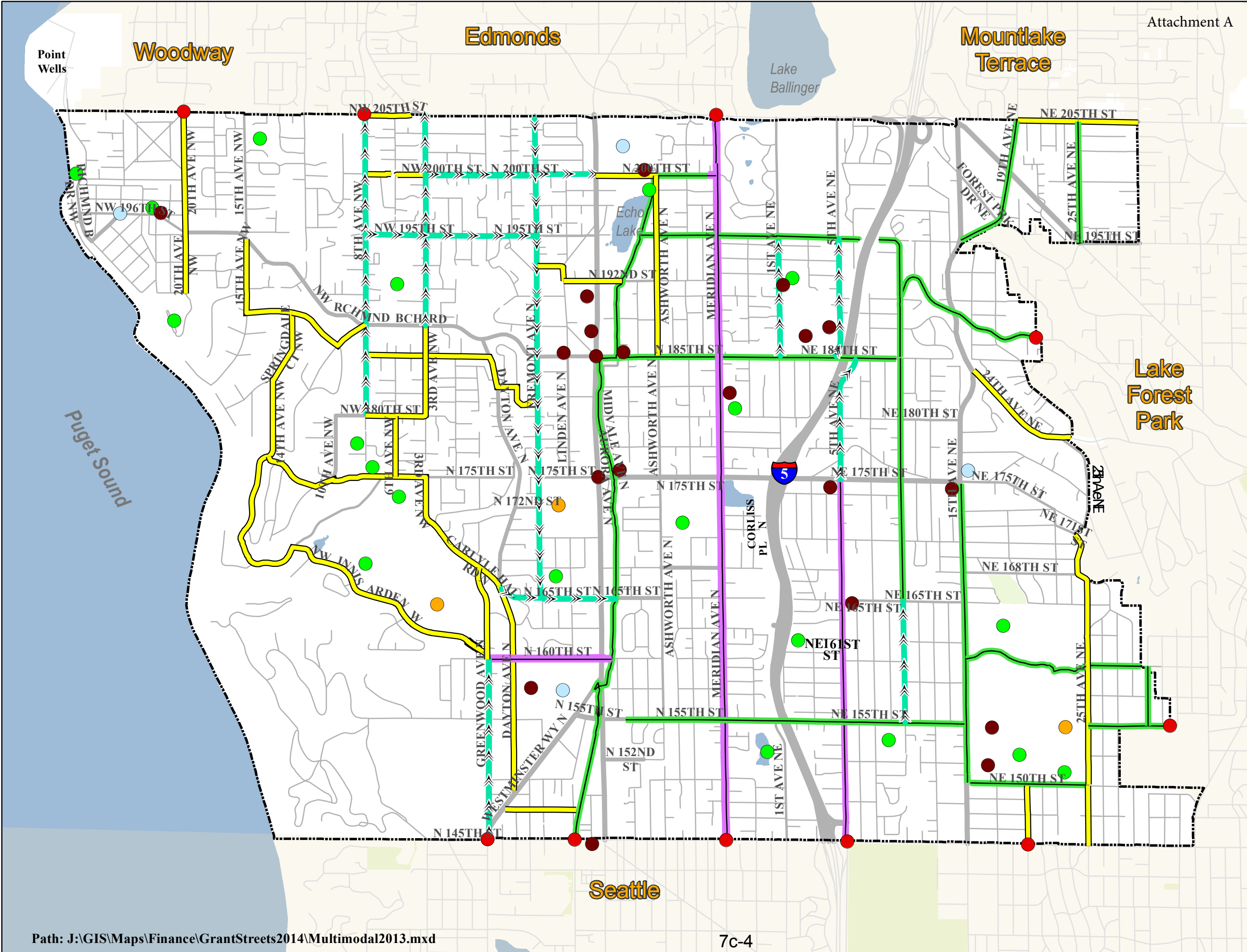
Wayfinding

Destinations

-  Park
-  Civic
-  Academic
-  Local
-  City



Date: 5/6/2014
User: jclark



CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Enter into an Agreement with EarthCorps to Provide Trail, Vegetation and Environmental Restoration Work for Shoreline Parks and Surface Water Facilities		
DEPARTMENT:	Parks, Recreation, and Cultural Services		
PRESENTED BY:	Dick Deal, PRCS Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Discussion	

ISSUE STATEMENT:

Since 2009, the City of Shoreline has entered into an agreement with EarthCorps for trail, vegetation and environmental restoration work at several Shoreline parks and surface water facilities. Since this contract amount is over \$50,000, City Council authorization is required.

This contract is being entered into pursuant to RCW 35.21.278 and RCW 79A.35.130, which allows the City to enter into a contract with a service organization to provide maintenance improvements to parks, surface water facilities and environmentally sensitive areas without regard to competitive bidding for public works. Thus, the contract is outside of the public works bidding laws.

FINANCIAL IMPACT:

RCW 35.21.278 requires that the value received be at least equal to three times the payment to the organization. A cost comparison of typical 2014 general construction costs and EarthCorps costs was conducted, revealing that EarthCorps continues to provide a value that is at least three times as much as a general contractor.

RCW 35.21.278 also requires that the total payments not exceed two times the population (\$106,000 for Shoreline). As this contract is for \$100,000, it is under this limit. The City's purchasing department will coordinate any future need and limit City expenditures to be within that of the RCW. This work is paid for using 2015 King County Renewal Trail Levy funding and the Surface Water Utility operating funds. There is adequate funding within these budgets to complete this work.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to enter into an agreement with EarthCorps in the amount of \$100,000 to provide trail, vegetation and environmental restoration work for Shoreline parks and surface water facilities.

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

BACKGROUND

Since 2009, the City of Shoreline has entered into an agreement with EarthCorps for trail, vegetation and environmental restoration work at Shoreline parks and surface water facilities funded from the 2006 Park Bond and Surface Water Utility operating funds. EarthCorps is a non-profit organization founded in 1993 with a mission to build a global community of leaders through local environmental service. EarthCorps provides a year-long intensive program for young adults from the United States and 80 other countries to learn best practices in community-based environmental restoration and develop their leadership skills as they supervise more than 10,000 volunteers each year. See Attachment A for a full program description.

Some examples of work that EarthCorps has performed at Shoreline parks and surface water open spaces over the past six years include:

- *Trail Maintenance*: construction and installation of trail markers, resurfacing trail beds, trail side slope stabilization, trail reconstruction after storm damage or over use, adding switch backs, check steps or stairs in steep slope trails, closing social trails, etc.
- *Environmental Restoration*: required mitigation plant monitoring and management, native plant installations, removing overgrown plants and weeds from planted park and surface water landscapes, invasive and noxious weed eradication, steep slope stabilization, removing illegally dumped trash and debris, and recruiting and leading volunteer community work parties.

In 2015, Surface Water Utility operating funds and the King County Renewal Levy funds will be used to pay for this contract. The 2006 Park Bond funding has been fully spent. Since this proposed contract is over \$50,000, City Council authorization is required.

DISCUSSION

This contract is being entered into pursuant to RCW 35.21.278¹ and RCW 79A.35.130², which allows the City to enter into a contract with a service organization to provide improvements to parks, surface water facilities and environmentally sensitive areas without regard to competitive bidding for public works. Thus, the contract is outside of the public works bidding laws. RCW 35.21.278 requires that the value received be at

¹ RCW 35.21.278 (1). *Without regard to competitive bidding laws for public works, a county, city, town, school district, metropolitan park district, park and recreation district, or park and recreation service area may contract with a chamber of commerce, a service organization, a community, youth, or athletic association, or other similar association located and providing service in the immediate neighborhood, for drawing design plans, making park improvements to a park, school ground, or public square, installing equipment or artworks, or providing maintenance services for the facility as a community or neighborhood project, and may reimburse the contracting association its expenses. The consideration to be received by the public entity through the value of the improvements, artworks, equipment, or maintenance shall have a value of at least equal to three times that of the payment of the contracting association. All payments made by the public entity under the authority of the section for all such contracts in any one year shall not exceed twenty-five thousand dollars or two dollars per resident within the boundaries of the public entity, whichever is greater.*

² RCW 79A.35.130. *Participants in conservation corps programs – Exempt from provisions related to rates of compensation.*

least equal to three times the payment to the organization. The attached analysis is based on typical costs to do the work proposed. RCW 35.21.278 also requires that the total payments not exceed two times the population (\$106,000.00 for Shoreline). This contract is under this limit. The purchasing department will coordinate any future need and limit City expenditures to be within that of the RCW.

Participants in conservation corps programs offered by a nonprofit organization affiliated with a national service organization established under the authority of the national and community service trust act of 1993, P.L> 103-82, are exempt from provisions related to rates of compensation while performing environmental and trail maintenance work provided:

- 1) The nonprofit organization must be registered as a nonprofit corporation pursuant to chapter 24.03 RCW;
- 2) The nonprofit organization's management and administrative headquarters must be located in Washington;
- 3) Participants in the program spend at least fifteen percent of their time in the program on education and training activities; and
- 4) Participants in the program receive a stipend or living allowance as authorized by federal or state law.

Participants are exempt from provisions related to rates of compensation only for environmental and trail work conducted pursuant to the conservation corps program.

FINANCIAL IMPACT

RCW 35.21.278 requires that the value received be at least equal to three times the payment to the organization. A cost comparison of typical 2014 general construction costs and EarthCorps costs was conducted, revealing that EarthCorps continues to provide a value that is at least three times as much as a general contractor.

RCW 35.21.278 also requires that the total payments not exceed two times the population (\$106,000 for Shoreline). As this contract is for \$100,000, it is under this limit. The City's purchasing department will coordinate any future need and limit City expenditures to be within that of the RCW. This work is paid for using 2015 King County Renewal Trail Levy funding and the Surface Water Utility operating funds. There is adequate funding within these budgets to complete this work.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to enter into an agreement with EarthCorps in the amount of \$100,000 to provide trail, vegetation and environmental restoration work for Shoreline parks and surface water facilities.

ATTACHMENTS

- Attachment A: EarthCorps Brochure
- Attachment B: Cost Comparison Study



Since 1993, EarthCorps has been working to create a global community of leaders through local environmental service. Our restoration and education efforts focus on three key areas:

YOUNG LEADERS

EarthCorps' Corps Program is an intensive year-long training program that unites both AmeriCorps and international participants (ages 18-25) from across the United States and around the world to learn skills in community building, habitat restoration, and leadership. EarthCorps program participants are part of a diverse group of emerging environmental leaders committed to teamwork, service, and personal growth. In addition to hands-on service, each participant takes part in 350 hours of workshops, retreats, and other formal trainings.

HEALTHY HABITATS

EarthCorps works to restore the environment, improve air and water quality and ensure that local Puget Sound residents can enjoy safe, low-impact access to natural areas in urban, suburban and rural settings. EarthCorps seeded Seattle's urban forest restoration efforts that grew to become the Green Seattle Partnership.

STRONG COMMUNITIES

Environmental service is a uniquely effective way to build community. Each year, 12,000 volunteers participate in environmental restoration projects led by EarthCorps. EarthCorps has lead more than 150,000 volunteers to date. Approximately half of EarthCorps volunteers are youth who volunteer as part of school teams or in order to complete service learning hours.

PROGRAM DESCRIPTION

Corps members spend 80% of their time in the field on a crew of six or seven young adults performing environmental restoration. A crew leader guides the crew as they complete restoration projects throughout the Puget Sound region. Restoration is physically demanding work that takes place outdoors in all weather conditions. Projects can include stream and salmon habitat restoration, erosion control, invasive plant removal, native plant installation, trail construction and maintenance, and volunteer management.

Corps members spend 20% of their time in classes, workshops, and field trainings as part of EarthCorps' education program. Education sessions mirror the learning goals of the EarthCorps experience, with curriculum covering basic botany and ecology of the Pacific Northwest, environmental restoration theories and concepts, topics in natural resource management and global environmental issues, leadership skills, and interpersonal and cross-cultural communication.

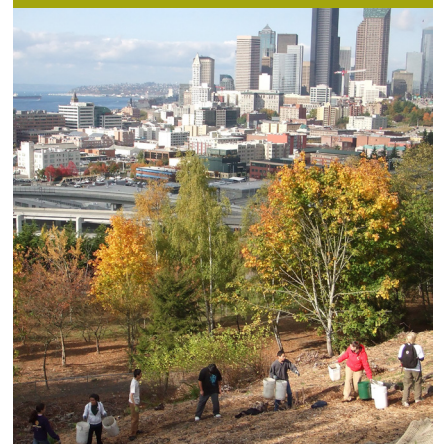
LEADERSHIP



COMMUNITY



HABITAT



TO LEARN MORE, VISIT WWW.EARTHCORPS.ORG

6310 NE 74th Street, Suite 201E Seattle, WA 98115 phone 206.322.9296 fax 206.322.9312



City of Shoreline Cost Comparison Study

EarthCorps vs General Contractor

Objective/Purpose: Per RCW 35.21.278 and RCW 79A.35.130 that allow the use of a volunteer/service organization, EarthCorps, instead of publicly advertising the work via standard bid procedures there is a requirement to demonstrate EarthCorps provides (3) three times the value as a Contractor.

Analysis

This 2014/15 analysis demonstrates the value via costs of a Contractor is more than three (3) times as much as the costs for similar work by EarthCorps.

EarthCorps

Cost per day (8) hours:	\$1220
Crew size: 7	
Project Manager: 1 hour/day	\$75.00
Total cost/day:	\$1,295

For a \$100,000 contract EarthCorps can be utilized for 77 days.

Contractor

*Cost for a General Laborer:	\$50.00/hour
*Cost for Construction Site Supervisor:	\$66.80/hour

* These rates are based on Washington State Department of Labor and Industries prevailing wage rates and force account rates utilized in City of Shoreline 2014 construction contracts. They include prevailing wages, benefits and employment taxes.

Cost per day (8 hours) (7 laborers + supervisor):	\$3,334.40
Mark-up (per Force Acct reqts):	29%
Total cost/day:	\$4,301.38

For a \$100,000 contract a Contractor could be utilized for 23 days.

Cost comparison (Contractor cost/day / Earthcorps cost/day): 3.3

Other items for consideration and analysis of benefits to utilizing EarthCorps

- Utilizing a Contractor would require developing a specific scope with detailed plans and specifications in order to provide a fair bid environment and in order to manage the contract. Earth Corps can operate from field direction on a weekly or daily basis from City Staff with minimal direction. Estimated cost: \$7-10k
- Contract Administration and construction management is much higher with a Contractor compared with EarthCorps. Managing submittals, bonding, pay requests, etc takes significantly more resources to ensure responsible contract management than managing a service agreement with EarthCorps. Estimated costs: \$10k
- The quality of work with EarthCorps may be higher and is more predictable than utilizing a Contractor. Based on the requirement to utilize the lowest responsible bid, it is difficult to be confident in the abilities of a Contractor that may perform the work. EarthCorps specializes in Trail and Vegetation Management
- EarthCorps has flexibility in performing the work and operates at the direction of the City. With a Contractor there is less flexibility and increased risk/costs associated with changes in plans and work.
- EarthCorps has experience in coordinating and working with neighborhood/volunteer groups in performing work. The City can easily combine EarthCorps efforts with a community event without additional risks to increased costs. A typical Contract and Contractor does not allow for easy coordination or work alongside community or volunteer functions.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Execute an Amendment to the 2014 Agreement with Osborn Consulting Inc. for the Design of the 2015 Stormwater Pipe Repair and Replacement Program Project
DEPARTMENT:	Public Works
PRESENTED BY:	Tricia Juhnke, City Engineer
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:

The Stormwater Pipe Repair and Replacement Program (SWPRRP) is an annual program to replace failing infrastructure identified in the asset inventory and condition assessment (Basin Plan) program. In December 2013, staff solicited RFQ 7457 for the 2014 project. On February 24, 2014, Council authorized the City Manager to execute a contract with Osborn Consulting Inc. (OCI) for \$170,490 to provide design services for the 2014 SWPRRP project. The RFQ allowed for possible contract renewal: "Depending on the performance of the selected consultant and the budget allocated in the 2014 and 2015 City budgets, the contract may be renewed for each of the following two (2) years." Due to the programmatic nature of this work and the very satisfactory performance of the consultant in 2014, OCI's experience and efficiency should be considered a valuable resource to renew for the 2015 project.

FINANCIAL IMPACT:

The 2015-2020 Capital Improvement Program includes \$870,000 for the 2015 SWPRRP project. The budget for this annual program within the 2015-2020 CIP is shown in the table below:

Stormwater Pipe Repair and Replacement Program Funding

Year	2015	2016	2017	2018	2019	2020
2015-2020 CIP	\$870,000	\$955,000	\$955,000	\$870,000	\$580,000	\$580,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an amendment to the original 2014 agreement with Osborn Consulting Inc. for \$200,540 to provide design services for the 2015 Stormwater Pipe Repair and Replacement Program project.

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

BACKGROUND

The Stormwater Pipe Repair and Replacement Program (SWPRRP) is an annual program to replace failing infrastructure identified in the asset inventory and condition assessment (Basin Plan) program. In 2013, the City completed Basin Plans for the Storm Creek and Boeing Creek basins, and in early 2015, Basin Plans for the McAleer Creek and Lyon Creek basins will be completed. As well, in the first half of 2016, the Puget Sound and Lake Washington Basin Plans will be completed. The basin plans present a comprehensive representation of the storm system infrastructure so that the City can manage existing issues and minimize future problems. The 2015 SWPRRP project will focus on failing storm pipes identified within the Storm Creek, Boeing Creek, McAleer Creek, and Lyon Creek basins.

As part of the above-mentioned Basin Plans, a condition assessment video of all stormwater pipes more than 12 inches in diameter is undertaken to evaluate maintenance, repair and replacement needs. From this assessment, a list of stormwater pipes was identified as candidates for repair or replacement within each basin.

The 2015 program will select sites based on an updated prioritization list developed in 2014. The 2015 program is expected to repair or replace failing pipes in approximately 40 locations (compared to 13 sites in 2014). This design contract will further prioritize the current list of sites and provide plans, specifications and an engineer's estimate for the selected sites that fit within this year's budget.

ALTERNATIVES ANALYSIS

Four alternatives were evaluated on this project:

1. Renew the OCI contract for design – ***recommended***
2. Start a new selection process for hiring a consultant for 2015 design
3. Design the project with in-house staff
4. Do nothing

The second alternative to start a new selection process to hire a consultant for 2015 design is not being recommended because compared to the recommended alternative, it would delay the project schedule and require additional City staff resources to undergo the hiring process. Hiring a new consultant would also be less efficient than the recommended alternative as it would require re-starting the process of educating and coordinating with the consultant regarding City standards, preferences, and other project-specific information.

The third alternative to utilize in-house resources to design the project is not being recommended due to the size and complexity of the project and the lack of engineering resources needed to design the project. Utilizing in-house design resources would result in a delay of this and other projects.

The fourth alternative, to do nothing, would result in the project not being conducted. If this alternative is selected, the SWPRRP could not be accomplished as adopted in the 2015-2020 CIP.

The recommended alternative, to renew the OCI contract, is the most efficient and effective approach to developing the 2015 SWPRRP design. OCI's performance on the 2014 project was a success by many measures, as the design came in well under budget, was of high quality (no major issues during design reviews or construction), and was completed on time within a relatively tight schedule. The OCI team was also responsive and worked well with staff.

COUNCIL GOAL(S) ADDRESSED

This project will address Council Goal #2, provide safe, efficient and effective infrastructure to support our land use, transportation and surface water plans. This project will meet this goal by repairing or replacing the City's stormwater infrastructure.

RESOURCE/FINANCIAL IMPACT

The 2015-2020 Capital Improvement Program includes \$870,000 for the 2014 Storm Water Pipe Replacement Program project:

Storm Water Pipe Repair and Replacement Program Funding

Year	2015	2016	2017	2018	2019	2020
2015-2020 CIP	\$870,000	\$955,000	\$955,000	\$870,000	\$580,000	\$580,000

Below is a breakdown of the funding for the 2015 Stormwater Pipe Repair and Replacement Program project:

EXPENDITURES

Project Administration:	
Staff and other Direct Expenses	\$35,000
Consultant Design Contract	\$200,540
Construction:	
Construction Management	\$25,000
Construction Contract(s)	\$554,000
Contingency	\$55,460
Total Project Cost	\$870,000

REVENUE

Surface Water Capital Fund	\$870,000
Total Revenue	\$870,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an amendment to the original 2014 agreement with Osborn Consulting Inc. for \$200,540.00 to provide design services for the 2015 Stormwater Pipe Repair and Replacement Program project.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Affordable Housing as a Component of the Proposed Light Rail Development Regulations		
DEPARTMENT:	Planning & Community Development		
PRESENTED BY:	Rachael Markle, AICP Director		
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:

As the Council moves toward adoption of a Subarea Plan and associated implementing regulations for the 185th Street Station Subarea, there are a few recommendations for new regulatory programs. These new regulations implement existing Comprehensive Plan policies. The recommendation includes detailed provisions for affordable housing in the 185th Street Station Subarea. The purpose of this report is to provide for more in depth coverage and discussion with the Council about the proposed affordable housing regulations in advance of the Council's consideration of the entire adoption package for the 185th Street Station Planned Action Ordinance.

RESOURCE/FINANCIAL IMPACT:

The community's investment to facilitate change in support of national, regional and local goals to locate growth in close proximity to strong regional transit is being leveraged in this case to also attract private investment in affordable housing. The idea is that this opportunity to develop in the 185th Street Station Subarea is the financial incentive to developers to build in this area that will offset the cost associated with the required affordable housing provisions.

The financial impacts include:

- Increased staffing resources (internal or contract) to develop, implement and manage an affordable housing program.
- Possible reduction in private investment in the area if the mandatory housing requirements are viewed as disincentives.

RECOMMENDATION

No action is required. This meeting is intended to answer Council questions and to determine what if any additional information the Council may need to later act on proposed amendments to the Development Code related to affordable housing in the 185th Street Station Subarea.

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

INTRODUCTION

Staff reviewed the affordable housing provisions found in several local codes and consulted with affordable housing experts from the Housing Development Consortium (HDC), Compass Housing Alliance and Enterprise Community Partners. The Planning Commission spent several meetings discussing and developing the code to implement an affordable housing program in the 185th Street Station Subarea. The Commission also received valuable testimony at these meetings from affordable housing advocates and developers that included open dialogue with many of these experts. The culmination of these efforts is found in Attachment A-Excerpts from Proposed 185th Street Station Subarea Code related to Affordable Housing.

Tonight, Kelly Rider, Policy Director, and Kayla Schott-Bresler, Policy Manager, from HDC will be in attendance. HDC's vision is that all people live with dignity in safe, healthy, affordable homes within communities of opportunity. HDC has been extremely helpful, knowledgeable and served as valuable resources as the Planning Commission and staff have learned about creating the regulatory framework for the City's affordable housing program. They will be available at the meeting to assist staff with answering any questions Council may have about Shoreline's proposed affordable housing regulations or other aspects of affordable housing programs.

BACKGROUND

The Council as a whole has not discussed the emerging affordable housing regulations for the 185th Street Station Area. Council members were updated by staff on the draft regulations including the proposed affordable housing provisions in small group or individual sessions in mid November to early December 2014. The affordable housing regulations have changed since those meetings in response to new information gained from working with Council, Planning Commission, the public and affordable housing advocates. Attachment A represents the culmination of this effort and is the subject of this agenda item.

DISCUSSION

Upon reviewing local affordable housing codes as identified by HDC, the City of Issaquah's Code was chosen by staff as the basis for Shoreline's proposed affordable housing regulations. Issaquah's Code was largely chosen based on its use of incentives to achieve targeted affordable housing goals; completeness of the regulations; and readability. There is no "one right way" to create inclusionary zoning. Key questions to answer when creating a program are:

- What percentage of the new housing units should be required to be affordable?
- Should the program be voluntary or mandatory?
- What income level will the program serve?
- What incentives will be provided?
- Will there be alternative ways to be inclusive; i.e., fees, off site construction, land trust, etc.?

It has not proven to be legally defensible to require a developer to provide affordable units without compensation. Compensation is most often provided in the form of increased development potential that offsets the cost differential of constructing and maintaining units as affordable. Therefore, it is imperative that the connection between the City's rezone of low density, maximum six (6) units per acre residential property and the value of the development potential created by the approval of the implementing zoning in combination with the other proposed cost offsetting incentives be approved concurrently. If the City rezones the property and does not concurrently adopt affordable housing requirements, then the nexus between the increased development potential as the compensation for providing affordable housing units becomes disconnected and could result in a claim against the City for exaction.

Proposed Code Section 20.40.235 (B)(1)

This proposed section contains a chart that specifies the following for each of the Mixed Use Residential (MUR) zones:

- Whether the inclusion of affordable units in MUR 85, 45 or 35 is mandatory or voluntary;
- What percent of the total units shall be affordable;
- What level of affordability is required; and
- Which incentives may be available to offset the cost of either being required to provide or voluntarily choosing to provide affordable units.

Mandatory vs. Voluntary

The proposed regulations stipulate that all residential development in the MUR 85' (with and without a Development Agreement) and MUR 45' zones shall have a percentage of the units be affordable. The provision of affordable units in MUR 35' is voluntary. The rationale for requiring affordability in the MUR 85 and MUR 45 zones is largely tied to the concept that a great deal of development potential is being created by rezoning property from R-6 to MUR 85' and 45' and that in return, the community requires the inclusion of affordable units. In the MUR 35' zone the number of units created per development will be fewer; therefore it should be voluntary.

What Percentage of the New Units Should be Required to be Affordable? What Income Level Should the City Try to Serve With This Program?

The proposed regulations require that 20% percent of the residential units created in the MUR 85' zone (with and without a Development Agreement), MUR 45' zone and voluntary projects in the MUR 35' zone be affordable.

Of the required affordable units in the MUR 85', MUR 45' and voluntary projects in the MUR 35' zone, studio and one bedroom units must be affordable to households making 70% or less of the King County area median income (KCAMI) and 2+ bedroom units must be affordable to households making 80% or less of the KCAMI. The shift from serving households making 70% of the KCAMI for studio and 1 bedroom units to households making 80% of the KCAMI for 2+ bedroom units is proposed as a method to further incentivize the construction of more family sized affordable units.

***Note:** These percentages and income levels were developed to align with those proposed as part of the revamped Property Tax Exemption (PTE) program Council will*

also be discussing tonight. The proposed PTE program would increase the commitment to provide affordable housing in all areas authorized to receive PTEs.

In the MUR 85' zone with a Development Agreement, 20% of the units must be affordable to households making less than 60% or less of the KCAMI, or 10% of the units must be affordable to households making 50% or less of the KCAMI. A greater level of affordability is required in these areas in exchange for the increased development potential and flexibility.

Note: *Attachment A has been updated to include the 1/15/15 Planning Commission recommendations regarding affordable housing. The Planning Commission voted to incorporate into its recommendation the HDC suggested revisions to proposed SMC 20.40.235(B)(1) "Affordable Housing Regulations" chart. This creates an option for developers to meet the City's affordable housing requirements by providing units to harder to serve lower income households at a lesser percentage of units (10% instead of 20%).*

Attached to this staff report is a spreadsheet that illustrates median income levels in King County by household size (Attachment B). Staff discussed several different options with HDC and the Planning Commission. The information that most influenced the percentage of affordable units and the income adjusted for household size contained in the draft Code are:

- Advice from HDC to consider affordable housing requirements for surrounding jurisdictions. Staff then chose the percent of units required to be affordable and household income levels to be served with the goal of being somewhere in the middle of the other cities that were examined. The idea is to be competitive; if development doesn't come to Shoreline because the requirements add too much to development costs, then neither do the affordable units. The cut-off seemed to be 70-60% of median income or below. Although those households making less than 70% have a more difficult time finding affordable options, inclusionary zoning programs alone cannot make up the affordability gap for these households. This is where subsidies from not for profits and fee in lieu funds for example are typically are needed to close the gap.
- Comparing the proposed program to other cities' programs in the region and nation to choose a balanced approach (Attachment C – East King County Cities: Incentive Zoning Chart; and Attachment D – Inclusionary Zoning Best Practices from Other Jurisdictions).
- Doing basic development cost scenarios to gain confidence that the affordable housing mandates were economically feasible in conjunction with other estimated development costs and proposed cost offsets.

Note: *One of the previous versions of the proposed affordable housing regulations included affordable homes/units for sale in addition to for rent units. While this would provide yet another affordable housing option, it seems complex to administer and would likely have greater financial implications for the City. Since the City does not yet have staff or budget to administer a full fledge housing program, we are recommending starting with a rental program and perhaps growing to include an ownership component. Once the affordable rental housing program, funding and staffing resources are better*

defined in the years immediately following adoption of the regulatory provisions the Council may want to revisit the inclusion of for sale units in the affordable housing program.

Incentives

The initial incentive zoning will be created with the rezone of most of the subarea from Residential 6 units per acre to MUR zones where density is only limited by form. Typically (if not exclusively), incentive zoning is provided through increased unit counts (density) or floor area ratio or height provided in exchange for affordable housing. Shoreline's model historically has been to zone and regulate for the desired development form with straightforward regulations that reduce regulatory "hoops". Therefore, this rezone is the biggest incentive. In fact, the need to clearly identify the nexus between the need for affordable units created in part by the rezone and the City's compensation provided for the provision of required affordable units by the increased development potential has been identified as necessary components of an inclusionary zoning program to avoid future legal challenges. This is stated in proposed SMC 20.40.235(3) and again under each of the "Incentives Provided" sections of the chart in SMC 20.40.235((B)(1). This has caused some confusion as it does not look like a traditional incentive program.

Note: *A catalyst program is included in the MUR 85' zone. This program is intended to "jump start" redevelopment by allowing the first 300 multi-family units to purchase Transfer of Development Rights (TDRs) instead of providing the required percentage of affordable housing. The TDRs are set at a percentage and sold at a price that would be substantially less than providing the affordable housing. This is not intended to undercut the provision of affordable housing. The catalyst program is intended to bring the first multi family developments into the area including some of the necessary infrastructure upgrades. Development will attract development (is the concept). Added bonuses include preservation of resource lands outside of the Urban Growth Boundary (also a Council policy) and potentially securing a municipal revenue source should the City decide to participate in the Landscape Conservation Land and Infrastructure Program (LCLIP) that could be applied in the Station Area in support of redevelopment.*

Additional Incentives

All projects in MUR zones that meet proposed section 20.40.235 would be eligible for a:

- Twelve (12) year Property Tax Exemption if authorized by City Council; and
- Permit Fee reductions in the MUR 45' and 35' zones if approved by the City Council based on the valuation of the affordable units.

Proposed Code Section 20.40.235 (C)

This section establishes requirements for the affordable housing that is created. These requirements include:

- Units must remain affordable (50 years);
- Location and mix of affordable units to be similar in terms of size and bedrooms to market rate units;
- Affordable units are to be constructed within the same time frame as market rate units;

- Reducing by 50% required open space percentages for units affordable to households making 60% or less of the King County median income; and
- Specifying that some affordable units may be exempt from transportation impact fees.

Proposed Code Section 20.40.235 (D)

This section establishes a requirement for the property owner/developer to record an affordable housing agreement as specified in this section with King County. This agreement runs with the land; addresses price restrictions; tenant qualifications; affordability duration; phasing of construction; monitoring of affordability; and any other topics related to the provision of the affordable housing units.

Proposed Code Section 20.40.235 (E)

This section sets up a process to propose alternatives to compliance such as construction of off-site units, or changing the mix of affordability, or adjustments in phasing. Paying a fee in lieu of constructing units is also contained in this section. The City can collect fee-in-lieu to contribute to a housing trust fund that would eventually pay for the development of affordable housing. The amount ranges from the full cost of building a unit as a part of the development to a percentage of that cost.

Staff has researched how to set this fee and will bring back a proposal for the Council’s discussion and adoption as an amendment to the fee schedule should the fee in lieu of option be approved by Council. The goal, unless directed otherwise, will be to establish a fee structure that results in payments that are equivalent to the cost of constructing the unit adjusted for the current economy.

Establishing an Affordable Housing Program

The regulatory framework is a recommended first step for establishing an affordable housing program. There are many details that the City will have to work through in the coming years to administer the program. However, now is likely the only time the City will be able to channel the value created through the rezone of the station areas to incentivize the development of affordable housing. We do not expect the affordable units to be constructed or fees in lieu to be paid within a few months of adopting the new zoning and regulations. This lag will allow time to develop the administrative framework to support the program if it is adopted. If the program is successful, the City will have to examine such aspects as long term staffing and management of the program.

COUNCIL GOAL ADDRESSED

This discussion is connected to Council Goal 3: Prepare for two Shoreline light rail stations. In addition to this yearly goal, the creation of an affordable housing program in Shoreline is also a long term Council goal supported by many long standing City policies. The following Goals and Policies from the Housing Chapter of the City’s Comprehensive Plan have guided the development of these requirements and incentives for affordable housing in the 185th Street Light Rail Station Subarea:

- **Goal H III:** Preserve and develop housing throughout the city that addresses the needs of all economic segments of the community, including underserved populations, such as households making less than 30% of Area Median Income.
- **Policy H2:** Provide incentives to encourage residential development in commercial zones, especially those within proximity to transit, to support local businesses.
- **Policy H8:** Explore a variety and combination of incentives to encourage market rate and non-profit developers to build more units with deeper levels of affordability.
- **Policy H9:** Explore the feasibility of creating a City housing trust fund for development of low income housing.
- **Policy H11:** Encourage affordable housing availability in all neighborhoods throughout the city, particularly in proximity to transit, employment, and/or educational opportunities.
- **Policy H12:** Encourage that any affordable housing funded in the city with public funds remains affordable for the longest possible term, with a minimum of 50 years.
- **Policy H13:** Consider revising the Property Tax Exemption (PTE) incentive to include an affordability requirement in areas of Shoreline where it is not currently required, and incorporate tiered levels so that a smaller percentage of units would be required if they were affordable to lower income households.
- **Policy H18:** Consider mandating an affordability component in Light Rail Station Areas or other Transit-Oriented Communities.

RECOMMENDATION

No action is required. This meeting is intended to answer Council questions and to determine what if any additional information the Council may need to later act on proposed amendments to the Development Code related to affordable housing in the 185th Street Station Subarea.

ATTACHMENTS

- Attachment A: Excerpts from Proposed 185th Street Station Subarea Code Related to Affordable Housing
- Attachment B: Median Income levels in King County by Household Size
- Attachment C: East King County Cities: Incentive Zoning Chart
- Attachment D: Incentive Zoning Best Practices from Other Jurisdictions

Definitions 20.20

Affordable Housing

Housing reserved for occupancy to households whose annual income does not exceed a given percent of the King County median income, adjusted for household size, and has housing expenses no greater than thirty percent (30%) of the same percentage of median income. For the purposes of Title 20, the percent of King County median income that is affordable is specified in SMC 20.40.235.

Housing Expenses, Ownership Housing

Includes mortgage and mortgage insurance, property taxes, property insurances and homeowner’s dues.

Housing Expenses, Rental Housing

Includes rent, parking and appropriate utility allowance.

Household Income

Includes all income that would be included as income for federal income tax purposes (e.g. wages, interest income) from all household members over the age of eighteen (18) that reside in the dwelling unit for more than three (3) months of the year.

Table 20.40.160 Station Area Uses

<u>NAICS #</u>	<u>SPECIFIC LAND USE</u>	<u>MUR-35'</u>	<u>MUR-45'</u>	<u>MUR-85'</u>
<u>Residential</u>				
	<u>Accessory Dwelling Unit</u>	<u>P-i</u>	<u>P-i</u>	<u>P-i</u>
	<u>Affordable Housing</u>	<u>P-i</u>	<u>P-i</u>	<u>P-i</u>

P = Permitted Use

C = Conditional Use

S = Special Use

-i = Indexed Supplemental Criteria

A= Accessory = 30 percent of the gross floor area of a building or the first level of a multi-level building.

20.40.235 Affordable housing, Light Rail Station Subareas.

A. The purpose of this index criterion is to implement the goals and policies adopted in the Comprehensive Plan to provide housing opportunities for all economic groups in the City’s Light Rail Station Subareas. It is also the purpose of this criterion to:

1. Ensure a portion of the housing provided in the City is affordable housing;

2. Create an affordable housing program that may be used with other local housing incentives authorized by the City Council, such as a multifamily tax exemption program, and other public and private resources to promote affordable housing;

3. Use increased development capacity created by the Mixed Use Residential zones to develop voluntary and mandatory programs for affordable housing.

B. Affordable housing is voluntary in MUR-35’ and mandatory in the MUR-45’ and MUR-85’ Zone. The following provisions shall apply to all affordable housing units required by, or allowed through, any provisions of the Shoreline Municipal Code:

1. The City provides various incentives and other public resources to promote affordable housing. Specific regulations providing for affordable housing are described below:

<u>Zone</u>	<u>Affordability Levels and Incentives</u>	<u>Mandatory or Voluntary Participation</u>
<u>Mixed Use Residential – 85’ w/ out Development Agreement</u>	<u>Twenty percent (20%) of rental units shall be-affordable to households making 70% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 20% of the rental units shall be affordable to households making 80% or less of the median income for King County adjusted for household size for two (2) or more bedroom units; or 10% of rental units shall be affordable to households making 60% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 10% of the rental units shall be affordable to households</u>	<u>Mandatory*</u>

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	<p><u>making 70% or less of the median income for King County adjusted for household size for two (2) or more bedroom units.</u></p> <p>Incentives provided: <u>May be eligible for twelve year (12) Property Tax Exemption (PTE) Program upon authorization by the City Council; and entitlement of 85 foot height and no density limits.</u></p> <p>Catalyst Program: <u>The first 300 multi-family units constructed for rent or sale in any MUR zone may be eligible for an eight (8) year Property Tax Exemption with no affordability requirement in exchange for the purchase of Transfer of Development Right (TDR) credits at a rate of one TDR credit for every four (4) units constructed upon authorization of this program by City Council.</u></p>	
<p><u>Mixed Use Residential – 45'</u></p>	<p><u>Twenty percent (20%) of rental apartment units are affordable to households earning 70% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 20% of the rental units shall be affordable to households making 80% or less of the median income for King County adjusted for household size for two (2) or more bedroom units; or 10% of rental units shall be affordable to households making 60% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 10% of the rental units shall be affordable to households making 70% or less of the median income for King County adjusted for household size for two (2) or more bedroom units.</u></p> <p>Incentive: <u>May be eligible for (12) year Property Tax Exemption Program and permit fee reduction upon authorization by the City Council for this zone.</u></p>	<p><u>Mandatory.</u></p>

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<p><u>Mixed Use Residential – 35'</u></p>	<p><u>Twenty Percent (20%) of rental units are affordable to families making 70% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 20% of the rental units shall be affordable to households making 80% or less of the median income for King County adjusted for household size for two (2) or more bedroom units; or 10% of rental units shall be affordable to households making 60% or less of the median income for King County adjusted for household size for studio and one (1) bedroom units; or 10% of the rental units shall be affordable to households making 70% or less of the median income for King County adjusted for household size for two (2) or more bedroom units.</u></p> <p>Incentive: <u>May be eligible for twelve (12) year Property Tax Exemption Program and permit fee reduction upon authorization by the City Council for this zone.</u></p>	<p><u>Voluntary</u></p>
<p><u>Mixed Use Residential – 85' w/ Development Agreement</u></p>	<p><u>Twenty percent (20%) of rental units are affordable to households earning 60% or less of the median income for King County adjusted for household size; or 10% of rental units are affordable to households earning 50% of the King County adjusted for household size; or 20% of rental units shall be affordable to households making 70% or less of the median income for King County adjusted for household size for two (2) or more bedroom units; or 10% of the rental units shall be affordable to households making 60% or less of the median income for King County adjusted for household size for two (2) or more bedroom units.</u></p> <p>Incentive: <u>Height may be increased above 85 foot limit; may be eligible for twelve (12) year Property Tax Exemption Program</u></p>	<p><u>Mandatory*</u></p>

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	<u>upon authorization by the City Council for this zone.</u>	
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* Payment in lieu of constructing mandatory units is available. See SMC 20.40.235(E)(1)

C. Mixed Use Residential Zone Affordable housing requirements. The following provisions shall apply to all affordable housing units required by, or created through, any incentive established in the Shoreline Municipal Code unless otherwise specifically exempted or addressed by the applicable code section for specific affordable housing programs or by the provisions of an approved development agreement:

1. Duration: Affordable housing units shall remain affordable for a minimum of fifty (50) years from the date of initial occupancy. At the discretion of the Director a shorter affordability time period, not to be less than thirty (30) years, may be approved for ownership affordable housing units in order to meet federal financial underwriting guidelines at such time as the City creates an affordable ownership program.

2. Designation of Affordable Housing Units: The Director shall review and approve the location and unit mix of the affordable housing units, consistent with the following standards, prior to the issuance of any building permit:

a. Location: The location of the affordable housing units shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development.

b. Size (Bedroom): The affordable housing units shall consist of a range of the number of bedrooms that are comparable to the market rate housing units in the overall development.

c. Size (Square Footage): Affordable housing units shall be the same size as market rate housing units with the same number of bedrooms unless approved by the Director. The Director may approve smaller units when: (a) the size of the affordable housing is at least ninety (90) percent of the size of the market rate housing in the project with the same number of bedrooms; and (b) the affordable units are not less than five hundred (500) square feet for a studio unit, six hundred (600) square feet for a one (1) bedroom unit, eight hundred (800) square feet for a two (2) bedroom unit and one thousand (1,000) square feet for a two (2+) bedroom plus unit.

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3. Timing/Phasing: The affordable housing units shall be available for occupancy in a time frame comparable to the availability of the market rate housing units in the development unless a phasing plan is developed pursuant to SMC 20.40.235(D) or the requirements of this section are met through SMC 20.40.235(E).

4. Development Standards:

a. Off-Street Parking: Off-street parking shall be provided for the affordable housing units consistent with SMC 20.50.390.

b. Recreation Space: The recreation/open space requirements for housing units affordable to families making 60% or less of Adjusted Median Income for King County shall be calculated at fifty (50) percent of the rate required for market housing in SMC 20.50.240(G).

5. Depending on the level of affordability units provided by a not for profit entity may be eligible for transportation impact fee waivers as provided in SMC 12.40.070(G).

6. In the event of a fractional affordable housing unit, payment in lieu in accordance with SMC 20.40.235(E)(1) is allowed for the fractional unit.

D. Affordable housing agreement. An affordable housing agreement shall be recorded with the King County Recorder's Office prior to the issuance of a building permit for any development providing affordable housing pursuant to the requirements or incentives of the Shoreline Municipal Code.

1. The recorded agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the applicant.

2. The agreement shall be in a form approved by the Director and the City Attorney and shall address price restrictions, tenant qualifications, affordability duration, phasing of construction, monitoring of affordability and any other topics related to the provision of the affordable housing units.

3. The agreement may, at the sole discretion of the City, establishes a monitoring fee for the affordable units. The fee shall cover the costs incurred by the City to review and process documents to maintain compliance with income and affordability restrictions of the agreement.

4. The City may, at its sole discretion, agrees to subordinate any affordable housing regulatory agreement for the purpose of enabling the owner to obtain financing for development of the property.

E. Alternative compliance. The City's priority is for residential and mixed use developments to provide the affordable housing on site. The Director, at his/her discretion, may approve a request for satisfying all or part of a project's on-site affordable housing with alternative compliance methods proposed by the applicant. Any request for alternative compliance shall be submitted at the time of building permit application and must be approved prior to issuance of any building permit. Any alternative compliance must achieve a result equal to or better than providing affordable housing on site.

1. Payment in Lieu of constructing mandatory affordable units – Payments in lieu of constructing mandatory affordable housing units is subject to the following requirements:

- a. The in lieu fee is set forth in SMC 3.01 Fee Schedule. Fees shall be determined at the time the complete application for a building permit is submitted using the fee then in effect.
- b. The fee shall be due and payable prior to issuance of any certificate of occupancy for the project.
- c. The City shall establish a Housing Program Trust Fund and all collected payments shall be deposited-in that fund.

2. Any request for alternative compliance shall demonstrate all of the following:

- a. Include a written application specifying:
 - i. The location, type and amount of affordable housing; and
 - ii. The schedule for construction and occupancy.
- b. If an off-site location is proposed, the application shall document that the proposed location:
 - i. Is within a 1 mile radius of the project or the proposed location is equal to or better than providing the housing on site or in the same neighborhood;
 - ii. Is in close proximity to commercial uses, transit and/or employment opportunities.
- c. Document that the off-site units will be the same type and tenure as if the units were provided on site.
- d. Include a written agreement, signed by the applicant, to record a covenant on the housing sending and housing receiving sites prior to the issuance of any construction permit for the housing sending site. The covenant shall describe the construction schedule for the off-site affordable housing and provide

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sufficient security from the applicant to compensate the City in the event the applicant fails to provide the affordable housing per the covenant and the Shoreline Municipal Code. The applicant may request release of the covenant on the housing sending site once a certificate of occupancy has been issued for the affordable housing on the housing receiving site.

2014 King County Median Income Levels by Household Size							
The following chart is only intended as an estimate of affordable rents and home prices based on present conditions. Current conditions and particular circumstances will be taken into account in determining actual affordable rents and home prices. See notes below for detail of assumptions about present conditions.							
Percent of Median Income	One Person Household	Two Person Household	Average Household (2.4 Persons)*	Three Person Household	Four Person Household	Five Person Household	Six Person Household
30%	\$ 18,550	\$ 21,200	\$ 22,260	\$ 23,850	\$ 26,450	\$ 28,600	\$ 32,800
Affordable Hsg Payment***	\$ 356	\$ 406	\$ 427	\$ 457	\$ 507	\$ 548	\$ 629
Affordable Rent	\$ 464	\$ 530	\$ 557	\$ 596	\$ 661	\$ 715	\$ 820
Affordable House Price***	\$78,000	\$89,100	\$93,600	\$100,200	\$111,200	\$120,200	\$137,900
40%	\$ 24,720	\$ 28,240	\$ 29,648	\$ 31,760	\$ 35,280	\$ 38,120	\$ 40,960
Affordable Hsg Payment	\$ 474	\$ 541	\$ 568	\$ 609	\$ 676	\$ 731	\$ 785
Affordable Rent	\$ 618	\$ 706	\$ 741	\$ 794	\$ 882	\$ 953	\$ 1,024
Affordable House Price	\$103,900	\$118,700	\$124,600	\$133,500	\$148,300	\$160,200	\$172,200
50%	\$ 30,900	\$ 35,300	\$ 37,060	\$ 39,700	\$ 44,100	\$ 47,650	\$ 51,200
Affordable Hsg Payment	\$ 592	\$ 677	\$ 710	\$ 761	\$ 845	\$ 913	\$ 981
Affordable Rent	\$ 773	\$ 883	\$ 927	\$ 993	\$ 1,103	\$ 1,191	\$ 1,280
Affordable House Price	\$129,900	\$148,400	\$155,800	\$166,900	\$185,400	\$200,300	\$215,200
60%	\$ 37,080	\$ 42,360	\$ 44,472	\$ 47,640	\$ 52,920	\$ 57,180	\$ 61,440
Affordable Hsg Payment	\$ 711	\$ 812	\$ 852	\$ 913	\$ 1,014	\$ 1,096	\$ 1,178
Affordable Rent	\$ 927	\$ 1,059	\$ 1,112	\$ 1,191	\$ 1,323	\$ 1,430	\$ 1,536
Affordable House Price	\$155,800	\$178,000	\$186,900	\$200,200	\$222,400	\$240,300	\$258,200
70%	\$ 43,260	\$ 49,420	\$ 51,884	\$ 55,580	\$ 61,740	\$ 66,710	\$ 71,680
Affordable Hsg Payment	\$ 829	\$ 947	\$ 994	\$ 1,065	\$ 1,183	\$ 1,279	\$ 1,374
Affordable Rent	\$ 1,081	\$ 1,236	\$ 1,297	\$ 1,390	\$ 1,544	\$ 1,668	\$ 1,792
Affordable House Price	\$181,680	\$207,700	\$218,100	\$233,600	\$259,500	\$280,400	\$301,300
80% (capped)**	\$ 44,750	\$ 51,150	\$ 56,250	\$ 63,900	\$ 63,900	\$ 69,050	\$ 74,150
Affordable Hsg Payment	\$ 858	\$ 980	\$ 1,078	\$ 1,225	\$ 1,225	\$ 1,323	\$ 1,421
Affordable Rent	\$ 1,119	\$ 1,279	\$ 1,406	\$ 1,598	\$ 1,598	\$ 1,726	\$ 1,854
Affordable House Price	\$188,100	\$215,000	\$236,400	\$268,600	\$268,600	\$290,200	\$311,700
80% (not capped)	\$ 49,440	\$ 56,480	\$ 59,296	\$ 63,520	\$ 70,560	\$ 76,240	\$ 81,920
Affordable Hsg Payment	\$ 948	\$ 1,083	\$ 1,137	\$ 1,217	\$ 1,352	\$ 1,461	\$ 1,570
Affordable Rent	\$ 1,236	\$ 1,412	\$ 1,482	\$ 1,588	\$ 1,764	\$ 1,906	\$ 2,048
Affordable House Price	\$207,800	\$237,400	\$249,200	\$267,000	\$296,600	\$320,400	\$344,300
90%	\$ 55,620	\$ 63,540	\$ 66,708	\$ 71,460	\$ 79,380	\$ 85,770	\$ 92,160
Affordable Hsg Payment	\$ 1,066	\$ 1,218	\$ 1,279	\$ 1,370	\$ 1,521	\$ 1,644	\$ 1,766
Affordable Rent	\$ 1,391	\$ 1,589	\$ 1,668	\$ 1,787	\$ 1,985	\$ 2,144	\$ 2,304
Affordable House Price	\$233,800	\$267,100	\$280,400	\$300,400	\$333,600	\$360,500	\$387,400
100%	\$ 61,800	\$ 70,600	\$ 74,120	\$ 79,400	\$ 88,200	\$ 95,300	\$ 102,400
Affordable Hsg Payment	\$ 1,185	\$ 1,353	\$ 1,421	\$ 1,522	\$ 1,691	\$ 1,827	\$ 1,963
Affordable Rent	\$ 1,545	\$ 1,765	\$ 1,853	\$ 1,985	\$ 2,205	\$ 2,383	\$ 2,560
Affordable House Price	\$259,700	\$296,700	\$311,500	\$333,700	\$370,700	\$400,600	\$430,400
115%	\$ 71,070	\$ 81,190	\$ 85,238	\$ 91,310	\$ 101,430	\$ 109,595	\$ 117,760
Affordable Hsg Payment	\$ 1,362	\$ 1,556	\$ 1,634	\$ 1,750	\$ 1,944	\$ 2,101	\$ 2,257
Affordable Rent	\$ 1,777	\$ 2,030	\$ 2,131	\$ 2,283	\$ 2,536	\$ 2,740	\$ 2,944
Affordable House Price	\$298,700	\$341,200	\$358,300	\$383,800	\$426,300	\$460,600	\$495,000
120%	\$ 74,160	\$ 84,720	\$ 88,944	\$ 95,280	\$ 105,840	\$ 114,360	\$ 122,880
Affordable Hsg Payment	\$ 1,421	\$ 1,624	\$ 1,705	\$ 1,826	\$ 2,029	\$ 2,192	\$ 2,355
Affordable Rent	\$ 1,854	\$ 2,118	\$ 2,224	\$ 2,382	\$ 2,646	\$ 2,859	\$ 3,072
Affordable House Price	\$311,700	\$356,100	\$373,800	\$400,500	\$444,900	\$480,700	\$516,500
150%	\$ 92,700	\$ 105,900	\$ 111,180	\$ 119,100	\$ 132,300	\$ 142,950	\$ 153,600
Affordable Hsg Payment	\$ 1,777	\$ 2,030	\$ 2,131	\$ 2,283	\$ 2,536	\$ 2,740	\$ 2,944
Affordable Rent	\$ 2,318	\$ 2,648	\$ 2,780	\$ 2,978	\$ 3,308	\$ 3,574	\$ 3,840
Affordable House Price	\$367,800	\$420,100	\$441,100	\$472,500	\$524,800	\$567,100	\$609,300

*Since the average KC household is about 2.4 persons, this column approximates the median for all households in the County.

**HUD caps the 80% category at the national level, so it represents less than 80% of median income in the King County area. Many federal programs use this capped 80% level.

***Affordable housing costs are based on 30% of monthly income. An affordable housing payment (principle and interest only) is calculated at 23% of monthly income. Taxes, utilities and/or condo or homeowner fees are estimated to account for an additional 7%, but could be as much as 10%. Affordable rent is calculated at 30% of

This chart currently calculates the affordable mortgage payment based on 10% down payment and fixed interest of 4.5%. These may change with market conditions. Many conventional mortgages now require a 20% down payment.



East King County Cities: Incentive Zoning Programs

Jurisdiction	Geographic Focus	Set Aside Minimum	Required Participation	Incentives Offered	Income Targeting (AMI)		In-Lieu Fee
					Rent	Owner	
Kirkland	Commercial zones, high-density residential zones, medium density zones, office zones	10% of units (including base)	Yes	Height bonus, bonus units, density bonus, and fee exemptions	60-70% AMI	70-100% AMI	Based on cost of construction vs. revenue generated
Bellevue	New multifamily residential developments	None	No	One bonus market-rate unit per affordable unit	Up to 80% AMI	Up to 80% AMI	
Bel-Red, Bellevue	All Bel-Red Land Use Districts	None	No	Density bonus	Up to 80% AMI	Up to 100% AMI	\$18/sq. ft
Central Issaquah Density Bonus Program	Central Issaquah*	20% of density bonus sq. ft.	No	Density bonus	50% AMI	60% AMI	\$15/sq. ft of density bonus
Central Issaquah Urban Core*	Central Issaquah Urban Core*	10% of units (including base)	Yes	Exemption from various impact fees	80% AMI for first 300 units, 70% after	90% AMI for first 300 units, 80% after	For fractional units only
Redmond: Overlake District	All new dwelling units	10% of units (including base)	Optional for first 100 units** Required after first 100 units**	Density bonus of up to one story	80% AMI (if 50% or less, counts as two affordable units)	80% AMI (if 50% or less, counts as two affordable units)	Administrative order needed to calculate formula
Redmond: Downtown	All new dwelling units	10% of units (including base)	Yes	Density credit equal to sq. footage of affordable units	80% AMI (if 50% or less, counts as two affordable units)	80% AMI (if 50% or less, counts as two affordable units)	Administrative order needed to calculate formula
Redmond: Willows/Rose Hill, Education Hill, Grass Lawn, North Redmond	All new single family attached and detached dwelling units	10% of units (including base)	Yes	1 bonus market-rate unit/affordable unit, impact fee waivers (depending on affordability)	80% AMI (if 50% or less, counts as two affordable units)	80% AMI (if 50% or less, counts as two affordable units)	Administrative order needed to calculate formula
Redmond: Affordable Senior Housing Bonus***	Any zoning district that allows retirement residents or multifamily housing	50% of housing or retirement residence units	No	Density bonus if 50% of units or more are affordable for seniors	50% AMI	50% AMI	

*Developers can use the Density Bonus Program in addition to the mandatory Urban Core program

**Requirements are optional for the first 100 housing units built in the district. Each proposed development site may qualify for waiver of no more than 25 units of affordable housing.

***Senior Housing Bonus program is a special incentive program that can be used in addition to other programs

*Central Issaquah & Central Issaquah Urban Core identified on page 34 of Central Issaquah Plan - <http://issaquahwa.gov/DocumentCenter/View/1139>

Incentive Zoning: best practices from around the country and Washington State

Jurisdiction	Set Aside	Income Targeting		Off-Site Development	In-Lieu Fee ⁺
		Rent	Sale		
Boulder, CO*	20% of units	60%	Boulder low-income limit	Yes	\$131,301-\$146,910 per unit (less for small units or buildings)
Burlington, VT*	15-25% of units	65%	75%	Yes, at 125% of obligation	No
Cambridge, MA*	15% of units	65%	65%	No	No
Denver, CO*	10% of units	n/a	80-95%	Allowed in adjacent or contiguous areas if units exceed set-aside	Half the sale price of each forgone unit
New York, NY	20% of residential floor area	160% of HUD very low income limit	Unknown	Yes, for substantial rehabilitation or preservation	No
San Francisco, CA*	12% of units	55%	90%	Yes but increases set aside to 20%	\$135,963-\$191,349 per bedroom
Bel-Red, Bellevue, WA	no minimum	80%	100%	No	Yes
Issaquah Urban Core, WA*	10% of units	70%	80%	Yes	No
Kirkland, WA*	10% of units	60-70%	70-100%	Yes	Limited
Redmond, WA*	10% of units	80%	80%	Yes	Yes

*Mandatory program in at least some areas of the city

+Even when an in-lieu fee is not allowed as an alternative compliance method, it may be allowed for fractional units.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Ordinance No. 694 - Property Tax Exemption Program
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Dan Eernisse, Economic Development Manager
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:

On September 15, 2014, staff proposed an amendment to Shoreline Municipal Code (SMC) Chapter 3.27. SMC 3.27 sets forth the requirements for participating in the City's Property Tax Exemption (PTE) Program, and the proposed amendment was intended to ensure that all areas within the City that had been designated as targeted areas available for use under the City's PTE program were shown in SMC 3.27 as well as to correct an issue with the duration of the adopted five-year market-rate PTE incentive.

At that time, the City Council pointed out the uncodified areas had specific income, duration, and capacity requirements that differed from the codified areas. Thus, staff was directed to return to Council with an ordinance that fully reflected the past enactments. In addition to Council's direction, staff's subsequent analysis of the PTE Program revealed more inconsistencies with the various PTE Program code sections.

Therefore, in addition to clarifying the areas where the PTE program is offered and bringing the five year program into compliance with state code, proposed Ordinance No. 694 now proposes to clean up additional problems with the City's PTE code sections.

Tonight, we will be discussing six issues regarding SMC 3.27. They are:

- 1) Uncodified Areas. The catalyst for this discussion was that the North City and Ridgecrest Target Areas were never codified and need to be added to the Code.
- 2) Sunset Clause. SMC 3.27.040(D) states that the City shall not accept an application for this incentive program after December 31, 2016 unless the City Council evaluates and extends the program. Given the current state of subarea planning related to the light rail stations, staff believes it is prudent for the City Council to consider the life of this program at this time.
- 3) Application Process. The application process set forth in SMC 3.27 to receive the exemption is stated differently in the various PTE code sections. Some of the differences are contradictory, while others are simply unnecessarily confusing and time consuming.
- 4) Program Duration. The City's stated duration of five years for the market-rate PTE program in SMC 3.27.030(B) is not expressly provided for in RCW 84.14, the state statute authorizing the PTE Program, and therefore additional

amendment/policy consideration is needed. If the Council desires to continue a market rate program, then its duration must be eight (8) years.

- 5) Affordable Housing. The need to make a change to the duration of the PTE program (sub-point 4 above) will logically lead Council to a policy discussion on whether to use the PTE Program simply to encourage multifamily housing, or more broadly also as an incentive to create affordable housing.
- 6) Program Characteristics. Policy direction is sought on the various characteristics that the City Council would like to retain or impose for the City's PTE Program.

What began as relatively minor technical and administrative code corrections has resulted in a robust proposal of a more streamlined, comprehensive PTE Program. Discussion and direction by Council of the policy implications of proposed Ordinance No. 694 (Attachment A) will help to clarify all of the targeted areas available for use under the City's PTE program, determine whether a sunset clause in the current code should be altered or eliminated, clean up multiple inconsistencies, streamline the application process, achieve consistency with RCW 84.14 requirements for program duration, and establish a city-wide PTE Program with provisions that reflect Council's policy direction.

Because of the volume of changes needed, in addition to repealing the previously uncodified ordinances, staff is recommending a repeal of SMC 3.27 and replacement with a new chapter SMC 3.27.

RESOURCE/FINANCIAL IMPACT:

The PTE program provides an exemption to the owner for the *ad valorem* property tax of the value of new or rehabilitated multiple unit housing for the duration of the exemption period. When a PTE project is built, the value of the building improvements are not added to the City's assessed value until after the exemption period ends; therefore, while no tax burden is shifted to other tax payers, the City defers the property tax revenues of the project. In addition, staff time is required to process applications, file annual reports to the State and King County, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

No action is required at this time, as this item is for discussion purposes only. However, staff recommends Council adopt proposed Ordinance No. 694 when this item is brought back to the Council for adoption on February 9, 2015.

Approved By: City Manager **DT** City Attorney **JA-T**

BACKGROUND

In November 2002, the City Council passed Ordinance No. 310. This ordinance established a 10-year exemption from real property taxation for multi-family housing within the North City Business District, as defined in SMC 20.90.020. This ordinance was not codified.

Furthermore, in March 2008, the Council passed Ordinance No. 479, which superseded Ordinance No. 310. This ordinance established a unit limit of 250 units that would be eligible to receive PTE, and established two levels of tax exemption duration – 12 years if 20% of the housing units were affordable and eight (8) years if the housing units were market rate. This ordinance was also not codified.

Also in March 2008, the Council passed Ordinance No. 496. This ordinance expanded the PTE program to three portions of the Ridgecrest Commercial Planned Area (CPA) and to residential areas designated R-18 and R-28 adjacent to those portions of the Ridgecrest CPA. This ordinance maintained the unit limit of 250 units for North City but allowed for 350 units in Ridgecrest. This ordinance also established two levels of duration – 12 years if 20% of the units were affordable and eight (8) years if the units were market rate – and set a household income level for the Ridgecrest area at 90% of median family income. This ordinance was also not codified.

In September 2008, the Council passed Ordinance No. 520. This ordinance removed the availability of the PTE for market rate development, allowing for 12 years if 20% of the units were affordable and eight (8) years if 10% were affordable. The supporting documentation for this ordinance provides no legal support for the 8 year/12 year duration and the 10-20% affordability requirement; it merely states that this would mandate all exempt projects to provide affordable housing. This ordinance also increased the unit limit for North City to 500 units while maintaining Ridgecrest's 350 units. Lastly, this ordinance established household incomes for North City - 70% of median for studio and 1 bedroom units and 80% of median for 2 or more bedroom units. Ridgecrest's income level was maintained. This ordinance was also not codified.

In December 2011, the City Council passed Ordinance No. 624. The intent of this ordinance was to expand the PTE program to five (5) additional areas within the City. These areas are:

- 1) The Aurora Avenue North Corridor, including a portion of Westminster Way North;
- 2) The Ballinger Way NE commercial area;
- 3) The Hillwood commercial area;
- 4) The Richmond Beach commercial area; and
- 5) The commercial area associated with the intersection of NE 145th Street with Bothell Way NE and 15th Avenue NE.

This ordinance was codified as SMC 3.27 and established a duration for the PTE at five (5) years, asserting that the state law allowed for flexibility, and made no reference to either affordable or market rate units. Ordinance No. 624 did not repeal any of the prior enactments.

When adopting Ordinance No. 624, it is clear that the City Council considered expanding the previously designated target area of the PTE Program during several of its regular meetings. The staff reports for the September 26, 2011, November 28, 2011, and December 12, 2011 meetings state that the intent of Ordinance No. 624 was to expand the PTE program beyond what had been currently offered in North City and Ridgecrest. The staff reports for these meetings are available at the following links:

September 26, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport092611-9c.pdf>

November 28, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport112811-8d.pdf>

December 12, 2011 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Staffreports/2011/Staffreport121211-8a.pdf>

During these meetings, the City Council thoroughly deliberated which areas of the City the PTE program should be extended into but, at no time, was the elimination of the North City and Ridgecrest Target Areas considered. In fact, at the November 28 meeting, Economic Development Director Eernisse specifically recommended retaining North City and Ridgecrest. The minutes of these meetings are also available below:

September 26, 2011 Meeting Minutes:

http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_2cbe6bd4f5bff1e34e23de3f670dc434.htm&view=1

November 28, 2011 Meeting Minutes:

http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_50cb93081ea36bffdb98f8bd32e288fc.htm&view=1

December 12, 2011 Meeting Minutes:

http://shoreline.granicus.com/DocumentViewer.php?file=shoreline_e9dad1cc01573d367710a78ec6aed52.htm&view=1

Lastly, in July 2013, the City Council passed Ordinance No. 664. This ordinance amended SMC 3.27 to specify that the Aurora Community Renewal Area (CRA) could receive a 12 year exemption if 20% affordable housing was provided. This ordinance retained the five (5) year PTE duration for all areas. In addition, this ordinance established a 500 unit limitation within the Aurora CRA and set household income levels at the same levels as North City.

Discussion regarding the PTE program was presented to the Council at its September 15, 2014 meeting. It was at this meeting that previously enacted terms unique to the North City, Ridgecrest, and Aurora CRA areas were discussed. The staff report and minutes for this meeting are linked below.

September 15, 2014 Staff Report:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport091514-9a.pdf>

September 15, 2014 Meeting Minutes:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/Council/Minutes/2014/091514.htm>

DISCUSSION

As was noted earlier, this staff report discusses six issues regarding SMC 3.27. The following section of this report provides detail about these issues.

1. Uncodified Areas

As noted above, starting in 2002, a total of four ordinances (Ordinance Nos. 310, 479, 496, and 520) were passed establishing the North City Business District and various areas in and adjacent to the Ridgecrest Commercial Planned Area as target areas for the PTE. These ordinances also established the duration for the exemption, limitation on units numbers, and limitation on household income levels. The last enacted ordinance, Ordinance No. 520, established the following for the North City and Ridgecrest areas:

- Duration: 12 year exemption if 20% of units were affordable
8 year exemption if 10% of units were affordable
No exemption available for market rate units
- Unit Limitation: North City – 500 units
Ridgecrest – 350 units
- Household Income: North City – 70% of median for studio/1 bedroom; 80% of median for 2 or more bedrooms
Ridgecrest – 90% of median regardless of bedrooms

In 2011, the City adopted Ordinance No. 624 which, for the first time, codified the PTE Program as Chapter 3.27 of the SMC. This enactment designates five areas as targeted for the exemption – Aurora Corridor/Westminster (Attachment B), Ballinger (Attachment C), Hillwood (Attachment D), Richmond Beach (Attachment E), and the Southeast Neighborhoods (Attachment F). However, despite staff reports and council minutes to the contrary, the North City Business District (Attachment G) and the Ridgecrest Commercial Planned Area (Attachment H) were not included within SMC 3.27.020, the section of the Code that designates targeted areas, possibly because staff believed they were already codified. Subsequently, the City adopted Ordinance No. 664 establishing affordability requirements for qualifying projects within the Aurora Square CRA.

Currently, unless a developer is expressly aware of the prior enactments, review of SMC 3.27 would result in the conclusion that the exemption is applicable to only those areas listed in SMC 3.27.020 and having to look farther for limitations in the Aurora

Square CRA. Thus, the first purpose of this proposed ordinance is to codify those targeted areas that were omitted from SMC 3.27 in 2011 but which have remained available for property tax exemption. Proposed Ordinance No. 694 corrects this by codifying the North City and Ridgecrest areas as eligible for PTE.

As stated above, the omission of North City and Ridgecrest target areas provides confusion for property owners and developers, as looking solely at the SMC would not reveal the applicability of the PTE within North City and Ridgecrest. This proposed amendment is intended to reflect the previous intent to retain the North City Business District and certain areas in/adjacent to the Ridgecrest Commercial Area in this program. The amendment would codify these areas within SMC 3.27 so that all developers and/or property owners are fully aware of the development incentives available to them. Exhibits attached to the Ordinance would clearly delineate the areas of the City targeted for the PTE Program and will be incorporated into the SMC 3.27 (Attachments B-H).

2. Sunset Clause

SMC 3.27.040(D) states that the City shall not accept an application for the PTE incentive program after December 31, 2016 unless the City Council evaluates and extends the program. The current direction of sub-area station planning in Shoreline envisions multifamily development to add density around the stations. Furthermore, Council concluded that multifamily development is key to achieving sustainability. Since, the PTE Program provides a very valuable incentive for multifamily builders, staff recommends that proposed Ordinance No. 694 eliminate the sunset clause all together. Should Council decide to change the PTE Program in the future, the Council could re-enact the Sunset Clause or some variation of it with a new ordinance.

3. Application Process

In recent months staff has received a number of applications for PTE. It became apparent as staff processed these applications that the application process that is described in SMC 3.27 contains a number of inconsistencies (see Attachment I). Therefore, staff recommends that proposed Ordinance No. 694 be amended so that it provides for a more streamlined and consistent process with a single set of requirements, timelines, expirations, and deadlines for all Target Areas. An example of this is that proposed Ordinance No. 694 requires that the PTE agreement between the applicant and City be recorded by the applicant, an important step not being taken in our current process.

As well, state law grants the City Manager the authority to approve or deny both the conditional and final PTE certificates and determine, once an exemption is in effect, if the exemption may need to be cancelled. Applicants do have the ability to appeal these decisions however. While all appeals for the non-issuance of the conditional PTE certificate must be heard by the City Council pursuant to RCW 84.14, appeals for non-issuance of the final PTE certificate or cancellation of tax exemption may be delegated to a Hearing Examiner or other administrative official.

Currently, proposed Ordinance No. 694 has all appeals (conditional certificate, final certificate and tax exemption cancellation) being heard by the City Council. However, the Council may elect to delegate appeals of final PTE certificates and cancellations of

tax exemption to the Hearing Examiner. If the Council is interested in making this change, proposed Ordinance No. 694 would need to be amended.

4. Program Duration

RCW 84.14.020 establishes two duration periods for PTE:

- RCW 84.14.020(1)(a)(ii)(A) states that the value is exempt for eight (8) successive years, without any other conditional language, and
- RCW 84.14.020(1)(a)(ii)(B) states that the value is exempt for 12 successive years if the applicant commits to renting or selling at least twenty percent (20%) of the multifamily housing units as affordable housing to low/moderate income households and the property owner satisfies that commitment and any additional affordability and income eligibility conditions adopted by the City.

In prior years, the City Attorney's Office determined that RCW 84.14 did not set a minimum duration for PTE and, therefore, the City could elect a different duration period. Based on this determination the City selected a five (5) year duration for market rate projects. Upon reexamination of the statute however, staff believes that a modification in duration is needed. While RCW 84.14.020 does allow the City to establish affordability and income eligibility conditions that differ from the RCW, RCW 84.14.020 is clear in that it provides for only two time periods – 8 years and 12 years – with no flexibility in these time periods. This interpretation is also supported by the Washington State Department of Revenue and the King County Assessor. As well, no other jurisdiction is currently providing any other PTE duration period other than the ones set forth in RCW 84.14.

Staff also notes that while RCW 84.14.020 sets 12 years as the exemption duration if 20% of the units are affordable, for the North City and Ridgecrest Commercial areas, the City allows for an eight (8) year exemption if 10% of the units are affordable, with no exemption for market rate units in these Target Areas. This structure was adopted in 2008 with Ordinance No. 520. The reason for a 10%/eight year requirement at that time was to create a mandate that an affordability component would be included in all projects receiving a tax exemption from the City.

With the adoption of Ordinance No. 624, this requirement became limited to North City and Ridgecrest, as the other target areas permit market rate exemptions. However, unlike the duration period, RCW 84.14.030 permits the City to adopt application requirements and RCW 84.14.030(2) states that the guidelines adopted by the City may include requirements for income limits for occupancy, public benefit features, and other requirements indicated by the City. Thus, this provision of RCW 84.14 does allow the City flexibility. However, since other areas of the City receiving the 8 year exemption are not mandated to set aside 10% of their units as affordable, the City must indicate the necessity for this requirement within the North City and Ridgecrest areas if it continues to be utilized.

Since adoption, two multifamily projects have or are receiving tax abatement utilizing the PTE incentive.

- The **88-unit North City Landing Apartments (Arabella)** was built relying on the 10-year market-rate PTE offered at that time (RCW 84.14 was amended in 2007

to delete a 10-year program). The first year of exemption was 2004, so the project exhausted its exemption in 2014 and the value of the building was added to the City's assessed value in 2015.

- The **165-unit North City Family Apartments (Polaris)** was built relying on the 12-year affordable housing PTE. The first year of tax abatement will be 2015. Interestingly, because 100% of its units are affordable at 60% of the King County median income, Polaris qualified for a tax exemption that includes the land value for the 2015 tax year; therefore, the PTE exemption is redundant. Should Polaris not qualify for this special exemption in any of the next 11 years of the PTE program, the PTE incentive will be used.

In conversations with the multifamily development community, it is clear that the PTE incentive is perceived as an extremely valuable incentive in the City of Shoreline. The developers repeatedly contend that without the PTE incentive, it would be difficult or impossible to receive necessary financing given the rent levels and construction costs in Shoreline. Other projects that have applied for or indicated intent to apply for the PTE Program incentive are as follows:

- The **5-unit Shoreline Ridge** project recently learned of the PTE Program and applied for tax abatement under North City's 12-year affordable PTE Program. Its application was received during construction near receipt of the project's Certificate of Occupancy. The Shoreline Ridge project clearly was built without needing the PTE incentive but will receive it, based on our Code. This application led staff to include an addition in Code that application for a PTE Certificate must be received at the time of the project's initial building permit.
- The **129-unit Shoreline Star Apartments (Malmo)** on N 152nd Street was built relying on the 5-year market-rate PTE. It is expected that Malmo will begin its tax abatement period in 2016.
- The **169-unit Centerpoint Apartments** on Midvale Avenue N recently applied for 5-years of tax abatement under the current market-rate program offered in Town Center (Aurora Corridor).
- On January 13, 2013, the **109-unit Arabella II** project in North City received an extension to its certificate guaranteeing PTE, giving the applicant an additional two years to complete their project. Together, Arabella, Arabella II, Polaris, and Shoreline Ridge consume 367 units of the 500-unit cap in North City.
- During recent pre-application discussions, the applicant team for the **80-unit Micro-Suite project** on the former Taboo Video site stated that they intend to apply for 5 years of tax abatement under the market-rate program offered within Town Center (Aurora Corridor).
- During recent discussions, the Dargey development team, which has proposed a **324-unit building on the former Denny's property**, stated that they intend to apply for 12-years of tax abatement under the affordable PTE program offered within the Aurora Square CRA (Aurora Corridor).
- During recent discussions, the development team that proposed a **160-unit building on the Super China Buffet property** stated that they are interested in applying for 12-years of tax abatement under the affordable PTE program offered within the Aurora Square CRA (Aurora Corridor), which -- along with the Dargey development -- will virtually exhaust the 500-unit cap.

In regards to economic development, it is particularly disappointing that the statute authorizing the PTE Program (RCW 84.14) does not allow for shorter time periods for its PTE programs. The City's brief experience offering the 5-year market-rate program has proven that it appears to be a sufficient incentive to stimulate investment and the development community appreciates the simplicity of the market-rate program. In fact, when the two developers of Centerpointe and Malmo who applied for a 5-year market rate PTE conditional certificate were told that the duration of the City's program needs to change, they both stated that they would prefer an 8-year market rate program over a 12-year program that required affordable housing. However given that both of these applicants have already applied for a 5-year conditional certificate, staff recommends that the City honor these applications at their currently-requested duration.

5. Affordable Housing

Given tonight's earlier discussion on affordable housing and the emphasis that the Council places on providing a range of housing options, staff has drafted proposed Ordinance No. 694 with only a 12 year affordable PTE Program incentive. Council direction is sought this evening to affirm this approach or to also establish an 8-year market rate program. Since affordable housing is addressed under another agenda item, this staff report will focus only on its economic development impact, specifically answering the questions of how a 12 year affordable housing program will affect development and be perceived by developers in the Puget Sound marketplace.

The PTE Program uses a different method than other subsidies and incentives that encourage affordable housing. Some affordable housing incentives are able to require more aggressive affordability levels than the PTE Program because the return on investment is not coming solely from the project itself. For example, North City's Polaris project offers 100% of its units to those who earn no more than 60% of the King County median income. It is able to accomplish this because of a federal tax rule that allows non-profit entities -- like Polaris -- which can offer its investors a tax-credit commensurate with their investment in the project.

Other philanthropic housing projects, such as the proposed Ronald Commons project or the Ballinger's Vision House Jacob's Well project, received grants and gifts from corporations, government agencies, and individuals who value the mission of the project. These organizations provide the most aggressively affordable housing because the generous investors consider the good work of the organization an adequate return on their investment.

The PTE Program, though, harnesses market forces to create a program that can -- as long as demand for housing persists -- perpetually produce affordable housing using the inertia of the project itself. The PTE Program does not require special financing, subsidies, or fund-raising; instead, it simply offers a tax reduction on the new taxes being created with new construction to offset the loss of income from providing affordable housing, allowing investors to reap an acceptable rate of return on their investment. However, should the affordable housing requirements become too costly, it may prove to be difficult -- if not impossible -- for investors to realize an adequate return, and as a result the PTE affordable housing program will grind to a halt. In order to keep the market forces moving, the State's requirements for affordability only apply to a small percentage of the units in a qualifying project (20%), and a relatively low level of

affordability (80% of the county's median income). Going beyond these minimum requirements threatens the development equation.

The PTE affordable housing program has been used most successfully by the City of Seattle, which sets the standard by offering the region's most well-known PTE Program. Seattle's program is also the most used, with 94 buildings currently receiving tax exemption. Seattle only offers one option: a 12 year PTE Program with affordable housing requirement virtually identical to the one that Shoreline offers in North City and in Aurora Square. Developers are familiar with the Seattle program, bankers know how to calculate its value to the project, and management companies are trained in screening residents, adjusting rents, and annual reporting.

If Shoreline adopts a program similar to Seattle's as is proposed in Ordinance No. 694, it will be applauded by developers as a program "as good as" that offered in Seattle. An 8-year market rate program may be perceived slightly more favorably, but it would not accomplish the goal of creating affordable housing and the difference is so slight that it may not stimulate any additional development. Should the Council be interested in also providing for an 8-year program that requires affordable housing, the City's program would be considered inferior to Seattle's program. Therefore, staff is recommending that the standard PTE Program be a 12 year affordable housing program similar to what Shoreline has been offering in the North City and Aurora Square Target Areas.

6. Program Characteristics

The prior uncodified PTE ordinances established various characteristics – limitations on units, limitations on income, and duration of exemption – for certain PTE Target Areas. For example, only North City, Ridgecrest, and the Aurora CRA currently have limitations on the number of units available for the PTE Program, as well as income limitations, which do not match. While it is an option for the Council to maintain these variations in program characteristics, staff recommends a consistent, uniform program applicable to all PTE Target Areas.

Thus, based on the recommendations made to staff by the Housing Development Consortium, informed by the City of Seattle's PTE Program, and according to Shoreline's own experience with the North City and Aurora Square areas, staff recommends that the standard PTE Program in Shoreline have the following characteristics:

- be 12 years in duration;
- require 20% of the units be affordable;
- define affordability as 70% of the King County median income for studio and one-bedroom units, and 80% of the King County median income for two-bedroom or larger units.
- have no limitations or sunset clauses in the program other than a 500-unit cap of the PTE Program in the Aurora Square CRA, due to the fact that non-residential use is an important long-term component of renewal in Aurora Square.

Proposed Ordinance No. 694, if adopted, would enact these uniform program characteristics.

COUNCIL GOALS ADDRESSED

The 2011 staff reports listed Council Goals 1 and 3 as being addressed by this issue. At that time, Goal 1 sought to implement the Community Vision by partnering with businesses and Goal 3 sought to improve economic development opportunities in Shoreline.

Today, the Council continues to seek ways to promote economic development. Council Goal 1 of the Council's 2014-2016 Goals states: Strengthen Shoreline's economic base. Action steps related to this goal include implementing marketing strategies to promote Shoreline as a progressive and desirable community for new residents, investors, and businesses and to enhance the attractiveness of Shoreline as a place for private investment.

In addition to these goals, the continued provision of the PTE program to all eligible areas of the City is consistent with the City's Comprehensive Plan, Element 5 - Economic Development, which seeks to encourage, enhance, and promote economic vitality within the community.

RESOURCE/FINANCIAL IMPACT

The PTE program provides an exemption to the owner for the *ad valorem* property tax of the value of new or rehabilitated multiple unit housing for the duration of the exemption period. When a PTE project is built, the value of the building improvements are not added to the City's assessed value until after the exemption period ends; therefore, while no tax burden is shifted to other tax payers, the City defers the property tax revenues of the project. In addition, staff time is required to process applications, file annual reports to the State and King County, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

No action is required at this time, as this item is for discussion purposes only. However, staff recommends Council adopt proposed Ordinance No. 694 when this item is brought back to the Council for adoption on February 9, 2015.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 694
- Exhibit A: Proposed SMC Chapter 3.27, Property Tax Exemption
- Attachment B: Residential Target Area Map - Aurora Avenue North Corridor, including a portion of Westminster Way N
- Attachment C: Residential Target Area Map - Ballinger Way NE Commercial Area
- Attachment D: Residential Target Area Map - Hillwood Commercial Area
- Attachment E: Residential Target Area Map - Richmond Beach Commercial Area
- Attachment F: Residential Target Area Map - Southeast Neighborhoods Commercial Area
- Attachment G: Residential Target Area Map - North City Business District
- Attachment H: Residential Target Area Map - Ridgecrest Commercial Area
- Attachment I: Application Process Matrix

ORDINANCE NO. 694

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
ESTABLISHING A NEW PROPERTY TAX EXEMPTION PROGRAM
FOR THE CITY OF SHORELINE BY REPEALING UNCODIFIED
SHORELINE ORDINANCE**

**AND REPEALING SHORELINE MUNICIPAL CODE CHAPTER 3.27 IN
ITS ENTIRETY AND ENACTING A NEW CHAPTER 3.27.**

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 (hereinafter referred to as “City”); and

WHEREAS, Chapter 84.14 of the Revised Code of Washington provides for exemptions from ad valorem property tax valuation for qualifying multi-family housing located in designated target areas within urban centers; and

WHEREAS, Chapter 84.14 authorizes the City to designate target areas and to adopt necessary procedures to implement RCW 84.14; and

WHEREAS, with the adoption of Ordinance Numbers 310, 479, 496, and 520 the City has provided for a Property Tax Exemption Program within areas of the City, specifically denoting North City Business District and certain areas of and/ or adjacent to the Ridgecrest Commercial Area as designated residential target areas; these ordinances were not codified; and

WHEREAS, with the adoption of Ordinance 624, the City codifying a Property Tax Exemption Program by establishing a new chapter of the Shoreline Municipal Code (SMC) Chapter 3.27 and designating five (5) residential target areas, these areas did not include Ridgecrest or North City, the areas addressed by the prior ordinances; and

WHEREAS, with the adoption of Ordinance 664, the City Council amended SMC 3.27 to further refine the Property Tax Exemption Program in regards to the Aurora Community Renewal Area; and

WHEREAS, the previously enacted, uncodified ordinances were not repealed when SMC Chapter 3.27 was adopted or amended; and

WHEREAS, after further consideration of the Property Tax Exemption Program offered by the City, including duration and limitations, and the requirements of Chapter 84.14; and

WHEREAS, the City Council desires to continue the Property Tax Exemption Program within the previously designated residential target areas and to honor those applications previously submitted; and

WHEREAS, the City Council has determined that to ensure all property subject to the Property Tax Exemption Program and any specific provisions applicable to a property is clearly delineated in the SMC and consistent with state law for the benefit of present and future property owners previously enactments must be repealed and a new, unified chapter of the Shoreline Municipal Code be adopted; therefore,

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

Section 1. Repeal. Ordinance No. 310 is repealed in its entirety.

Section 2. Repeal. Ordinance No. 479 is repealed in its entirety.

Section 3. Repeal. Ordinance No. 496 is repealed in its entirety.

Section 4. Repeal. Ordinance No. 520 is repealed in its entirety.

Section 5. Repeal, New Chapter. Shoreline Municipal Code, Chapter 3.27 *Property Tax Exemption* is repealed in its entirety and a new Chapter 3.27 *Property Tax Exemption* is adopted as set forth in Exhibit A attached hereto.

Section 6. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this ordinance.

Section 7. 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 FEBRUARY 9, 2015.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret Smith
City Attorney

Date of Publication: , 2015
Effective Date: , 2015

Chapter 3.27

Property Tax Exemption

Sections:

3.27.010	Purpose
3.27.020	Definitions
3.27.030	Designation of residential targeted areas
3.27.040	Eligibility standards and guidelines
3.27.050	Application procedures for conditional certificate
3.27.060	Application review and issuance of conditional certificate
3.27.070	Application procedures for final certificate
3.27.080	Application review and issuance of final certificate
3.27.090	Annual compliance review
3.27.100	Cancellation of tax exemption

Section 3.27.010 Purpose.

The purpose of this chapter providing for an exemption from ad valorem property taxation for multifamily housing in the residential targeted areas is to:

- A. Encourage increased residential opportunities within the residential targeted area;
- B. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for revitalization of the designated targeted areas;
- C. Assist in directing future population growth to the residential targeted area, thereby reducing development pressure on single-family residential neighborhoods; and
- D. Achieve development densities that stimulate a healthy economic base and are more conducive to transit use in the designated residential targeted area.

Section 3.27.020 Definitions

- A. “Affordable housing” means residential housing that is rented or sold to a person or household whose annual household income does not exceed seventy percent (70%) of the area median household income adjusted for family size for studio and one bedroom units and not exceeding eighty percent (80%) of the area median household income adjusted for family size for two bedroom or larger units.
- B. “Department” means the City of Shoreline Department of Community and Economic Development.
- C. “Household annual income” means the aggregate annual income of all persons over eighteen years of age residing in the same household.
- D. “Multifamily housing” means a building or project having four or more dwelling units designed for permanent residential occupancy.
- E. “Owner” or “Property Owner” means the property owner of record.
- F. “Permanent residential occupancy” means multifamily housing that provides either rental or owner-occupancy for a period of at least one month, excluding hotels, motels, or other types of temporary housing that predominately offer rental accommodation on a daily or weekly basis.

Section 3.27.030 Designation of residential targeted areas

- A. The following areas, as shown in Attachments A through F, are designated as residential targeted areas:
 - A. Aurora Avenue North Corridor, including a portion of Westminster Way N;
 - B. Ballinger Way NE commercial area;
 - C. Hillwood commercial area;
 - D. Richmond Beach commercial area;
 - E. Southeast Neighborhood commercial area;
 - F. North City Business District; and
 - G. Ridgecrest commercial area.

NOTE – The maps included as Exhibits to Ordinance 694 are to be included in the codified version of the SMC.

- B. If a part of any legal lot is within a residential targeted area, then the entire lot shall be deemed to lie within such residential targeted area.
- C. Additional residential targeted areas may be designated if the city council determines that an area meets the criteria set forth in RCW 84.14.040(1), as amended.

Section 3.27.040 Eligibility standards and guidelines.

- A. Eligibility requirements. To be eligible for exemption from property tax under this chapter, the property must satisfy all of the following requirements:
 - 1. The project must be located within one of the residential targeted areas designated in SMC 3.27.020.
 - 2. The project must be multifamily housing consisting of at least four (4) dwelling units within a residential structure or as part of a mixed used development, in which at least fifty percent (50%) of the space must provide for permanent residential occupancy.
 - 3. The project must be designed to comply with the city's comprehensive plan, applicable development regulations, and applicable building and housing code requirements.
 - 4. At least twenty percent (20%) of the housing units must be affordable housing as defined in SMC 3.27.020.
 - 5. For the rehabilitation of existing occupied multifamily projects, at least four additional residential units must be added except when the project has been vacant for twelve (12) consecutive months or more.
 - 6. The project must be scheduled for completion within three years from the date of issuance of the conditional certificate.
 - 7. Property proposed to be rehabilitated must fail to comply with one or more standards of the applicable state or local building or housing codes. If the property proposed to be rehabilitated is not vacant, an applicant must provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate; and
 - 8. The mix and configuration of housing units used to meet the requirement for affordable units under this chapter shall be substantially proportional to the mix and configuration of the total housing units in the project.

9. The applicant must enter into a contract with the city under which the applicant has agreed to the implementation of the project on terms and conditions satisfactory to the city. The contract must be approved by the City Council.

B. Duration of Tax Exemption.

The value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation for twelve (12) successive years beginning January 1 of the year immediately following the calendar year after issuance of the final certificate of tax exemption.

C. Limitation on Tax Exemption Value.

1. The exemption provided for in this chapter does not include the value of land or nonhousing-related improvements not qualifying under this chapter.
2. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application for conditional certificate required by this chapter.
3. The exemption does not apply to increases in the assessed value made by the county assessor on nonqualifying portions of the building and value of land.

D. Residential Targeted Areas – Specific Requirements

1. No more than 500 total units will be approved under this chapter for areas of the Aurora Square CRA within the Aurora Avenue North Corridor.
2. Units will be allocated based on the date the project's application for a conditional certificate is considered complete.

Section 3.27.050 Application procedures for conditional certificate.

- A. A property owner who wishes to propose a project for a tax exemption shall file an application with the department of planning and community development upon a form provided by that department.
- B. The application for exemption must be filed prior to issuance of the project's first building permit.

- C. The application shall include:
1. Information setting forth the grounds for the exemption;
 2. A description of the project and a site plan, including the floor plan of units;
 3. A statement that the applicant is aware of the potential tax liability when the project ceases to be eligible under this chapter;
 4. Information describing how the applicant shall comply with the affordability requirements of this chapter;
 5. In the case of rehabilitation or where demolition or new construction is required, verification from the Department of the property's noncompliance with applicable building and housing codes; and
 6. Verification by oath or affirmation of the information submitted by the applicant.
- D. Fees. At the time of application under this section, the applicant shall pay a minimum fee deposit of three (3) times the current hourly rate for processing land use permits as provided in SMC 3.01 Fee Schedule. Total city fees will be calculated using the adopted hourly rates for land use permits in effect during processing of the tax exemption and any excess will be refunded to the applicant upon approval or denial of the application.

Section 3.27.060 Application review and issuance of conditional certificate.

- A. Conditional Certificate.
1. The city manager may approve or deny an application for tax exemption.
 2. The city manager may only approve the application if the requirements of RCW 84.14.060 and this chapter have been met.
 3. A decision to approve or deny certification of an application shall be made within ninety (90) days of receipt of a complete application for tax exemption.
 - a. If approved, the applicant must enter into a contract with the city setting forth the terms and conditions of the project and eligibility for exemption under this chapter.
 - b. This contract is subject to approval by the city council.

- c. The applicant shall record, at the applicant's expense, the contract with the county assessor within ten (10) days of execution and provide the city with the recording number.
4. Once the city council has approved the contract and it is fully executed, the city manager will issue the property owner a conditional certificate of acceptance of tax exemption.
 - a. The certificate must contain a statement by the city manager that the property has complied with the required findings indicated in RCW 84.14.060.
 - b. The conditional certificate expires three years from the date of issuance unless an extension is granted as provided for in this section.
5. If denied, the city manager must state in writing the reasons for denial and send notice to the applicant at the applicant's last known address within ten (10) days of the denial by U.S. mail, return receipt requested.
6. The applicant may appeal the denial to the city council within thirty (30) days of the date of issuance of the denial by filing an appeal statement with the city clerk and paying any applicable fee. The appeal before the city council will be based upon the record made before the city manager or designee with the burden of proof on the applicant to show there was no substantial evidence to support the city manager's decision. The city council's decision on appeal shall be final.

B. Extension of Conditional Certificate. The conditional certificate may be extended by the city manager for a period not to exceed 24 consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by a non-refundable processing fee equal to two times the current hourly rate for processing land use permits as provided in SMC 3.01 Fee Schedule. An extension may be granted if the city manager determines that:

1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the applicant;
2. The applicant has been acting and could reasonably be expected to continue to act in good faith and with due diligence; and
3. All conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.

The applicant may appeal a denial of the extension to the city council within thirty (30) days of the issuance date of the denial by filing an appeal statement with the city clerk and paying any applicable fee. The city council's decision on appeal shall be final.

Section 3.27.070 Application procedures for final certificate

A. Application. Upon completion of the improvements provided in the contract between the applicant and the city, the applicant may request a final certificate of tax exemption. The applicant must file with the city manager such information as the city manager may deem necessary or useful to evaluate eligibility for the final certificate and shall include:

1. A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;
2. A description of the completed work and a statement that the improvements qualify for the exemption;
3. A statement that the work was completed within the required three (3) year period or any authorized extension; and
4. A statement that the project meets affordable housing requirements of this chapter.

B. Fees. At the time of application under this section, the applicant must submit a check made payable to the county assessor in an amount equal to the assessor's fee for administering the tax exemption program in effect at the time of final application.

Section 3.27.080 Application review and issuance of final certificate

A. Within 30 days of receipt of all materials required for an application for final certificate, the city manager shall determine whether a final certificate should be issued. The city manager's determination shall be based on whether the improvements and the affordability of units satisfy the requirements of this chapter, the requirements and findings of RCW 84.14.060, and are consistent with the approved contract.

B. Approval. If the city manager determines that the project qualifies for the exemption, the city manager shall issue to the property owner a final certificate of tax exemption and file the final

certificate with the county assessor within ten (10) days of the expiration of the thirty (30) day period provided in this section.

C. Denial. The city manager shall notify the applicant in writing within ten (10) days of the expiration of the thirty (30) day period provided in this section that the final certificate will not be issued if it is determined that:

1. The improvements were not completed within three years of issuance of the conditional certificate, or any authorized extension of the time limit;
2. The improvements were not completed in accordance with the contract between the applicant and the city;
3. The owner's property is otherwise not qualified under this chapter;
4. If applicable, the affordable housing requirements of this chapter have not been met; or
4. The owner and the city manager cannot come to an agreement on the allocation of the value of improvements allocated to the exempt portion of the rehabilitation improvements, new construction and multi-use new construction.

D. Appeal. The applicant may appeal the denial of the final certificate to the city council within thirty (30) days of the issuance date of the denial by filing an appeal statement with the city clerk and paying any applicable fee. The city council's decision on appeal shall be final.

Section 3.27.090 Annual compliance review.

A. Annual Report – Property Owner. Thirty (30) days after the anniversary of the date of the final certificate of tax exemption and each year for the tax exemption period, the property owner shall file an annual report with the city manager indicating the following:

1. A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the 12 months ending with the anniversary date;
2. A certification by the owner that the property has not changed use and, if applicable, that the property has been in compliance with affordable housing requirements for the property, since the date of the final certificate approved by the city;

3. A description of any subsequent changes or improvements constructed after issuance of the final certificate of tax exemption.

B. Additional Reporting Requirement. By December 15th of each year, beginning with the first year in which the final certificate of tax exemption is issued and each year thereafter for the tax exemption period, the property owner shall provide city staff with a written report that contains information sufficient to complete the city's report to the Department of Commerce described in subsection D of this section.

C. Audits. City staff may conduct audits or on-site verification of any statements of information provided by the property owner. Failure to submit the Annual Report and/or the additional written report may result in cancellation of the tax exemption.

D. Annual Report – City. By December 31st of each year, the city shall file a report to the Department of Commerce which must include the following:

1. The number of tax exemption certificates granted;
2. The total number and type of units produced or to be produced;
3. The number and type of units produced or to be produced meeting affordable housing requirements;
4. The actual development cost of each unit produced, specifically:
 - a. Development cost average per unit including all costs;
 - b. Development cost average per unit, excluding land and parking;
 - c. Development cost average per structured parking stall;
 - d. Land cost;
 - e. Other costs;
 - f. Net rentable square footage;
 - g. Gross square footage, including common spaces, surface parking and garage;
5. The total monthly rent or total sale amount of each unit produced;

6. The income of each renter household at the time of initial occupancy and the income of each initial purchaser if owner-occupied units at the time of purchase for each of the units receiving a tax exemption and a summary of these figures for the city; and

7. The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

Section 3.27.100 Cancellation of tax exemption.

A. Cancellation – Upon City Determination.

1. If at any time during the exemption period, the city manager determines the property owner has not complied with or the project no longer complies with the terms and requirements of this chapter or the contract required by SMC 3.27.040(A)(9), or for any reason no longer qualifies for the tax exemption, the tax exemption shall be canceled and additional taxes, interest and penalties may be imposed pursuant to RCW 84.14.110, as amended.
2. Cancellation may occur in conjunction with the annual review or at any other time when noncompliance has been determined.
3. Upon a determination that a tax exemption is to be cancelled for a reason stated in this section, the city manager shall notify in writing the property owner as shown by the tax rolls by U.S. mail, return receipt requested, of the determination to cancel exemption.
4. If the cancellation determination has not been appealed as provided in this section, upon issuance a the notice of cancellation determination, the city manager shall send written notification to the county tax assessor of the cancellation within thirty (30) days so that additional taxes, interest, and penalties may be imposed pursuant to RCW 84.14.110.

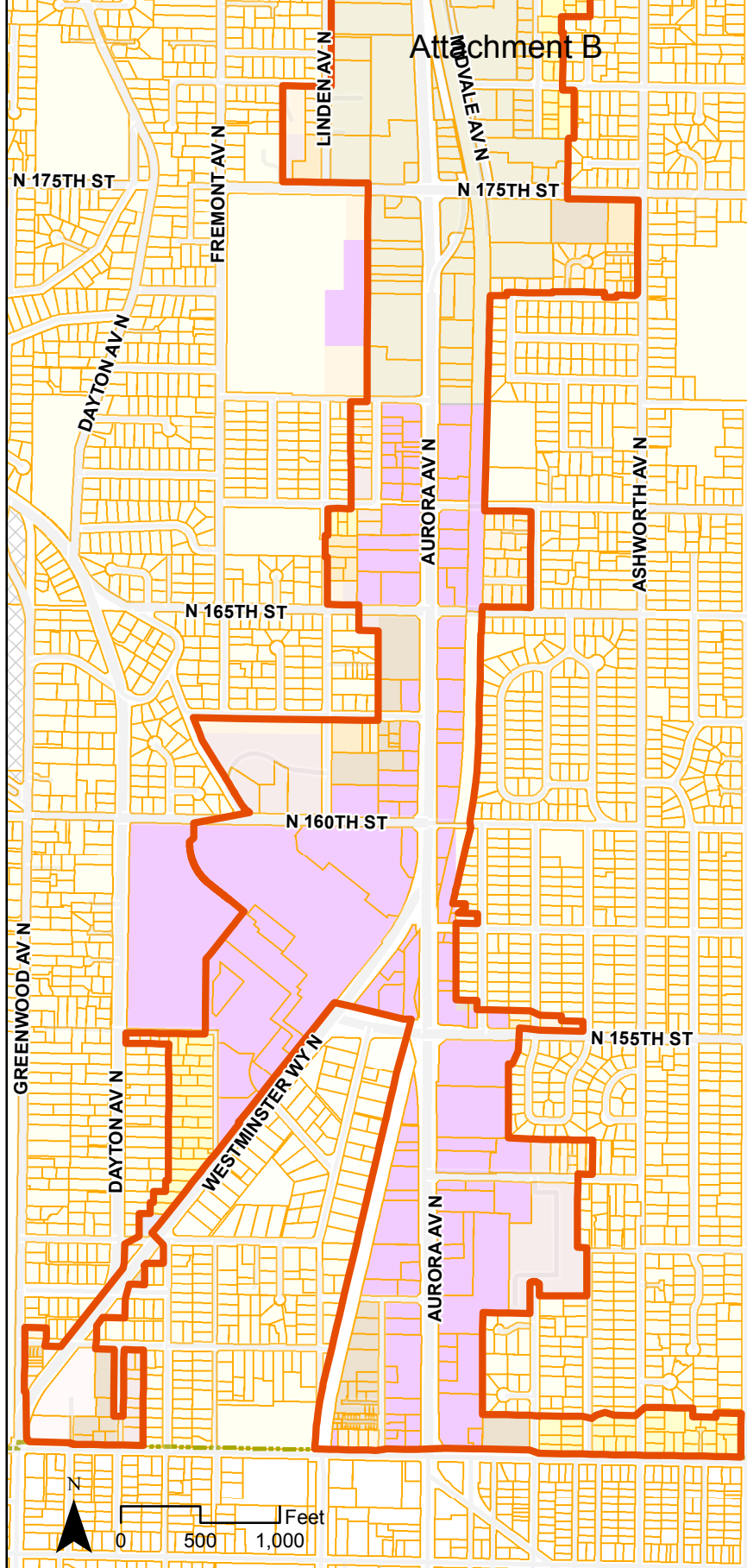
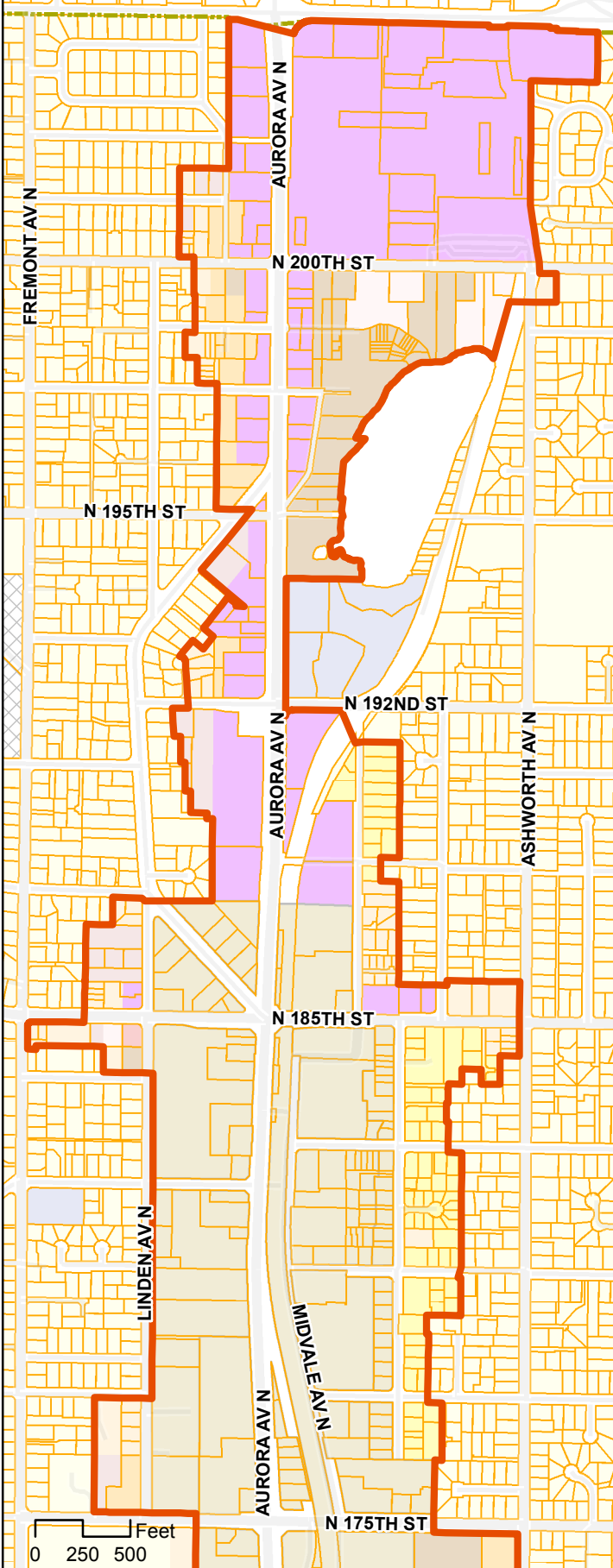
B. Cancellation – Conversion of use by Property Owner

1. If the property owner intends to convert the multifamily housing to another use or to discontinue compliance with the affordable housing requires described in RCW 84.14.020, the owner must notify, in writing, the city manager and the county assessor within sixty (60) days of the change in use or intended discontinuance. Upon such change

in use or intended discontinuance, the tax exemption shall be cancelled and additional taxes, interest, and penalties imposed pursuant to RCW 84.14.110.

C. Appeal.

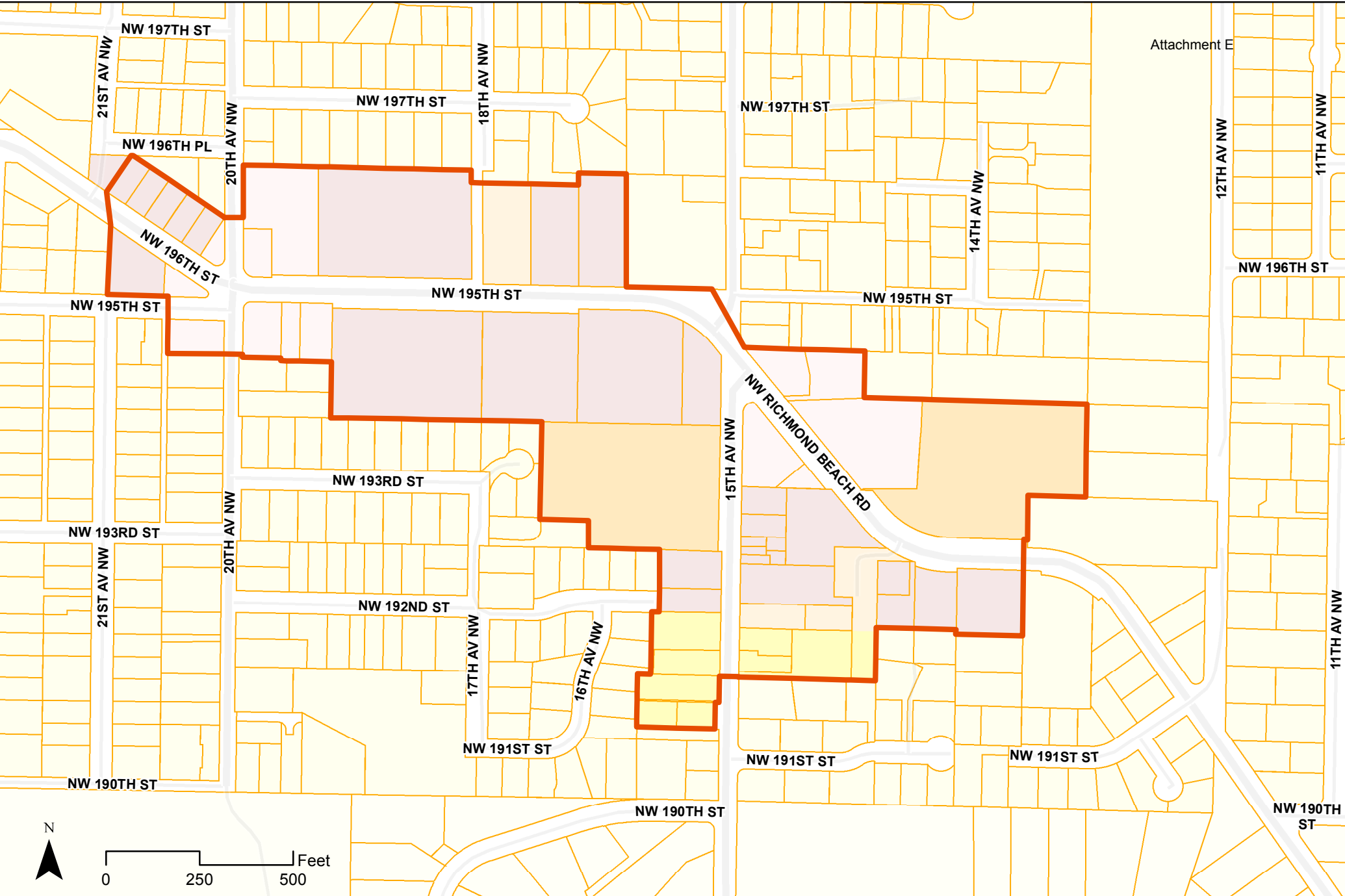
1. The property owner may appeal the cancellation determination to the city council by filing an appeal with the city clerk within thirty days of the issuance date of the notice of cancellation and paying any applicable fee.
2. The appeal must specify the factual and legal basis on which the determination of cancellation is alleged to be erroneous.
3. At the hearing, all affected parties must be heard and all competent evidence received.
4. The city council must affirm, modify, or repeal the decision of cancellation based on the evidence presented.
5. An aggrieved party may appeal the city council's decision to the superior court under RCW 34.05.510 through 34.05.598.



Multifamily Property Tax Exemption Area
Aurora Ave N Corridor

-  Multifamily Property Tax Exemption Area
-  City Limit



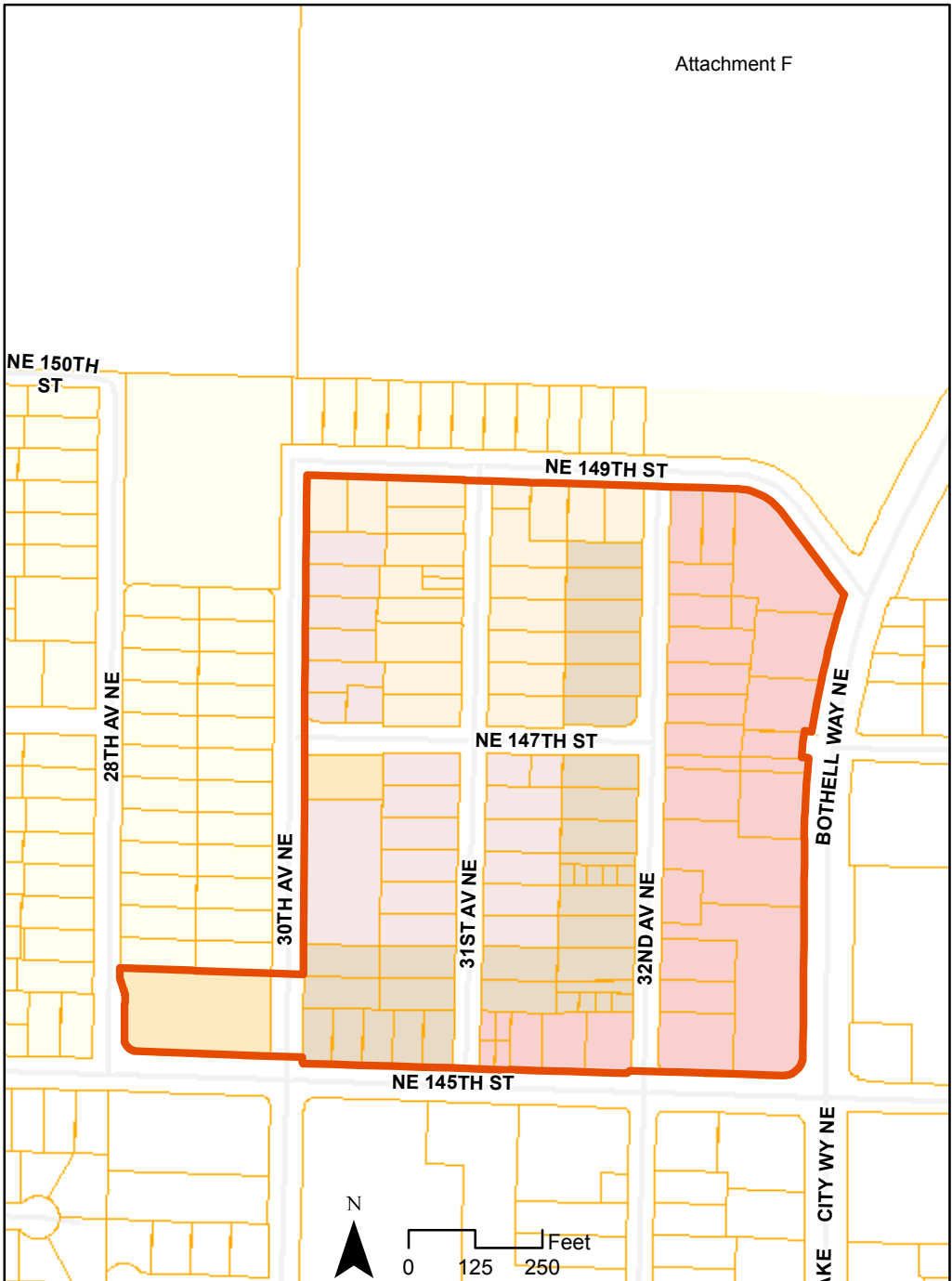
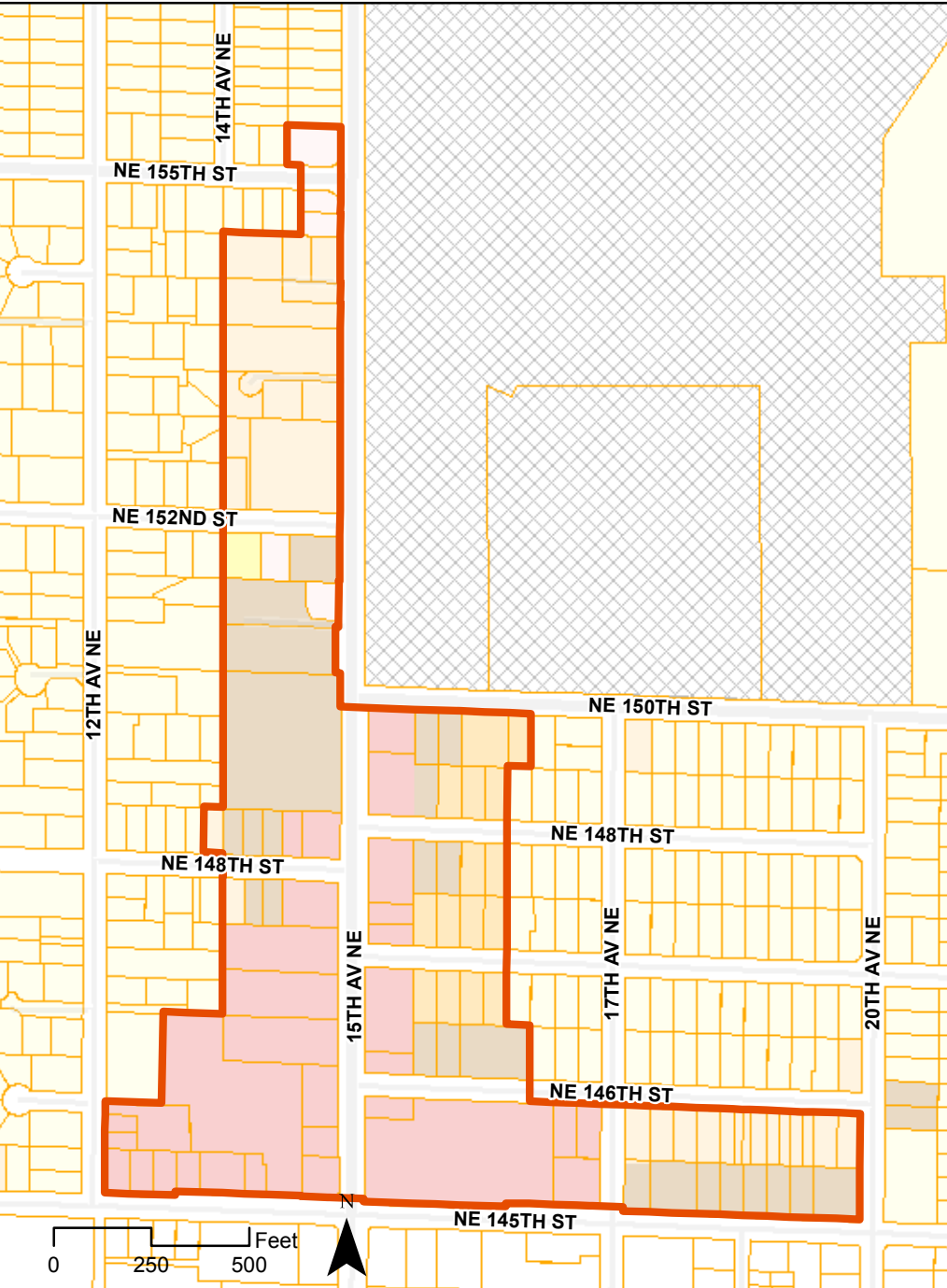


Multifamily Property Tax
Exemption Area
Richmond Beach Commercial Area

8h-28

 Multifamily
Property Tax
Exemption Area



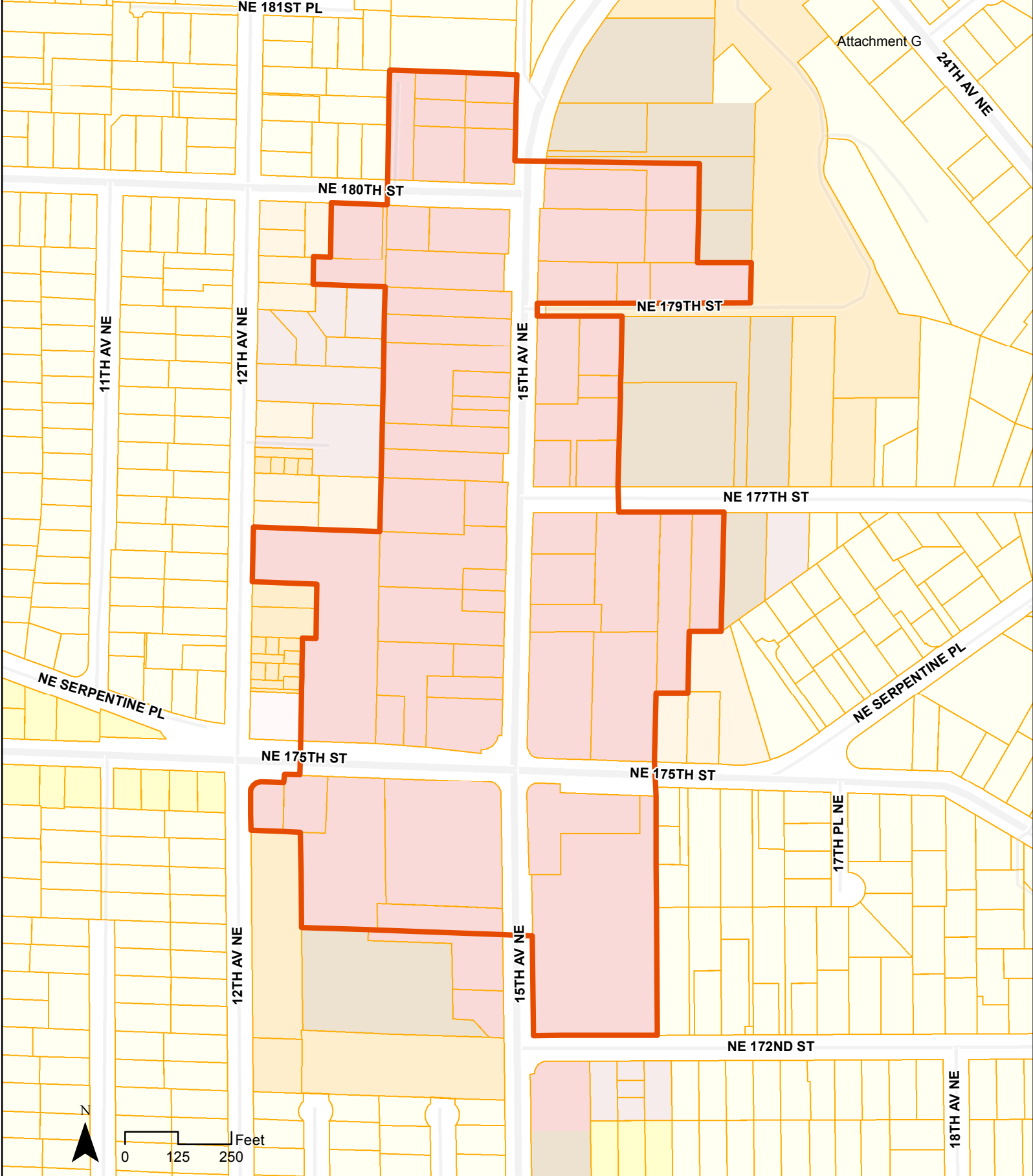


Multifamily Property Tax Exemption Area
**Southeast Neighborhoods
 Commercial Area**

8b-29

 Multifamily
Property Tax
Exemption Area





Attachment G

24TH AV NE

NE 180TH ST

NE 179TH ST

NE 177TH ST

NE SERPENTINE PL

NE SERPENTINE PL

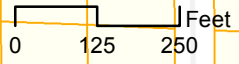
NE 175TH ST

NE 175TH ST

17TH PL NE

NE 172ND ST

18TH AV NE

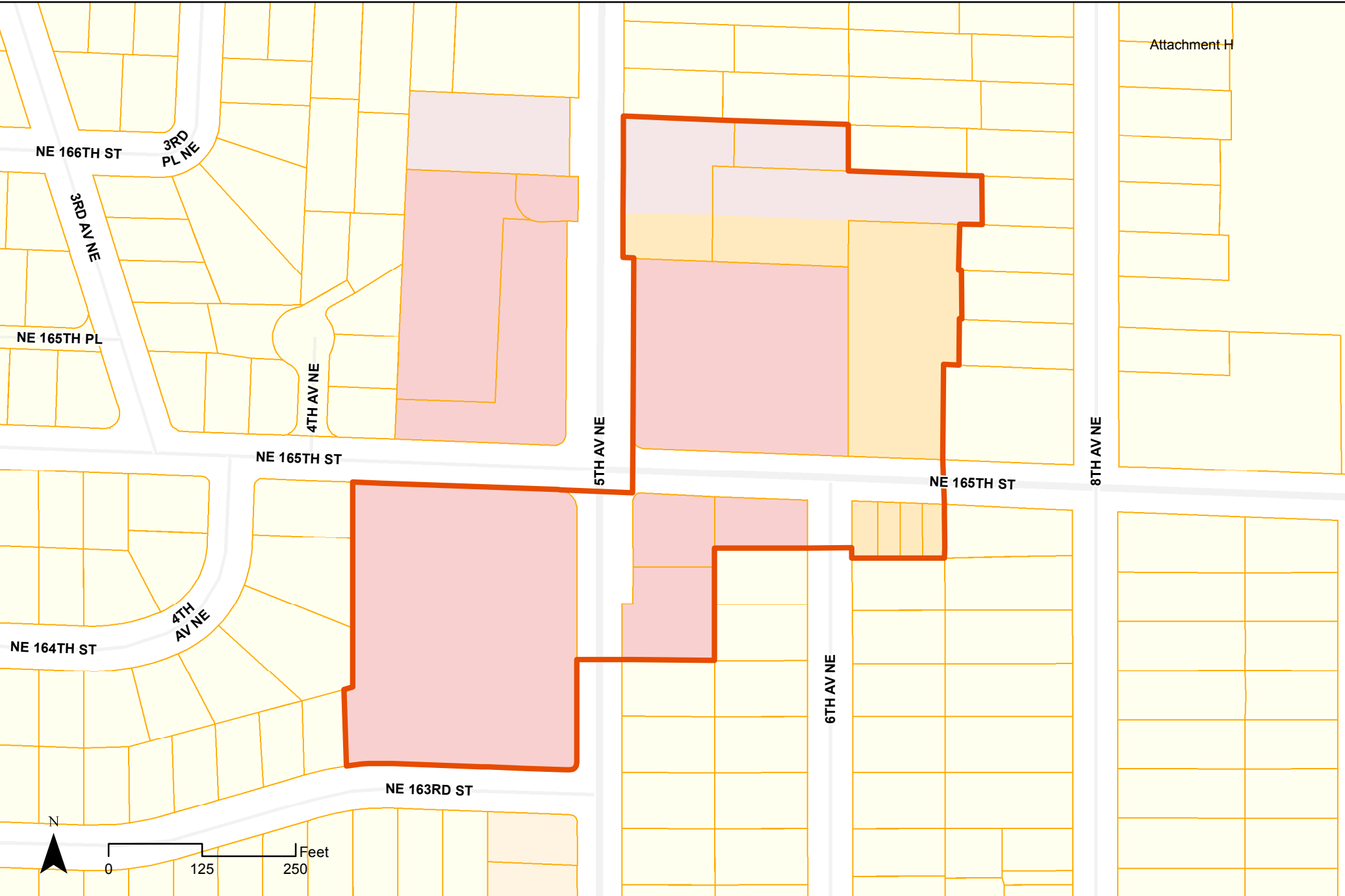


Multifamily Property Tax Exemption Area

North City Business District 00-30

 Multifamily Property Tax Exemption Area





Multifamily Property Tax Exemption Area

Ridgecrest Commercial Area 8b-31

 Multifamily Property Tax Exemption Area



GENERAL PROPERTY TAX EXEMPTION APPLICATION STEPS – SMC 3.27.040 to 3.27.090

Task	Responsible Party	Existing SMC	Deadline	Amendment to SMC	Non-Codified Ordinances
1. PTE Application w/ fees submitted to P&CD Fees: Min. Deposit of 3x currently hourly rate for land use permits <i>and</i> KC Assessor's fee for administering PTE Program	Property Owner/Applicant	3.27.040		Move the payment of KC Assessor fee to final certificate application.	Ord. 520 (North City) says 3x hourly but specifically deleted require KC fee
2. Conditional Certificate - Development Project Application must be deemed complete before PTE Application may be certified	Econ. Development Manager	3.27.050(A)		ISSUE: No deadline for filing the PTE Application in current SMC. Should it be in conjunction with project application or some time period prior to issuance of project permit(s)? →deadline for filing is before 1 st building permit issued. Ensure application requirements match the RCW.	
3. Decision to Approve or Deny Conditional Certification <i>Approved</i> - CM enters findings consistent w/ RCW 84.14.060 <i>Denied</i> - CM enters written reasons and sends notice to applicant; appeal to Hearing Examiner	City Manager	3.27.050(A) 3.27.050(E)	90 days of receipt of a complete application Notice of denial w/in 10 days of denial Appeal to Hearing Examiner or City Council w/in 30 days of receipt of denial	ISSUE: Deadline for decision is based on a "complete application" but is it for the complete development permit application or the PTE Application →draft for complete PTE application. RCW 84.14.070(1) says city must issue decision w/in 90 days after receipt of the application – this would mean the PTE application →Draft so that 90 days w/in	Note: Ord. 520 (North City) expressly deleted HE appeal

				<p>receipt of complete tax exempt application</p> <p>ISSUE: SMC 3.27.050(A) says appeal of denial is to City Council; SMC 3.27.050(E) says appeal of denial is the Hearing Examiner</p> <p>RCW 84.14.070(4) states the appeal is to the “governing authority”. RCW 84.14.010(5) defines the governing authority as the local legislative body →Appeal must be to city council within 30 days</p>	
4. <i>If approved</i> , contract between applicant and city is executed by applicant and CM	City Manager (subject to City Council Authorization)	SMC 3.27.050(B)		Draft so that Contract must be recorded by applicant/property owner w/in 10 days	
5. Once contract executed, prepare Conditional Certificate	City Manager/Econ Development			Draft code to ensure contract is executed <i>before</i> conditional cert issue.	
6. Issuance of Conditional Certificate - <i>expires</i> 3 years from date of approval unless extension granted	City Manager	SMC 3.27.050(C)		<p>ISSUE: Expiration based on date of approval of application</p> <p>The terms of PTE contracts (eg Arabella and Polaris) have the City issuing certificate upon execution and that completion of the project is needed to be w/in 3 days for date of issuance or w/in any extension</p> <p>Conflicts – the 3 years is</p>	

				<p>based on two different dates</p> <p>RCW 84.14.030(4) states that project must be completed w/in 3 years from the date of approval of the application.; RCW is in conflict as well as in 84.14.090(3) – completion w/in 3 years of date of application or w/in authorize extension when looking at final certificate</p> <p>→Draft to provide that the date for starting 3 year count is date of issuance of the conditional certificate</p>	
<p>7. <i>Optional</i> – Extension of Certificate</p> <p>-Written request to extend</p> <p>-Max. Extension of 24 months</p> <p>-CM may grant only if all 3 criteria met</p>	City Manager	SMC 3.27.050(D)		→Draft to include a provision that CM’s decision on extension can be appealed t City Council	
<p>8. Upon completion of project, application for Final Certificate</p>	Applicant	SMC 3.27.060(A)		<p>→Ensure criteria for application match RCW</p> <p>→Require check payable to Assessor at time of application</p>	Ord. 520 (North City) it is at list point the KC Assessor admin fee is to be paid
<p>9. Review application for Final Certificate</p> <p>-ensure terms/conditions of contract meet and eligibility criteria including affordability</p>	Economic Dev. Manager	SMC 3.27.060(A)			
<p>10. Decision to Approve or Deny Final Certification</p> <p>-<i>Approved</i>: Final Certificate issued and filed with KC County Assessor</p> <p>-<i>Denied</i>: CM notifies applicant in writing with reason for denial</p>	City Manager	<p>SMC 3.27.060(B)</p> <p>SMC 3.27.070(A)</p> <p>SMC 3.27.070(B)</p>	<p>Decision required w/in 30 days of receipt of all required materials</p> <p>Filing w/ KC Assessor required w/in 40 days of application</p>	<p>ISSUE:</p> <p>SMC references appeal for denial but no pathway for appeal established – City Council or Hearing Examiner</p> <p>RCW 84.14.090(2) states that w/in 30 days of receipt</p>	Ord. 479 (North City) had an appeal to HE provided w/out time but deleted it

			<p>No express appeal is addressed</p>	<p>of statements required for a final certificate (set forth in .090(1))</p> <p>SMC 3.27.070(A) is missing one of the criteria in 84.14.090(1) – that affordable housing requires are meet, if applicable. Would need to add if both Affordable and Market rate</p> <p>RCW 84.14.090(6) states that the governing authority “may” provide for an appeal and that this appeal can be to the governing body, a hearing examiner, or any other authorized appeal officer. If we don’t provide, then this same provision states that appeal is to court w/in 30 days. If we do provide, appeal decision is also to court w/in 30 days.</p> <p>→Ensure SMC matches RCW requirements →Provide for appeal to city council. (this ensures all of the appeals in the PTE program go to City Council – uniformed.</p>	
<p>11. <i>If approved</i>, City files Final Certificate with King County Assessor</p>	<p>City Manager/Economic Dev. Manager</p>	<p>SMC 3.27.070(A)</p>	<p>Filing w/ KC Assessor required w/in 40 days of application</p>	<p>ISSUE: Decision required w/in 30 days of “complete application” but filing w/ Assessor is w/in 40 days of application, not complete application, just application</p>	

				RCW 84.14.090(3) requires filing w/in 10 days of the expiration of the 30 day period in .090(2) – that is 30 days after receipt of statements required by .090(1) →mirror RCW language	
12. Annual Compliance -notarized declaration indicating criteria in 3.27.080(A)(1)-(3) -written report w/ information sufficient to complete City’s report to Dept. of Commerce Failure to submit declaration and report may result in cancellation of PTE	Property Owner	SMC 3.27.080(A) – notarized declaration SMC 3.27.080(B) – written report SMC 3.27.080(C)	w/in 30 days of 1 st anniversary of filing date of Final Certificate and each year therefore for a period of 5 years By Dec 15 of each year, beginning w/ 1 st year Final Certificate is file and for a period of 5 years	ISSUE: 5 years is based on the fact that SMC 3.27 is currently only offering a 5 year program; amendment needed to ensure requirement is for the full term of the exemption RCW 84.14.100(1) uses “each year for the tax exemption period” Our criteria must mirror .100(1)(a)-(d) →don’t denote # of years	
13. Annual Compliance -written report due Dept. of Commerce w/ all required information as provide in SMC 3.27.080(D)(1)-(7)	Economic Dev. Manager	SMC 3.27.080(D)	By Dec 31 st of each year	SMC 3.27.080(D) lists components of the report that mirror RCW 84.14.100(2)(a)-(g) EXCEPT that we have added “If Available” to .100(2)(f) – see .080(D)(6)	
14. Cancellation of PTE – City Determination -any time during exemption period CM determines the owner/project has not or does not comply with terms of contract or SMC 3.27; or for any reason no longer qualifies for PTE -shall be cancelled and taxes/interest/penalties may be	City Manager	SMC 3.27.090(A)		ISSUE: No timeline for providing notification of cancellation or for appeal of cancellation RCW 84.14.110(2) states	Ord. 520 (North city) provides for appeal of cancellation to Hearing examiner w/in 30 days

<p><i>imposed</i> <i>-If cancelled, CM shall notify owner by certified mail; owner may appeal to Hearing Examiner</i></p>				<p>that “upon a determination” the city must notify the record owner.</p> <p>Interestingly, unlike the 60 days a property owner has to notify KC Assessor (84.14.110(1)), there is no timeline for City to notify the Assessor nor, even given notice to the Assessor</p> <p>RCW 84.14.110(2) also states that the owner may appeal w/in 30 days by filing an appeal. It goes on to state that the deciding body must either affirm, modify, or repeal the decision and that an aggrieved party can appeal to court.</p>	
<p>15. Cancellation PTE – Change in use by Owner <i>-upon change in use, PTE shall be cancelled and taxes/interest/penalties imposed</i></p>	<p>Property Owner</p>	<p>SMC 3.27.090(A)</p>	<p>Notify CM and KC Assessor w/in 60 days of change in use</p>		

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Ordinance No. 704, Amendments to Shoreline Municipal Code Chapter 3.01 - Fee Schedule
DEPARTMENT:	City Attorney's Office
PRESENTED BY:	Julie Ainsworth-Taylor, Asst. City Attorney
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:

On November 24, 2014, the City Council adopted the 2015 Annual Budget with the passage of Ordinance No. 699. Included in this adoption was the repeal and replacement of Shoreline Municipal Code (SMC) Chapter 3.01, Fee Schedule, to reflect changes to the fees being charged for City services in 2015. Subsequent to the passage of Ordinance No. 699, several clerical errors or inadvertent omissions were discovered. Proposed Ordinance No. 704 provides for the necessary corrections for these errors and omissions.

FINANCIAL IMPACT:

There is no financial impact in adopting proposed Ordinance No. 704

RECOMMENDATION

No action is required by the City Council. This meeting will provide an opportunity for Council to ask specific questions and provide staff direction. Adoption of proposed Ordinance No. 704 is scheduled for February 9, 2015.

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

BACKGROUND

On November 24, 2014, the City Council adopted the 2015 Budget with the passage of Ordinance No. 699. Included in this action was the repeal, in its entirety, of SMC Chapter 3.01, Fee Schedule, and the replacement of the SMC provision with new fees for 2015. Subsequent to the passage of Ordinance No. 699, several clerical errors and inadvertent omissions were discovered. Action is now required by the City Council to amend SMC Chapter 3.01 to correct these errors and omissions.

DISCUSSION

SMC 3.01.015(B) Administrative Fees needs to be amended to include provisions that were inadvertently omitted. SMC 3.01.015(B) was adopted on July 21, 2014 with the passage of Ordinance No. 690. At the time of its adoption, SMC 3.01.015(B) included text denoting not only the amount of administrative fees but also text stating that these fees were non-refundable, that they could not be credited against impact fees, and when the fees were to be paid. Despite the fact that both Ordinance No. 690 and Ordinance No. 699 became effective on the same day – January 1, 2015 – the later enacted ordinance controlled the language of SMC 3.01.015(B). Ordinance No. 699 inadvertently contained only the fee structure and not the textual language as to the application and collection of these fees. Proposed Ordinance No. 704 amends SMC 3.01.015(B) to include the necessary language.

SMC 3.01.400 Surface Water Management Rate Table needs to be amended to correct a clerical rounding error related to the minimum rate. This rounding error was only \$0.01, resulting in a corrected minimum rate for the 2015 Annual Service Charge of \$145.84 and a total (Fee + Utility Tax) of \$154.59. Proposed Ordinance No. 704 amends SMC 3.01.400 to correct this rounding error. There are currently no parcels classified in this category.

Lastly, Ordinance No. 699 failed to include three existing provisions of SMC 3.01 – SMC 3.01.800 Fee Waiver, SMC 3.01.810 Collection fees (financial), and SMC 3.01.820 Annual adjustments. All of these provisions have been part of SMC 3.01 for many years and provide the necessary authority to administer the Fee Schedule. Since Ordinance No. 699 repealed SMC 3.01 in its entirety, proposed Ordinance No. 704 is needed to bring back these inadvertently omitted provisions.

FINANCIAL IMPACT

There is no financial impact in adopting proposed Ordinance No. 704

RECOMMENDATION

No action is required by the City Council. This meeting is for discussion purposes only. Adoption of proposed Ordinance No. 704 is scheduled for February 9, 2015.

ATTACHMENT

Proposed Ordinance No. 704

ORDINANCE NO. 704

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING CHAPTER 3.01 FEE SCHEDULE, OF SHORELINE MUNICIPAL CODE TITLE 3 REVENUE AND FINANCE TO CORRECT INADVERTENT OMISSIONS AND CLERICAL ERRORS.

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 is required to adopt an annual budget; and

WHEREAS, on November 24, 2014, the City Council adopted Ordinance No. 699, approving the annual budget which included the repeal of the existing Shoreline Municipal Code (SMC) Chapter 3.01 *Fee Schedule* and adoption of a new Chapter 3.01 as set forth in Exhibit A to the Ordinance; and

WHEREAS, subsequent to the adoption, several inadvertent omissions and clerical errors were discovered in Exhibit A including that SMC 3.01.800 Fee Waiver, SMC 3.01.810 Collection Fees, and SMC 3.01.820 Annual Adjustments were inadvertently omitted in their entirety from Exhibit A; SMC 3.01.400(A) Surface Water Management Rate Table incorrectly stated the minimum rate; and SMC 3.01.015(B) Transportation Impact Fees Administrative Fees, failed to accurately reflect the administration of these fees; and

WHEREAS, a correction needs to be made to include the omitted provisions and to correct clerical errors;

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

Section 1. Amendment. Chapter 3.01 *Fee Schedule* of the Shoreline Municipal Code is amended as set forth below:

SMC 3.01.015 is amended as follows:

B. Administrative Fees		2015 Proposed Fee Schedule
1	Administrative Fee – All Applicable Projects	\$158.75
2	Administrative Fee – Impact Fee estimate/preliminary determination	Hourly rate, 1-hour minimum \$158.75
3	Administrative Fee – Independent fee calculation	Hourly rate, 1-hour minimum \$158.75
<u>All administrative fees are non-refundable.</u> <u>Administrative fees shall not be credited against the impact fee.</u> <u>Administrative fees applicable to all projects shall be paid at the time of building permit issuance.</u> <u>Administrative fees for impact fee estimates or preliminary determination shall be paid at the time the request is submitted to the City.</u> <u>Administrative fees for independent fee calculation shall be paid prior to issuance of the Director’s determination.</u>		

SMC 3.01.400 is amended as follows:

3.01.400 Surface Water Management Rate Table

Rate Category		Percent Impervious Surface	2015 Annual Service Charge	Per Unit	6% Utility Tax	Fee + Utility Tax
A. Rate Table						
1. Residential: Single-family home			\$145.84	Parcel	\$8.75	\$154.59
2. Very Light		Less than or equal to 10%	\$145.84	Parcel	\$8.75	\$154.59
3. Light		More than 10%, less than or equal to 20%	\$338.71	Acre	\$20.32	\$359.04
4. Moderate		More than 20%, less than or equal to 45%	\$699.75	Acre	\$41.99	\$741.74
5. Moderately Heavy		More than 45%, less than or equal to 65%	\$1,357.16	Acre	\$81.43	\$1,438.59
6. Heavy		More than 65%, less than or equal to 85%	\$1,719.38	Acre	\$103.16	\$1,822.54
7. Very Heavy		More than 85%, less than or equal to 100%	\$2,252.14	Acre	\$135.13	\$2,387.26
Minimum Rate			\$145.83 \$145.84		\$8.75	\$154.58 \$154.59

There are two types of service charges: The flat rate and the sliding rate.
 The flat rate service charge applies to single family homes and parcels with less than 10% impervious surface. The sliding rate service charge applies to all other properties in the service area. The sliding rate is calculated by measuring the amount of impervious surface on each parcel and multiplying the appropriate rate by total acreage.

SMC 3.01 is amended to include the following provisions:

3.01.800 Fee Waiver

The city manager or designee is authorized to waive use fees for right-of-way permits (SMC 3.01.010), facility use fees and concessionaire permits (SMC 3.01.030), and meeting rooms (SMC 3.01.032) as a city contribution toward events which serve the community and are consistent with adopted city programs. The city manager is authorized to designate collection points in the City Hall lobby, pool, or Spartan Recreation Center for any charitable organization without charge to be used for the donation of food or goods that will benefit Shoreline residents in need.

3.01.810 Collection Fees (Financial)

	<u>2015 Fee Schedule</u>
- <u>The maker of any check that is returned to the city due to insufficient funds or a closed account shall be assessed a collection fee</u>	<u>\$29.75</u>

3.01.820 Annual Adjustments

The fee schedules in this chapter shall be automatically updated on an annual basis on January 1st of each year by the Seattle Consumer Price Index for all urban consumers (CPI-U). The adjustment shall be calculated each year and included in the city manager's proposed budget. The annual adjustment shall be based on the CPI-U average for the period that includes the last six months of the previous budget year and the first six months of the current budget year. The city manager may choose to not include annual CPI-U adjustments in the city manager's proposed budget and the city council may choose to not include annual CPI-U adjustments in the adopted budget for select user fees in any individual budget year without impacting the full force of this section for subsequent budget years. The annual adjustments to the fees in this chapter shall be rounded to the nearest quarter-dollar.

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 FEBRUARY 9, 2015.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2015
Effective Date: , 2015