



REVISED AGENDA V.2

SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, August 3, 2015
5:45 p.m.

Conference Room 104 · Shoreline City Hall
17500 Midvale Avenue North

TOPIC/GUESTS: Council Operations

SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, August 3, 2015
7:00 p.m.

Council Chamber · Shoreline City Hall
17500 Midvale Avenue North

	<u>Page</u>	<u>Estimated</u> <u>Time</u>
1. CALL TO ORDER		7:00
2. FLAG SALUTE/ROLL CALL		
3. REPORT OF THE CITY MANAGER		
4. COUNCIL REPORTS		
5. PUBLIC COMMENT		
<i>Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. When representing the official position of a State registered non-profit organization or agency or a City-recognized organization, a speaker will be given 5 minutes and it will be recorded as the official position of that organization. Each organization shall have only one, five-minute presentation. Speakers are asked to sign up prior to the start of the Public Comment period. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed. If time remains, the Presiding Officer will call individuals wishing to speak to topics not listed on the agenda generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i>		
6. APPROVAL OF THE AGENDA		7:20
7. CONSENT CALENDAR		7:20
(a) Minutes of Business Meeting of June 8, 2015	<u>7a-1</u>	
(b) Adoption of Ord. No. 716 – Amendments to SMC 12.40 Transportation Impact Fees to address change of use in occupied and vacant structures	<u>7b-1</u>	
(c) Adoption of Ord. No. 718 – Amendments to SMC 12.40 Transportation Impact Fees to include deferral program for single family residential and Amending SMC 3.01 Fee Schedule to include administrative fee	<u>7c-1</u>	
(d) Adoption of Ord. No. 719 – Amendments to SMC 12.40 Transportation Impact Fees to include exemption for community- based human services agencies	<u>7d-1</u>	
(e) Adoption of Ord. No. 720 – Amendments to SMC 3.01.015	<u>7e-1</u>	

Transportation Impact Fees to include “Assisted Living” in Impact
Fee Rate Table

8. STUDY ITEMS

- | | | |
|--|-------------|------|
| (a) Discussion of Affordable Housing Permit Fee Waiver/Reduction | <u>8a-1</u> | 7:20 |
| (b) Sound Transit Light Rail Project and Planning Update | <u>8b-1</u> | 8:05 |

9. ADJOURNMENT

9:05

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

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, June 8, 2015
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Winstead, Deputy Mayor Eggen, Councilmembers McGlashan, Hall and Roberts (Councilmember Roberts arrived at 7:21 p.m.)

ABSENT: Councilmembers McConnell and Salomon

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 Councilmembers McConnell and Salomon.

Councilmember Hall moved to excuse Councilmembers McConnell and Salomon for personal reasons. The motion was seconded by Deputy Mayor Eggen and passed 4-0.

3. REPORT OF CITY MANAGER

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

4. COUNCIL REPORTS

Mayor Winstead recapped this evening's dinner meeting with King County Councilmember Rod Dembowski. She shared that the discussion included funding for Ronald Commons, the 145th Street Redevelopment, Metro and transit services, Veteran's Memorial funding, and a carpool van donation. She stated Councilmember Dembowski provided updates on the King County Youth Action Plan, Best Starts for Kids, and the Shoreline One Night Count.

Deputy Mayor Eggen reported attending the Seashore Transportation Forum held in Seattle, in conjunction with the Seattle Transportation Committee, and learning about Seattle projects. He shared that the SeaShore Committee approved writing a letter to urge Sound Transit to place a high capacity transit route on 522 and 523 to provide better transit access to the 145th Light Rail Station.

5. PUBLIC COMMENT

Dan Jacoby, Shoreline resident, recalled questioning the traffic mitigation plans in the Aurora Square Community Redevelopment Area (CRA) Draft Environmental Impact Statement. He expressed optimism about the possible gateway entrance on 160th included in the CRA Planned Action FEIS, and expressed concern with the apartments on the north side of 160th. He commented on possible construction on 157th Street from Aurora to Westminster, and suggested running an overpass over 157th to connect to south portions to avoid cutting through the Interurban Trail. He suggested “mixed use” or “office” space towards the rear and west side of the area. He recommended adding an art center to bring people to Shoreline to increase revenue and add jobs, and looking at other things that will make it a beautiful place to go.

Janet Way, Shoreline Preservation Society, stated they are in favor of improving Aurora Square and making it more vibrant. She expressed concern about the CRA Environmental Impact Statement impacts to alternatives. She commented that increased traffic and more impervious surface will lead to more stormwater runoffs. She cited consequences of the lack of good onsite stormwater detention. She suggested retrofitting the site to benefit Boeing Creek and onsite infiltration and detention. She talked about the impacts to Schools and parks, the property tax exemption provision, and asked who is going to pay for everything highlighted in the EIS. She asked why the Westminster Triangle was left of the Draft EIS. She asked to be a party of record with legal standing for the Shoreline Preservation Society. She then brought attention to a letter circulating in the Community encouraging people to sell property and stated that it preys on poor people affected by the rezone. She submitted the letter for the record.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Hall, seconded by Councilmember McGlashan and unanimously carried, 4-0, the following Consent Calendar items were approved:

- (a) Minutes of Business Meeting of April 6, 2015, Minutes of Business Meeting of April 13, 2015, and Minutes of Special Meeting of May 11, 2015**
- (b) Approval of expenses and payroll as of May 22, 2015 in the amount of \$4,954,544.45**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
4/12/15-4/25/15	5/1/2015	60095-60894	13791-13809	59922-59927	\$443,445.11
4/26/15-5/9/15	5/15/2015	60895-61096	13810-13833	60092-60097	\$443,075.02
					<u>\$886,520.13</u>

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
4/28/2015	1093	\$2,962.77
		<u>\$2,962.77</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
4/21/2015	59797	59797	\$34,217.46
4/23/2015	59798	59800	\$39,511.54
4/23/2015	59801	59825	\$867,189.14
4/24/2015	59826	59863	\$161,717.16
4/28/2015	59864	59864	\$54.00
4/30/2015	59865	59883	\$38,860.27
4/30/2015	59884	59894	\$57,241.79
4/30/2015	59895	59921	\$61,399.60
5/1/2015	59928	59931	\$23,541.85
5/5/2015	59932	59932	\$1,003.16
5/7/2015	59933	59933	\$54.00
5/13/2015	59934	59934	\$2,071.66
5/14/2015	59935	59956	\$1,864,668.13
5/14/2015	59957	58878	\$158,868.11
5/14/2015	59979	59994	\$20,039.04
5/15/2015	59995	60021	\$92,387.16
5/15/2015	60022	60030	\$3,175.63
5/19/2015	60031	60031	\$54.00
5/20/2015	60032	60033	\$66,541.38
5/20/2015	60034	60034	\$2,721.69
5/21/2015	60035	60058	\$171,348.40
5/21/2015	60059	60064	\$15,554.31
5/21/2015	60065	60084	\$381,149.97
5/21/2015	60085	60091	\$1,692.10
			<u>\$4,065,061.55</u>

8. STUDY ITEMS

- (a) Discussion Ord. No. 705 - Aurora Square CRA Planned Action FEIS and Ord. No. 712 Amending SMC 20.50 Subchapter 8 – Signs

Dan Eernisse, Economic Development Manager, introduced the topic and reviewed the reasons for a Planned Action are to have a more comprehensive environmental review, advocate for area-wide improvements, increase likelihood of investments, and allow the City to shape improvements. He reviewed the City's process for the Aurora Square CRA Draft Environmental Impact Statement and cited that the three growth alternatives studied were 1) no growth; 2) 500 units + 250,000 square feet commercial; 3) 1,000 units + 500,000 square feet commercial. He

stated the Planning Commission unanimously recommended adoption of the Planned Action with Alternative 3 and to amend the sign code as proposed. He identified the three key areas studied in the EIS as transportation; light, noise, and glare; and stormwater management. He noted that lack of connectivity, Westminster Way division of the Center, and the lack of connection to Shoreline Community College as transportation related reasons hindering renewal. He added that any new growth with Aurora Square's current configuration will make traffic on Westminster and 155th Street worse. He shared the EIS findings revealed that the overall road system can handle growth and that custom frontage projects helps renewal. He said that projects should be prioritized, and then reviewed a proposed priority project list.

Councilmembers expressed desire for a pedestrian friendly area and preference for one access point from Aurora. They asked about creating a pedestrian and bicycle plaza at the upper level of the site, and a safe bicycle path connection near 160th Street. Michael Lapham, KGB Consultant, responded that they are considering a dedicated cycle track along the backside of Aurora connecting to 160th, a roundabout, and other options for bicycles.

Councilmembers asked when the Comprehensive Study will be completed, about potential changes to the intersection at Aurora and 155th, if roundabouts can be used, and curb alterations to accommodate trucks. They discussed removing the Westminster slip lane and asked if making that an access point has been considered. Kendra Dedinsky, City Traffic Engineer Manager, responded that the current intersection would accommodate trucks and provided other traffic options for trucks. She stated that the comprehensive study is expected to be completed within the year. She explained slip lanes help to relieve congestion and make 155th Street and Aurora operate better. She added that the City can study making it an access point, but said it can be challenged by the private property owner.

Councilmembers asked if the two existing permits received by the Permit Department are included in the 1,000 unit count of the Planned Action. Lisa Grueter, BERK DEIS Consultant, responded that they are part of the total Planned Action units, and explained a provision that allows developers to move between bank of units and bank of trip categories. Mr. Eernisse added that the Planned Action would not have to be reopened for small changes.

Councilmembers commented that the City is on the right track keeping a Westminster turn off, cautioned against using two trails across the bridge, recommended using traffic calming measures in the basic design, and shared that the City's primary goals are safety and accessibility.

Mr. Eernisse stated that light, glare, and noise were studied in the DEIS. He explained how the proposed CRA Sign Code Section will serve to unite the CRA, provide signage to support dining and entertainment, and overcome sightline blockage. He provided signage examples and proposed using common signage for businesses.

Councilmembers offered support for unified signage and branding, and discussed electronic signage, timing of messages, and stated that signs need to be useful but not distracting. They questioned if the Washington State Department of Transportation would allow electronic signage on a road they control. They discussed the interpretation of the Sign Code regarding electronic

message signs, asked where the signs will be placed, questioned if there is an agreement among the businesses, and mentioned Shoreline Community College's request for signage on Aurora.

Mr. Eernisse explained the sign code regulation allowances and pointed out where signs would be placed. He explained that the current Covenant Condition & Restrictions would need to be amended to address signage. He suggested implementing a Business Improvement District that could be as a mechanism to pay for signage and legislates how it functions. He explained that anchor tenants will be on the monument sign and smaller businesses would be advertised by electronic messaging.

Mr. Eernisse stated that Stormwater Management was studied in the DEIS, noted it is an enormous cost for development, and questioned if onsite costs can be reduced. He explained that stormwater detention is the greatest detriment to redevelopment because of cost. He presented the idea of creating a regional detention system in collaboration with SCC. He explained that building a regional stormwater detention facility will provide stormwater management and dramatically reduce cost.

Councilmembers discussed the use of detention ponds, daylighting the creek, and utilizing rain gardens. They provided the Northgate parking lot as an example of rain garden utilization. They expressed concern about sedimentation issues, dredging costs, and requested that additional information and cost options be provided. They asked if a developer would perform on-site mitigation to improve water quality. Mr. Eernisse responded that the stormwater management would only address detention and water quality management would have to be performed onsite.

At 8:43 p.m., Mayor Winstead called for a recess, and at 8:46 p.m. she reconvened the meeting.

(b) Discussion of the Capital Improvement Plan

Tricia Juhnke, City Engineer, reviewed the Capital Improvement Plan's (CIP) development process, schedule, recent accomplishments, and provided an update of current projects. She reviewed the General Capital, Facilities Major Maintenance, Surface Water Utility, Road Capital, and General Fund Contributions funds approved in the 2015-2020 CIP. She explained that other issues are the Aurora Square Community Renewal Area, Road Vacation Funds, and Project Delivery and Resources. She asked for Council's direction in the development of the 2016-2021 CIP. She reviewed next steps in the process and stated the 2016-2021 CIP discussion will continued at the August 17, 2015 City Council Meeting.

Councilmembers discussed the need for assessment of equipment and restrooms, and emphasized that bathrooms are an important elements to public parks. They asked how restrooms and play equipment replacement fit in the Parks, Recreation and Open Space (PROS) Plan, and if project priorities currently scheduled in the Parks Master Plan would be changed. They commented on the replacement of lights at Twin Ponds Park and support taking advantage of grant opportunities to fund the project.

Ms. Juhnke responded that the PROS Plan did not look at restrooms and equipment, but shared that this project is in line with the City's Asset Management initiative to identify the lifecycle of

investments, priorities for replacements, and risk. She explained that priorities will be reviewed during the PROS Plan update.

Ms. Juhnke reviewed the Facilities Major Maintenance Fund and the Surface Water Utility Fund. She communicated that it is an enterprise fund and explained staff's desire to update the Surface Water Master Plan, prioritize basin plan projects, and look at a rate structure to fund the projects.

Councilmembers expressed caution about bonding against utilities, questioned if it is possible to predict the stability of the fund over time, and asked for a status update on the basin plans. Ms. Juhnke explained why bonding is used and added they can plan for bonds based on a consistent revenue source. She stated they are finishing up the Ballinger Creek/Lyons Creek/McAleer Creek Area study, and will be starting the Puget Sound Basin Area study and conducting pipe condition assessments.

A discussion ensued on surface water rates and Council's previous decision to raise utility rates to ensure payment of bonds. They expressed concern over the amount of money spent on updating the plans, and pointed out that the Boeing Creek Basin Plan did not mention the idea of a detention facility. Ms. Juhnke explained the assumptions used on the Boeing Creek Plan and that development would be responsible for using the code regulations which can become cost prohibiting.

Ms. Juhnke reviewed the Roads Capital Fund, identified existing sidewalks in need of maintenance and restoration, and said that funding is also needed to update the Transportation Master Plan. She then reviewed funding options and explained the need for a long term funding strategy for sidewalks.

Councilmembers discussed the inadequacy of current sidewalks, and commented that maintaining current sidewalks is more important than adding new sidewalks. Ms. Juhnke responded that typically new sidewalks are funded by grants and suggested focusing on improving arterial corridors and bus route sidewalks.

Councilmembers requested more information identifying sidewalks in need of maintenance and the locations for the new sidewalks. They asked staff to bring back a visual image identifying the "40 blocks of sidewalk" referenced in the staff report. They talked about the need for voters to be informed of the sidewalk projects if the Transportation Benefit District is proposing fee increases. They asked for a better clarification of the term "maintenance" and asked if it includes the removal and replacement of trees. They offered support for the removal of poles and fire hydrants from sidewalks to make them safe and passable, and recommended a future discussion on how to generate funds for new sidewalks needed in the City.

Ms. Juhnke responded that trees are causing a lot of the damage and that they are having a conversation with Parks to address this issue. Debbie Tarry, City Manager, explained that a robust long term new sidewalk and maintenance program will require a dedicated funding source.

Ms. Juhnke reviewed non-fund specific issues are Aurora Square Community Renewal Area, Road Vacation Funds, and Project Delivery and Resources.

Councilmembers asked why an off-site stormwater facility study is being funded by the General Fund. They recommended looking for a clearer connection to a project that will benefit the utility. They asked about cost recovery options and suggested waiting to see if SCC agrees to a partnership for a regional detention system before spending funds. Ms. Juhnke confirmed that general funds would be used because it is an economic development project.

Councilmembers asked about staffing levels for the Aurora Corridor project. Ms. Tarry explained that initially it was a full time position but when it was vacated, a consultant was hired to fill that role.

Councilmembers requested more information before making a decision on spending road vacation funds, and shared the importance of acquiring open space and holding these funds to purchase it. They stated that more information on alternatives is needed. They agreed that using consultants is appropriate for short falls of work; but stated that the City should not get into a permanent cycle of using consultants as ongoing staff replacements.

Ms. Juhnke reviewed general fund contribution priorities. A discussion ensued on the current policy regarding the grant match program. Ms. Tarry explained the grant matching process.

Ms. Juhnke reviewed next steps and shared that she will incorporate Council recommendations into the CIP for further discussion at the August 17, 2015 Council Meeting.

9. ADJOURNMENT

At 9:55 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No.'s 716, 718, 719 and 720 - Transportation Impact Fee Amendments
DEPARTMENT:	City Attorney's Office
PRESENTED BY:	Julie Ainsworth-Taylor
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

On July 21, 2014, the City Council adopted Ordinance No. 690, establishing a transportation impact fee program for the City of Shoreline. This program became effective January 1, 2015. Some minor amendments to the program are needed to respond to a few administrative items that have arisen since the effective date, the potential inclusion of a new public purpose exemption, and the inclusion of a single family residential deferral program mandated by a newly enacted state law. The four (4) amendments, each addressing a unique subject, were discussed by Council on July 13, and Council provided direction to bring these four ordinances back for adoption. The amendments are attached to this staff report as proposed Ordinance No.'s 716, 718, 719, and 720 (Attachments A-D).

RESOURCE/FINANCIAL IMPACT:

In regards to deferral program and exemption, the impact on resources and finances will be in direct relationship to the volume of exemptions and deferrals sought. Staff will need to administer and manage the deferral program. Other City funds will be needed to cover impact fees exempted for public purposes, but given the limited application of the proposed exemption, financial impact should be minimal. Financial impacts can be estimated for the statutorily-mandated single family deferral program based on the current volume of permits for single family construction (\$361,881.70 per year on average).

Revenue is not lost under the deferral program; just delayed. The Community-Based Services exemption will eliminate Hopelink's impact fee of \$26,158.44 for its proposed facility. Removal of the vacancy provision and its retrospective application will result in refunds of fees already paid of almost \$88,000 (Swedish Medical and Edward Jones). The vacancy provisions and the addition of a rate for assisted living will result in adjustments to calculations when building permits are issued for pending applications.

RECOMMENDATION

Staff recommends that Council move adoption of Ordinance No. 716, Ordinance No. 718, Ordinance No. 719, and Ordinance No. 720.

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

BACKGROUND

On July 21, 2014, the City Council adopted Ordinance No. 690, establishing a transportation impact fee program. This program became effective January 1, 2015. With the adoption of Ordinance No. 690, Shoreline Municipal Code (SMC) Chapter 12.40 Transportation Impact Fees (TIF) was established, and Section 3.01.015 Impact Fee Rate Table was added to Title 3 of the SMC.

Some minor amendments in response to a few administrative items that have arisen are needed for SMC 12.40 and SMC 3.01.015, along with the potential inclusion of another public purpose exemption in addition to the low-income housing exemption, and a single-family residential deferral program mandated by a newly enacted state law.

Since each of the proposed amendments has a unique subject matter, separate ordinances were presented to Council for discussion on July 13, 2015. The Staff Report for this discussion can be found at:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2015/staffreport071315-9b.pdf>.

DISCUSSION

During the July 13 study session, Council directed staff to bring back four of the five ordinances that were initially proposed for adoption. The ordinance pertaining to a small business deferral program (proposed Ordinance No. 717) was deferred for further study and discussion. Council did not direct staff to make any changes to the four ordinances being presented to the Council at this time. The ordinances attached here for adoption, proposed Ordinance Nos. 716, 718, 719 and 720 (Attachments A-D), are explained below in greater detail:

Proposed Ordinance 716 – Change of Use and Vacancy Requirements

SMC 12.40.050(B) states that if a building permit application for a change of use is submitted, that the applicable fee is calculated based on the proposed land use less any impact fee paid for the immediately preceding use. If no impact fee was paid, then the fee for the preceding use is determined based on the current fee for that use. For example, if the Key Bank at N 175th Street and Aurora Avenue N (across the street from City Hall) closed and Starbucks sought to open a new store in that building, the impact fee would be the current rate for a coffee shop less the current rate for a bank. However, SMC 12.40.050(B) modifies this methodology for structures that have been vacant for more than twelve (12) months. In that situation, no offsetting credit is granted, the full impact fee must be paid.

Staff reviewed the provisions of other jurisdictions and found most did not address vacancy at all and of those that did, they had a much longer vacancy requirement. The City of Redmond requires a structure to be vacant for a period of three (3) years before it loses any right to a credit for the preceding use (RMC 3.10.130(5)), Pierce County sets five (5) years as the required vacancy period (PCC 4A.10.010(B)), and the City of Des Moines sets ten (10) years as the required vacancy period (DMMC 12.40.100(8)).

Staff believes the twelve (12) month vacancy limitation creates a disincentive for the redevelopment of existing structures. The language proposed by staff in proposed Ordinance No. 716 eliminates the vacancy language in its entirety. In addition, it makes clear to an applicant that a credit is not applied if the resulting calculation of impact fees is a negative number.

As noted below, at the July 13 study session, Council directed staff to provide retroactive language in this ordinance so that applicants who were subject to the vacancy provision could benefit for this amendment.

Proposed Ordinance 718 – Single Family Deferral Program

In April 2015, the Washington State Legislature adopted ESB 5923. With this bill, the Legislature amended RCW 82.02.050, mandating that cities enact a payment deferral program for the collection of impact fees for single-family detached and attached residential construction. The deferral program being presented to Council allows for the payment of impact fees to be delayed from the time of building permit issuance, the current point of collection, until final inspection of the residence or 18 months from building permit issuance, whichever occurs first. This program is similar to the one presented to the City by the Master Builders' Association when Ordinance No. 690 was originally being considered.

The proposed amendment would add a new section to SMC 12.40.060 to establish this statutorily mandated single-family residential deferral program.

While ESB 5923 delineates the mandatory requirements of the program, the Legislature did give the City flexibility as to the time of collection – final inspection, certificate of occupancy, or time of closing of first sale. The only limitation on this flexibility is that deferral may not be in excess of 18 months from the date of building permit issuance. For ease of administration, the City's Planning and Community Development Department has selected "final inspection" as the time of collection for this deferral program.

While the Legislature requires the City to have the deferral program, the program is optional for a developer. If a developer would like to receive a deferral, the developer must make the request no later than the time of application for a building permit. If the developer fails to make such a request, deferral is deemed waived. This is consistent with optional exemptions the City offers, such as the low-income housing exemption.

As provided for in the legislation, the City is charging an administrative fee for the deferral program.

As to the financial impact of this program, this is a deferral, not an exemption. Over the past three years (2012 – 2014), the City has issued 194 permits for single family residential units; an average of 65 permits a year. The current impact fee for single family is \$5,567.41 per unit. Thus, on average, the City would be deferring \$361,881.70 per year. City permitting records denote that the average time from building permit issuance to completion of construction (final inspection) is eight (8) months for a contractor and 12 months for the construction of a residence by a homeowner. In other

words, the City should expect to capture the deferral amounts in an 8-12 month time period.

ESB 5923 also provides that the City has until September 1, 2016, to adopt this deferral program. However, since ESB 5923 is a mandate and staff is presenting several other amendments to SMC 12.40, staff believes that presenting this potential amendment now was prudent.

At the July 13 study session, the Council determined that the availability of this program should be immediate and directed staff to make it available as provided by law – five (5) days from publication of the adopted ordinance.

Proposed Ordinance 719 – Community-Based Human Service Agency Exemption

This proposed amendment was submitted by the City Manager's Office. The origin of this submittal came to light as part of the relocation of Hopelink to the Ronald Commons facility. This relocation requires the payment of impact fees as there is no exemption in SMC 12.40 that precludes collection. Hopelink proposes a new food bank at Ronald Commons, relocating the one operated at Aurora Square. There is no ITE land use code, the basis for calculating fees, for a food bank. The City Traffic Engineer has determined that the ITE land use code most reasonable is mini warehouse, which sets \$2.09/square foot as the impact fee. Based on Hope Link's proposal, this would mean an impact fee of \$26,158.44 for its relocated food bank. These fees impose a substantial burden on a non-profit community service agency such as Hopelink.

RCW 82.02 060(2) provides that the City may establish exemptions for development activities that provide a broad public purpose. Staff believes that agencies providing community services to those in need serve a broad public purpose worthy of exemption. In reviewing other jurisdictions code provisions, few had an exemption for community service agencies. The City of Bellevue exempts privately operated not-for-profit social service facilities recognized by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) (BMC 22.16.070(B)(5)). Staff believes this exemption was too general and based the amendment it is proposing on the City of Kirkland's exemption of community-based human services (KMC 27.04.050(8)). Thus, under staff's proposed amendment, before the exemption applies, the service agency must not only be an IRS 501(c)(3) organization but it must provide essential human services within the Shoreline community to vulnerable populations within a variety of cultures and languages that exist within Shoreline.

In addition to the qualifying criteria, which would be reviewed by the City Manager, staff has proposed that an applicant record a covenant prohibiting the use of the property for any purpose other than community-based human services for a period of ten (10) years so as to ensure long-time commitment. Staff selected ten (10) years because this is the period of time the City has to expend or encumber an impact fee. If the applicant breaches this covenant, they must pay the applicable impact fee in effect at the time of conversion.

Council must remember that pursuant to RCW 82.02.060(2), any impact fees not collected under this type of exemption must be paid for from public funds other than the

impact fee account. This can be at the time of the project. If the City was not collecting impact fees, then 100% of the project costs would be paid from public funds.

As noted below, at the July 13 study session, the Council direct staff to prepare this ordinance with retroactive language so that Hopelink could benefit from the exemption.

Proposed Ordinance 720 – Assisted Living Land Use Code

Impact fees are calculated utilizing ITE land use codes. These codes are based on vehicle trip generation for the type of development proposed. Shoreline uses these codes to establish the impact fee set forth in SMC 3.01.015.

The City's Traffic Engineer has proposed to include ITE Code 254 – Assisted Living - to SMC 3.01.015 since the uses set forth in the rate table do not adequately cover this use. The City Traffic Engineer calculated the rate based on a per bed unit for a Continuing Care Retirement facility but adjusting it for reduced trip generation and trip length, a methodology utilized by other jurisdictions in Washington. The proposed rate for Assisted Living is \$545.71/bed.

As noted below, at the July 13 study session, the Council direct staff to prepare this ordinance with retroactive language so that applications received since January 1 could benefit from this amendment.

Effective Application Time of Vacancy and Social Service Exemption

At the July 13 study session, the Council was advised that it could legislatively, through the inclusion of specific language in the ordinances, provide for retrospectively application so that those who have applied for building permits and/or paid impact fees since January 1, 2015 could benefit from the amendments. The ordinances that continue this language are Ordinance Nos. 716 (Change of Use/Vacancy); 719 (Community-Based Agencies); and 720 (Assisted Living Rate). At the study session, Council directed staff to include the retrospective language in these ordinances.

RESOURCE/FINANCIAL IMPACT

In regards to deferral program and exemption, the impact on resources and finances will be in direct relationship to the volume of exemptions and deferrals sought. Staff will need to administer and manage the deferral program. Other City funds will be needed to cover impact fees exempted for public purposes, but given the limited application of the proposed exemption, financial impact should be minimal. Financial impacts can be estimated for the statutorily-mandated single family deferral program based on the current volume of permits for single family construction (\$361,881.70 per year on average).

Revenue is not lost under the deferral program; just delayed. The Community-Based Services exemption will eliminate Hopelink's impact fee of \$26,158.44 for its proposed facility. Removal of the vacancy provision and its retrospective application, will result in refunds of fees already paid of almost \$88,000 (Swedish Medical and Edward Jones). The vacancy provisions and the addition of a rate for assisted living will result in adjustments to calculations when building permits are issued for pending applications.

RECOMMENDATION

Staff recommends that Council move adoption of Ordinance No. 716, Ordinance No. 718, Ordinance No. 719, and Ordinance No. 720.

ATTACHMENTS

- Attachment A – Proposed Ordinance No. 716
- Attachment B – Proposed Ordinance No. 718
- Attachment C – Proposed Ordinance No. 719
- Attachment D – Proposed Ordinance No. 720 and Exhibit A

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 716

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING CHAPTER 12.40 TRANSPORTATION IMPACT FEES TO
THE SHORELINE MUNICIPAL CODE TO ADDRESS CHANGE OF USE
IN OCCUPIED AND VACANT STRUCTURES.**

WHEREAS, on July 21, 2014, the Shoreline City Council adopted Ordinance 690, adopted Chapter 12.40 of the Shoreline Municipal Code, establishing a transportation impact fee program; and

WHEREAS, SMC 12.40.050(B) states that an existing structure that has been vacant for less than 12 months is entitled to a credit for the previous use, a structure that has been vacant for more than 12 months must pay the full impact fee for the new impact fee; and

WHEREAS, the administration of this provisions has been problematic and may unduly burden structures and/or the types of business that have a high turn-over rate; creating a disincentive to their redevelopment; and

WHEREAS, the City seeks to amend SMC 12.40.050(B) to resolve this issue;

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

Section 1. SMC 12.40.050(B). Section 12.40.050(B) Collection of Impact Fees is amended as shown below:

12.40.050 Collection of impact fees.

B. When an impact fee applies to a building permit for a change of use of an existing building, the impact fee shall be the applicable impact fee for the land use category of the new use, less any impact fee paid for the immediately preceding use. The preceding use shall be determined by the most recent legally established use based on a locally owned business license and development permit documents.

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

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

~~3. Buildings vacant for less than 12 months shall be assessed with a reduction based on the most recent legally established use as shown on a locally owned business license. If the calculated impact fee is a negative amount, the applicant will not be required to pay impact fees nor will the applicant be compensated by the City for a negative impact fee.~~

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

Section 2. Severability. If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 3. Publication. A summary of this Ordinance consisting of the title shall be published in the official newspaper.

Section 4. Effective Date and Impact Fee Rate Adjustment. The provisions of this Ordinance shall become effective five (5) days from its publication and shall be utilized to adjust the impact fee rate for all complete building permit applications received between January 1, 2015 and the effective date of this Ordinance. If an applicant has already paid the impact fee, the applicant must file a written refund request with the City within thirty (30) days of the effective date of this Ordinance or any refund due shall be deemed waived. The City shall refund that portion of the fee affected by this Ordinance, including any interest earned, within thirty (30) days of the written refund request being submitted.

PASSED BY THE CITY COUNCIL ON AUGUST 3, 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

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 718

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 12.40 TRANSPORTATION IMPACT FEES TO THE SHORELINE MUNICIPAL CODE TO INCLUDE A DEFERRAL PROGRAM FOR SINGLE-FAMILY DETACHED AND ATTACHED RESIDENTIAL CONSTRUCTION AND AMENDING CHAPTER 3.01 FEE SCHEDULES TO INCLUDE AN ADMINISTRATIVE FEE.

WHEREAS, on July 21, 2014, the Shoreline City Council adopted Ordinance 690, establishing a transportation impact fee program and adopting a new Chapter 12.40 to Title 12 of the Shoreline Municipal Code; and

WHEREAS, with the adoption of Engrossed Senate Bill (ESB) 5923 in April 2015, the Legislature amended Revised Code of Washington (RCW) 82.02.050 so as to mandate that cities collecting impact fees adopt and maintain a deferral program for the collection of impact fees for single-family detached and attached residential construction; and

WHEREAS, ESB 5923 sets forth specific requirements for the deferral program while also allowing the City certain discretion, including the time for deferral and the collection of an administrative fee; and

WHEREAS, pursuant to this legislative mandate, the City seeks to amend Chapter 12.40 to establish a deferral program and Chapter 3.01 to include an administrative fee for this program;

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

Section 1. SMC 12.40.050. A new section, section “F,” of SMC 12.040.050 *Collection of Impact Fees*, is hereby adopted to read as follows:

12.40.050 (F) Single-Family Residential Deferral Program. An applicant for a building permit for a single-family detached or attached residence may request a deferral of the full impact fee payment until final inspection or eighteen (18) months from the date of original building permit issuance, whichever occurs first. Deferral of impact fees are considered under the following conditions:

- (1) An applicant for deferral must request the deferral no later than the time of application for a building permit. Any request not so made shall be deemed waived.
- (2) For the purposes of this deferral program, the following definitions apply:
 - (a) “Applicant” includes an entity that controls the applicant, is controlled by the

applicant, or is under common control with the applicant.

(b) “Single-Family Residence” means a permit for a single-family house as set forth in SMC 3.01.015(A) ITE Code 210.

(3) To receive a deferral, an applicant must:

- (a) Submit a deferred impact fee application and acknowledgement form for each single-family attached or detached residence for which the applicant wishes to defer payment of the impact fees;
- (b) Pay the applicable administrative fee;
- (c) Grant and record at the applicant's expense a deferred impact fee lien in a form approved by the City against the property in favor of the City in the amount of the deferred impact fee that:
 - i. includes the legal description, tax account number, and address of the property;
 - ii. requires payment of the impact fees to the City prior to final inspection or eighteen (18) months from the date of original building permit issuance, whichever occurs first;
 - iii. is signed by all owners of the property, with all signatures acknowledged as required for a deed and recorded in King County;
 - iv. binds all successors in title after the recordation; and
 - v. is junior and subordinate to one mortgage for the purpose of construction upon the same real property granted by the person who applied for the deferral of impact fees.

(4) The amount of impact fees deferred shall be determined by the fees in effect at the time the applicant applies for a deferral.

(5) Prior to final inspection or eighteen (18) months from the date of original building permit issuance, the applicant may pay the deferred amount in installments, with no penalty for early payment.

(6) The City shall withhold final inspection until the impact fees have been paid in full. Upon receipt of final payment of impact fees deferred under this subsection, the City shall execute a release of deferred impact fee lien for each single-family attached or detached residence for which the impact fees have been received. The applicant, or property owner at the time of release, shall be responsible for recording the lien release at his or her expense.

(7) The extinguishment of a deferred impact fee lien by the foreclosure of a lien having priority does not affect the obligation to pay the impact fees as a condition of final inspection.

(8) If impact fees are not paid in accordance with the deferral and in accordance with the term provisions established herein, the City may institute foreclosure proceedings in accordance with chapter 61.12 RCW.

(9) Each applicant for a single-family attached or detached residential construction permit, in accordance with his or her contractor registration number or other unique identification number, is entitled to annually receive deferrals under this section for the first 21 single-family residential construction building permits.

(10) The City shall collect an administrative fee from the applicant seeking to defer the payment of impact fees under this section as provided in SMC 3.01.015(B).

Section 2. SMC 3.01.015. Section 3.01.015 Transportation Impact Fees B. Administrative Fees is amended to include an administrative fee to be collected from permit applicants who are seeking to defer the payment of impact fees under SMC 12.40.050(F). SMC 3.01.015(B) is amended to add a new section, Section B(4), as follows:

B. Administrative Fees		2015 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
4	<u>Administrative Fee – Deferral Program</u>	<u>\$158.75</u>

Section 3. Severability. If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 4. 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 AUGUST 3, 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

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 719

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 12.40 TRANSPORTATION IMPACT FEES TO THE SHORELINE MUNICIPAL CODE TO INCLUDE AN EXEMPTION FOR COMMUNITY-BASED HUMAN SERVICES AGENCIES.

WHEREAS, on July 21, 2014, the Shoreline City Council adopted Ordinance 690, establishing a transportation impact fee program and adopting a new Chapter 12.40 to Title 12 of the Shoreline Municipal Code; and

WHEREAS, the Revised Code of Washington (RCW) 82.02.060(2) permits the City to exempt development activities with broad public purposes from these impact fees so long as the impact fees for such development activity is paid for from public funds other than impact fee accounts; and

WHEREAS, the City Council has determined that certain community-based human services agencies that provide for employment assistance, food, shelter, clothing, or health services for low and moderate-income residents are broad public purpose worthy of exemption;

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

Section 1. SMC 12.40.070. A new section, section “H,” of SMC 12.040.070 *Exemption*, is hereby adopted to read as follows:

12.40.070(H) Community-Based Human Services Agencies. Development activities of community-based human services agencies which meet the human services needs of the community such as providing employment assistance, food, shelter, clothing, or health services for low- and moderate-income residents may be entitled to an exemption of impact fees under the following conditions:

- (1) An applicant for an exemption must request the exemption no later than the time of application for a building permit. Any request not so made shall be deemed waived.
- (2) To be eligible for an exemption, the applicant shall meet each of the following criteria:
 - (a) The applicant must have secured federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

(b) The applicant must provide services and programs to those considered most vulnerable and/or at risk, such as youth, seniors, and those with financial needs, special needs and disabilities and be responsive to the variety of cultures and languages that exist in the City.

(c) The applicant shall certify that no person shall be denied or subjected to discrimination in receipt of the benefit of services and programs provided by the applicant because of sex, marital status, sexual orientation, race, creed, color, national origin, or the presence of any sensory, mental, or physical disability.

(d) The applicant must provide direct human services at the premises for which the applicant is seeking exemption.

(3) The city manager, or designee, shall review application for exemptions pursuant to the above criteria and shall advise the applicant, in writing, of the granting or denial of the application. The determination of the city manager shall be the final decision of the city with respect to the applicability of the community-based human services exemption.

(4) Prior to issuance of building permit, the applicant shall execute and record a covenant with the King County Recorder's office at the applicant's sole expense. The covenant shall prohibit using the property for any purpose other than community-based human services for a period of ten (10) years; shall run with the land and apply to subsequent owners and assigns; and must state that if the property is converted to a use other than human services, the applicant must pay the applicable impact fees in effect at the time of conversion.

(5) The amount of impact fees not collected from human services agencies pursuant to this exemption shall be paid from public funds other than the impact fee account.

Section 2. Severability. If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 3. Publication. A summary of this Ordinance consisting of the title shall be published in the official newspaper.

Section 4. Effective Date and Impact Fee Rate Adjustment. The provisions of this Ordinance shall become effective five (5) days from its publication and shall be utilized to adjust the impact fee rate for all complete building permit applications received between January 1, 2015 and the effective date of this Ordinance. If an applicant has already paid the impact fee, the applicant must file a written refund request with the City within thirty (30) days of the effective date of this Ordinance or any refund due shall be deemed waived. The City shall refund that portion of the fee affected by this Ordinance, including any interest earned, within thirty (30) days of the written refund request being submitted.

PASSED BY THE CITY COUNCIL ON AUGUST 3, 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

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO.720

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING SECTION 3.01.015 TRANSPORTATION IMPACT FEES TO THE SHORELINE MUNICIPAL CODE TO INCLUDE “ASSISTED LIVING” AS A LAND USE CATEGORY IN THE TRANSPORTATION IMPACT FEE RATE TABLE.

WHEREAS, on July 21, 2014, the Shoreline City Council adopted Ordinance 690, establishing a transportation impact fee program and adopting a new Section 3.01.015 to Title 3 of the Shoreline Municipal Code; and

WHEREAS, the Institute of Transportation Engineers (ITE) has established land use codes based on vehicle trip generation for various types of development; and

WHEREAS, permits for facilities most closely related to the ITE land use code 254 for Assisted Living are frequently submitted to the City but the current Transportation Impact Fee rate table does not include a similar land use category with equivalent units of measurement; and

WHEREAS, the City seeks to amend Section 3.01.015 to include Assisted Living as a land use category in the Transportation Impact Fee rate table;

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

Section 1. SMC 3.01.015. Section 3.01.015 Transportation Impact Fees A. Rate Table is amended to include the ITE land use category 254 Assisted Living and its associated fee as shown in Exhibit A.

Section 2. Severability. If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 3. Publication. A summary of this Ordinance consisting of the title shall be published in the official newspaper.

Section 4. Effective Date and Impact Fee Rate Adjustment. The provisions of this Ordinance shall become effective five (5) days from its publication and shall be utilized to adjust the impact fee rate for all complete building permit applications received between January 1, 2015 and the effective date of this Ordinance. If an applicant has already paid the impact fee, the applicant must file a written refund request with the City within thirty (30) days of the effective date of this Ordinance or any refund due shall be deemed waived. The City shall refund that portion of the fee affected by this Ordinance, including any interest earned, within thirty (30) days of the written refund request being submitted.

PASSED BY THE CITY COUNCIL ON AUGUST 3, 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

3.01.015 Transportation Impact Fees.

A. Rate Table.

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip
90	Park-and-ride lot w/ bus svc	2,848.02 per parking space
110	Light industrial	7.78 per square foot
140	Manufacturing	5.86 per square foot
151	Mini-warehouse	2.09 per square foot
210	Single family house (includes townhouse and duplex)	5,567.41 per dwelling unit
220	Apartment (includes accessory dwelling unit)	3,607.49 per dwelling unit
230	Condominium	3,662.61 per dwelling unit
240	Mobile home park	2,601.80 per dwelling unit
251	Senior housing	1,190.65 per dwelling unit
<u>254</u>	<u>Assisted Living</u>	<u>545.71 per bed</u>
255	Continuing care retirement	1,776.18 per dwelling unit
310	Hotel	3,722.02 per room
320	Motel	2,965.00 per room
444	Movie theater	11.67 per square foot
492	Health/fitness club	15.37 per square foot
530	School (public or private)	4.52 per square foot
540	Junior/community college	11.82 per square foot
560	Church	3.04 per square foot
565	Day care center	29.19 per square foot
590	Library	14.75 per square foot
610	Hospital	7.15 per square foot
710	General office	10.76 per square foot
720	Medical office	19.55 per square foot
731	State motor vehicles dept	94.21 per square foot
732	United States post office	22.48 per square foot
820	General retail and personal services (includes shopping center)	8.14 per square foot
841	Car sales	14.97 per square foot
850	Supermarket	22.23 per square foot
851	Convenience market-24 hr	41.31 per square foot
854	Discount supermarket	22.67 per square foot
880	Pharmacy/drugstore	13.09 per square foot
912	Bank	31.85 per square foot
932	Restaurant: sit-down	22.97 per square foot

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip
934	Fast food	52.85 per square foot
937	Coffee/donut shop	67.05 per square foot
941	Quick lube shop	23,840.66 per service bay
944	Gas station	21,679.38 per pump
948	Automated car wash	46.34 per square foot

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Fee Waiver for Affordable Housing		
DEPARTMENT:	Community Services		
PRESENTED BY:	Rob Beem, Community Services Manager		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The City has strong policy and regulatory support to develop incentives for the construction and maintenance of affordable housing. This support is contained in the Housing Element of the Comprehensive Plan, the Comprehensive Housing Strategy, the Property Tax Exemption Program, the Transportation Impact Fee Program and most recently, in the planning, zoning and Development Code for the 185th Street Station Area.

Cities have the authority to waive certain building and development fees in order to encourage the development of affordably priced housing. In implementing any such program there are policy choices regarding income limits/affordability targets, geographic focus, fit with other incentives, type of developer the program applies to (non-profit only or all developers), fees affected and level of waiver granted. Implementing this program will require amendments to the Development Code and the Fee Schedule. State statute requires the Planning Commission to review and recommend any Development Code amendments.

Staff is bringing this item to Council for discussion and direction on the policy issues prior to the Planning Commission's review. Should Council wish to proceed with the fee waiver, the matter will be directed to the Planning Commission and brought back to Council in the fourth quarter of 2015 for action.

RESOURCE/FINANCIAL IMPACT:

The chart in Attachment A illustrates the range of potential costs to implement this program. At the high end, 100% of the City imposed fees could be waived if all units in a project meet the City's affordability requirements. For example, this would have equated to \$96,218 in permit fees for the Ronald Commons. If the waiver were applied to the private developments to be built under the Station Area regulations the cost ranges from \$147/unit to \$190/unit. Using these developments as an example and assuming that the waiver applies to just 20% of the units, this equates to foregone revenue of \$21,000 - \$28,500 for a 150 unit building. Development of even all three of these prototype projects would result in foregone revenue of approximated \$150,000.

The City's overall permit revenue has averaged \$1.29M per year in the past three years. In this unlikely event, this would equate to roughly 12% of total fee revenue.

In the past decade, there have only been two new housing developments, Polaris and Ronald Commons, where 100% of the units are affordable and therefore 100% of the fees could potentially have been waived. Prior to that, Compass Housing's Veterans Center, which was constructed over 10 years ago, was the next most recent project that would have met this threshold. Given the nature of the affordable housing development market, it is unlikely that Shoreline would be home to another such development in less than five years. These projects take a minimum of three years to pull together and are very visible as they go through the funding and review process, and therefore staff should be able to anticipate workload and budget impacts of such projects

There are also several ways that the financial impact of this program can be either limited or moderated if the program is adopted. These include placing a cap on the fees waived annually, adjusting the percentage of fees waived or limiting the program to housing at 60% Adjusted Median Income (AMI) and below. Staff does not see the need to further mitigate any impacts this would have but seeks Council's direction as to limits for this waiver program. Ultimately, the cost is shifting general fund revenue from other areas to support affordable housing.

RECOMMENDATION

Staff recommends that Council discuss the affordable housing fee waiver program and refer this matter to the Planning Commission for a public hearing, review and recommendation of the affordability level and other conditions for application of a fee waiver for affordable housing.

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

INTRODUCTION

Both staff and members of the City Council have expressed an interest in developing a provision to waive building and development fees as one element of the City's overall strategy to encourage the development and maintenance of affordably priced housing in Shoreline. Overall, the intent of a fee waiver is to encourage and support the development of affordably priced housing. By enacting a fee waiver program the City can achieve three general objectives:

- 1) to provide direct financial support to a project,
- 2) to provide visible policy and political support to a project, and
- 3) to improve the financial viability of a project in terms of the project's ability to attract other funding partners.

The City has strong policy and regulatory support to develop incentives for the construction and maintenance of affordable housing. This support is contained in numerous plans and ordinances including the Housing Element of the Comprehensive Plan, the Comprehensive Housing Strategy, the Property Tax Exemption Program, the Transportation Impact Fee Program and most recently in the planning, zoning and Development Code for the 185th Street Station Area.

Within the Station Area there are a variety of incentives and requirements designed to generate affordably priced housing and to encourage a mix of housing prices and types. The Transportation Impact Fee Program (TIF) allows for a reduction in fees for certain affordable housing developments. The Property Tax Exemption (PTE) program is available in certain areas of the City for housing that is affordable as defined in the implementing ordinance. And, finally, the City uses Community Development Block Grant funds to support home repair and to make direct investments in housing development/redevelopment for low and moderate income residents. In addition to these tools, State statutes allow cities to waive or reduce building permit and development fees to further the development of affordably priced housing.

If the Council is interested in adding this tool to help further incentivize affordable housing development in Shoreline, the basic policy choice in front of the Council is whether to develop a program that benefits housing developed primarily with government funding, such as Housing Trust fund, Community Development Block Grant (CDBG) or other local, state or federal housing funds, or whether to make this waiver available to all affordable housing as defined by the City? The latter principally includes a percentage of housing typically developed as part of increased density provisions of the Development Code or with the PTE.

Staff is bringing this item to Council to seek direction whether Council would like to further explore the development of this program and, if so, what the scope of the fee waiver program should be. This discussion is intended to provide guidance for staff and the Planning Commission regarding the Council's policy preferences and, where necessary, to identify questions Council would like to see answered or choices to be

explored in greater depth. The following sections of this staff report identify elements to be considered in shaping a fee waiver program.

BACKGROUND

In the past year, the City has been approached by affordable housing developers seeking local support for their projects. Specifically, they have asked the City to explore the potential for waiving permit fees. Currently, the City has no provision allowing this to occur. In the same time frame, the City Council has taken action to support the development of affordable housing through the 185th Station Area planning process, the adoption of the Transportation Impact Fee (TIF) with provisions for affordable housing and amendments to the PTE program requiring affordability. And most recently the City Council has initiated action to exempt qualified service agencies from the payment of TIF fees in their entirety.

Under the Growth Management Act, the City has the option of enacting an affordable housing incentive program which includes fee waivers. Pursuant to RCW 36.70A.540(1)(a)(iii), a fee waiver or exemption is one type of incentive that the City can offer. These incentives can be through development regulations or as conditions on rezoning or permit decisions, or both, as in the Station Area. In establishing an incentive program the City needs to determine if it will keep the income level for rental units at 50% or less of the county median as set in State Statute or adopt a different level. If set at a different level, the City may do so after holding a public hearing. Other elements of the program are left to the discretion of the City.

The City's Comprehensive Plan and Housing Strategy support the use of fee waivers to encourage and support the development of affordably priced housing. Waivers are an effective way to reduce the development costs for affordable housing and can be seen by the developer and other funders as a sign of the City's strong policy and financial support for a project. As an element of Station Area planning, the Development Code has been updated to include strong incentives for the development of affordably priced housing within the 185th Station Area. Because fee waivers can have citywide application, they were not considered as an element of the Station Area planning.

DISCUSSION

The City assesses fees for building and development permits. Some fees are collected for the City and some for other jurisdictions and permit authorities. For purposes of this discussion we are only addressing fees that the City assesses.

Should the Council wish to proceed with this fee waiver, the implementing action will be in the form of an amendment to the Development Code. The Planning Commission must review and recommend such amendments to the City Council. If directed, the current schedule has the Planning Commission considering these amendments this fall and bringing them to Council late in the year.

Income Limits for the Waiver

State Statute enables cities to enact incentive programs that benefit projects seeking to provide rental housing affordable to households earning less than 50% of the Area Median Income (AMI). In Shoreline this equates to a household income of \$31,400 for a one person household and \$44,800 for a four person household. However, as noted above, cities have the authority to adopt a different AMI percentage threshold (higher or lower) and must hold a public hearing before doing so.

The 50% AMI threshold does not align with the income levels set for the City's other incentives nor does it reflect the realities of other funding support for affordable housing development. The City's own and other County and State direct funding programs set the ceiling for participation at 60% AMI. The various existing incentives the City uses apply differing income thresholds ranging from 60% AMI to 80% AMI. The policy choice then is whether to limit the waiver to 50% or 60% AMI and below or to increase the ceiling to match other City programs.

Within the housing development industry the divide between what is considered to be publicly financed or privately financed housing occurs at affordability levels of 60% AMI. Projects that are affordable to people earning 60% AMI and less are typically funded through the public sector. They utilize local, state, federal and private grants, direct contributions and some loans to accomplish this, as their ability to finance debt for these projects is extremely limited. The 60% AMI threshold is the highest limit for state and county financing programs such as the State Housing Trust Fund and King County Housing Program. Projects with rents affordable above this level generally have access to private capital.

With both the PTE and the increased density contained in the Station Area regulations, the City has sought to provide incentives to spur the development of housing within the conventionally-financed private market. These projects do not seek other direct public support. This is generally assumed to be housing that is marketed at rents affordable to those earning at least 70% of AMI. Typically, these projects do not receive other public funding in the form of direct investment, such as CDBG.

The practical impact of setting the income threshold at 60% AMI is to focus the program on the segment of the housing market that is being developed principally with governmental resources. However, setting the threshold at 70 or 80% AMI would make the fee waiver available to some projects financed in the private market. It would also allow the waiver to be applicable to many of the affordable units developed within the Station Area. Given these trade-offs, staff recommends that if an affordable housing permit fee waiver program is developed, that a 60% AMI threshold is used for affordability.

Waiver Eligibility – All Developers or Not-for-Profits Only

When cities allocate funds or set up programs to achieve human services goals they frequently limit eligibility for the program to not-for-profit organizations. This is done to assure that the program's long term benefits will remain in place as they are secured by

the organization's mission and purpose. Thus, an additional policy question before Council is whether this waiver should be available to any project that meets the affordability targets or only to not-for –profits.

When the waiver of the TIF for affordable housing was first being considered, the waiver was proposed to be limited to non-for profit entities only. Testimony from the King County Housing Authority and the Housing Development Consortium indicated that this limitation would exclude entities engaged in developing affordable housing that had other corporate structures. Ultimately the TIF was amended to provide a fee waiver for Housing Authorities. The Housing Development Consortium noted that there were entities working in partnership with non-profits to develop housing that met the affordability targets but that were not under the IRS code for non-profits. At the time there was not sufficient information available and Council decided to keep the TIF waiver limited to non-profit organizations.

Limiting the waiver to non-profits will result in a program that primarily benefits development at the 60% AMI and government funded portion of the market. The intent of this limitation would be to ensure that the benefits of this waiver accrue to developers who have an agency mission to develop and maintain affordable housing. To the extent that such a provision is meant to provide a long term assurance of affordability this limitation is not necessary. In all instances where government funding is used, developers enter into an agreement that is recorded and follows the property. This type of agreement is also used in our PTE and the Station Area density bonus programs. This is a straight forward approach and result in more affordable housing units being developed. And should the program include application to developments meeting higher income thresholds, such a limitation would interfere with those developments. Based on this, staff recommends that if an affordable housing permit fee waiver program is developed that it allow a broader range of entities to develop affordable housing and not limit the waiver to not-for-profits.

Stand Alone or In Addition to Other Incentives

The City offers a number of incentives to encourage development of affordable housing. Given this, a key policy question is whether the waiver should be applied to projects that are also making use of other incentives or should it apply only if other incentives are unavailable or unusable?

Table 1 below shows the variety of incentives available. Some are available in certain zones only, such as PTE and in the 185th Street Station Area. Others, such as parking reductions and waiver of the TIF, are available citywide. Thus in the Station Area a development could take advantage of all these tools to increase affordability. In other areas, only one may be available. It is unlikely that a project will not be able to utilize at least one of the incentives. Most non-profit affordable housing developers construct projects that are tax exempt and therefore will not benefit from the use of PTE. They will however be able to benefit from the TIF waiver. It is unlikely that a project which would qualify for a fee waiver would not also qualify for another incentive.

Table 1 – Affordable Housing Incentives

Incentive	Income Target	Term of Affordability	Area of Application
Property Tax Exemption (PTE)	70% AMI	12 Years	Certain Areas
Reduced Parking	60% AMI	30 – 99 Years	Citywide
Increased Density	70-80% AMI	99 Years	185th Station Area
TIF Exemption	60% AMI	30 – 99 Years	Citywide
Direct Investment	60% AMI	50	Citywide

Additionally, the table in Attachment A, which is a comparison of fee waivers, impact fees and PTE incentives, shows the potential fee waiver’s value, though significant, is worth far less than other incentives. Thus, making it a condition that a development could only use if it did not use another incentive would virtually eliminate its effectiveness and use. Staff therefore recommends that if an affordable housing permit fee waiver program is developed that it be structured to be used in conjunction with other incentives.

The City charges fees at the time of application for a building permit. These fees cover the City’s cost for review and inspection of the development. They typically represent slightly less than 1% to 1.5% of the construction value of a project. Using recent developments the chart in Attachment A models the effect of the proposed permit fee waiver, the PTE and TIF waiver for affordable housing were applied to these projects. Note that this is an illustration only and that none of these projects were assessed all these fees, nor have they requested the PTE. The top three developments are all private, conventionally financed developments. For purposes of this illustration staff has assumed that they were being built in a station area and subject to the requirement that 20% of the units be affordable. The two projects at the bottom of the table are being developed by non-profits or governmental organizations. These entities are already exempt from property tax and thus the PTE does not provide a special benefit.

New Construction Only or Remodel/Renovation?

A significant element of the City’s Housing Strategy involves preserving existing affordable housing. Recent examples of this include the King County Housing Authority’s properties such as the Westminster, 18026 Midvale and Paramount House, each of which have had significant renovation work done. These preservation and renovation projects are typically financed with public funding. This comes in the form of grants, subsidized low cost loans or tax credits. When the Housing Authority purchased the Westminster, the City provided CDBG funds, and the renovation of 18026 Midvale was funded with grants from the federal government. Staff recommends that if an affordable housing permit fee waiver program is developed that it be applied to renovation projects where the owner/developer is able to provide long term guaranteed assurances of affordability.

Application in Mixed Income Developments

If this waiver is intended to apply in the Station Area it will apply to mixed income projects. Should this waiver apply to all units, as does the PTE or just to the units meeting income targets? The PTE, which is available in the Station Area, is structured so that a developer meeting the affordability requirements is able to apply the PTE to the entire building. The policy intent is to assist and stimulate the development of affordable housing. As such, staff recommends that the waiver, if applied at all, only apply to units that meet affordability guidelines. Thus in the Station Area the 20% of units built that meet affordability standards would be eligible for this waiver.

RESOURCE/FINANCIAL IMPACT

The chart in Attachment A, illustrates the range of potential costs to implement this program. At the high end 100% of the City imposed fees would have been waived for Ronald Commons at a cost to the City of \$96,218. If the waiver were applied to the private developments to be built under the Station Area regulations the cost ranges from \$147/unit to \$190/unit. Using these developments as an example and assuming that the waiver applies to just 20% of the units, this equates to foregone revenue of \$21,000 - \$28,500 for a 150 unit building. Development of even all three of these prototype projects would result in foregone revenue of approximated \$150,000. The City's overall permit revenue has averaged \$1.29M per year in the past three years. In this unlikely event this would equate to roughly 12% of total fee revenue.

In the past decade, there has only been one new housing development, Ronald Commons that would meet the 100% waiver threshold. Prior to that Compass Housing's Veterans Center constructed over 10 years ago was the next most recent project that would have met this threshold. Given the nature of the affordable housing development market, it is unlikely that Shoreline would be home to another such development in less than five years. These projects take a minimum of three years to pull together and are very visible as they go through the funding and review process. Should there be concern that the waiver will have a significant impact on overall permit revenues there will be sufficient time to evaluate and to adjust to this circumstance.

There are also several ways that the financial impact of this program can be either limited or moderated if the program is adopted. These include placing a cap on the fees waived annually, adjusting the percentage of fees waived or limiting the program to housing at 60% AMI and below. Staff does not see the need to further mitigate any impacts this would have but seeks Council's direction as to limits for this waiver program.

SUMMARY

In implementing a fee waiver program the Council is being asked to consider a number of elements to such a program. Should Council wish to proceed with development of this program, the Planning Commission will review and recommend a final proposal reflective of Council's direction.

The overall policy goal of the proposed program is to apply the waiver in such a way as to support and encourage the development and retention of housing that is affordable to households earning at least up to 60% of AMI. This discussion also presents the option of extending this program to affordability levels of 80% of AMI, which would allow its application to mixed income developments within the Station Area. Such a program may operate with other incentive programs. There appears to be little need to limit the applicability of this waiver to non-profit entities as the City's interest in long term affordability will be secured by recording documents that run with the property.

In summation, staff recommends that Council initiate an affordable housing fee waiver program that:

- has a 60% AMI threshold for affordability,
- is available to both non-profit and for-profit developers,
- can be used in conjunction with other affordable housing incentives,
- can be used for both new construction and remodels/renovations,
- only applies to units that meet the affordability requirements and not to the entire development if some of the units in a development are market rate, and
- is available citywide.

RECOMMENDATION

Staff recommends that Council discuss the affordable housing fee waiver program and refer this matter to the Planning Commission for a public hearing, review and recommendation of the affordability level and other conditions for application of a fee waiver for affordable housing.

ATTACHMENTS

Attachment A: Comparison of Fee Waivers, Impact Fees and PTE Incentives

Comparison of Fee Waivers, Impact Fees, and PTE Incentives

Showing the What Ifs - not necessarily applicable to the examples below

Permitting				Transportation Impact Fee (TIF)			Property Tax Exemption (PTE)	Total Potential City Support
Project Name/ Construction Valuation	Permit Fees	No. of Dwelling Units	Total Amount of Potential Waiver	Transportation Impact Rate Per Unit	Percentage of total Units Affordable	Transportation Impact Fee for Site	Property Tax Exemption (Affordable Housing Rate-12 yrs.)	
Multifamily Example #1 \$18,296,807	\$181,798	148	\$36,360	\$3,607.49	20%	\$533,909	\$3,720,288	\$3,756,648
Multifamily Example #2 \$4,408,775	\$43,111	36	\$8,622	\$3,607.49	20%	\$129,870	\$697,212	\$705,834
Multifamily Example #3 \$18,046,519	\$139,109	129	\$27,822	\$3,607.49	20%	\$465,366	\$1,464,960	\$1,492,782
Compass Housing Alliance (in progress) \$8,109,996	\$96,218	50	\$96,218	\$3,607.49	100%	(\$180,350 waived)	N/A	\$280,175
King County Housing Authority remodel \$1,250,000	\$21,112	70	\$21,112	N/A	100%	N/A	N/A	\$21,112

**This chart is for illustration purposes only and is not intended to identify exact fees charged for any particular project.*

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion and Update – Sound Transit Lynnwood Link Extension Project and Sound Transit 3
DEPARTMENT:	Public Works
PRESENTED BY:	Peter Hahn, Public Works Director Nytasha Sowers, Transportation Services Manager Kurt Seemann, Senior Transportation Planner
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Sound Transit is moving towards final design of the Lynnwood Link Light Rail Extension (LLE) project and planning for the next phase of funding for their regional transportation network, called Sound Transit 3 (ST3). The LLE project will provide light rail service between the Northgate Transit Center in Seattle and Lynnwood Transit Center in Lynnwood. The light rail line will travel along I-5 and include two stops in Shoreline at NE 145th Street and NE 185th Street. Light rail service is scheduled to be operational by 2023.

The project achieved several milestones this spring and early summer. On April 3, 2015 the Federal Transit Administration (FTA) and Sound Transit (ST) issued the Project's Final Environmental Impact Statement (FEIS), and on April 23rd the ST Board identified the specific Project rail alignment, ancillary structures, and station configurations to be taken into Final Design. On July 10th, FTA issued its Record of Decision for the Project which identifies Project impacts on the natural and built environment and mitigation requirements to address identified impacts.

ST is planning to begin the Final Design phase of the LLE project in early to mid-2016 that will advance designs on the project's track way, stations, garages and art installations. In final design, milestones are associated with a general level of "completeness" of design: 30%, 60%, 90% and 100% (ready for construction). To prepare for these milestones, Sound Transit will engage the City of Shoreline, other project partners, and the public on a variety of project aspects, including station appearance, compliance with local codes and construction detail.

Table 1 below summarizes these milestones and other key activities for the LLE project and describes how the City has responded to date and plans to continue its coordination with ST and review of its Project deliverables. The City is planning to continue its focused engagement with ST staff and the ST Board to ensure that the issues and concerns of the City are considered and addressed throughout the planning, design, construction and operation phases of the LLE project.

Table 1. Overview of Sound Transit LLE Project Activities and City of Shoreline's Responses

Key Dates	FTA and ST Actions	City of Shoreline Actions
Recent ST Actions		
April 3, 2015	<p><u>FEIS Issued.</u> FTA and Sound Transit issued the LLE Final Environmental Impact Statement (FEIS).</p> <p>The FEIS addressed comments from the 2013 DEIS and provided a detailed look at the project benefits, potential impacts and mitigation measures as the Sound Transit Board considers the route and station locations to be built.</p>	<p>On April 9, 2015 the City of Shoreline sent a letter to the Sound Transit Board Chair that expressed City's interests in safe and accessible bicycle and pedestrian facilities to the 145th and 185th stations.</p> <p>The letter also described the advantages to placing a garage on the west side of I-5 at NE 185th Street.</p>
April 23, 2015	<p><u>ST Board identifies the Project for Final Design.</u> At the request of ST Board member Paul Roberts, ST Board action identifying the project for final design (Resolution R2015-05) is amended to include direction for Sound Transit to partner with the cities of Seattle, Shoreline, Mountlake Terrace and Lynnwood during final design to identify and implement appropriate pedestrian, bicycle and vehicular access enhancements to stations.</p>	<p>Shoreline works with the ST Board member Paul Roberts to request the ST Board action to identify the LLE project for final design includes language addressing the need for ST to partner with the city of Shoreline on pedestrian, bicycle and vehicular access improvements.</p>
July 14, 2015	<p><u>FTA ROD issued.</u> The FTA issues its Record of Decision (ROD) for the LLE project. The ROD defines mitigation measures and other requirements for the LLE project. These measures will be incorporated in contracts that may be awarded for design and construction of the project and will be relied upon by other federal permitting agencies.</p> <p>The ROD's response to the May 4, 2015 letter from Shoreline includes a reference to the ST Board resolution for ST to partner with LLE project jurisdictions on the multi-modal access improvements.</p>	<p>On May 4, 2015, the City of Shoreline sent a letter to FTA expressing the importance of safe and accessible pedestrian and bicycle access to the stations. The letter reflected language from the ST Board action to partner with local jurisdictions on multi-modal access improvements to the light rail stations</p>
Upcoming ST Activities and Actions		
Tentative Starting Dates	FTA and ST Actions	City of Shoreline Actions
September 2015	LLE project final design and construction contract procurement and consultant selection.	Shoreline staff has been contacted by several consultant teams planning to submit a consultant services proposal to ST. Staff has provided an overview of Shoreline interests and concerns during design and construction of the Project.

Table 1. Overview of Sound Transit LLE Project Activities and City of Shoreline’s Responses

Tentative Starting Dates	FTA and ST Actions	City of Shoreline Actions
Upcoming ST Activities and Actions		
December 2015	ST receives FTA New Starts Program approval to enter the Final Design phase. ST Board Actions <ul style="list-style-type: none"> • Authorization for LLE to enter Final Design • Final Design Budget Approval • Approval of consultant teams for Final Design contracts 	Shoreline staff is in the process of identifying staffing requirements; code amendments and related policies and agreements that need to be put in place by the Spring of 2016 in order to ensure the City’s issues and concerns are effectively addressed throughout the design, right of way (ROW) and construction phases of the project.
Early 2016	<u>Sound Transit begins final design.</u> In final design, milestones are associated with a general level of “completeness” of design: 30%, 60%, 90% and 100% (ready for construction) During final design, Sound Transit will prepare the project for construction by: <ul style="list-style-type: none"> • Developing station designs • Conducting additional field work • Acquiring permits • Incorporating art into project plans • Procuring right-of-way • Refining construction mitigation measures • Defining the construction sequence, schedule and methods • Continuing the partnerships with local jurisdictions (ex. station area planning) 	<ul style="list-style-type: none"> • Shoreline staff plans to meet frequently with ST designers to review progress on design deliverables and the construction approach in order to proactively identify and resolve issues of concern. • Shoreline staff will closely coordinate with ST outreach and real estate staff to ensure adequate communication to Shoreline property owners impacted by the Project. • Shoreline will review and comment on key LLE project design elements for 30% station and all project elements of 60%, 90% and 100% design • Shoreline staff will regularly brief the Shoreline City Council on key LLE project activities

RESOURCE/FINANCIAL IMPACT:

There is no financial impact associated with tonight’s discussion. However, City staff is determining what staffing and consultant services will be required to provide effective review and comment on Sound Transit’s final design, construction, related permitting submittals, coordination/oversight required during construction and ongoing costs associated with the operation of light rail in Shoreline.

RECOMMENDATION

There is no action required with this agenda item. This report is mainly for discussion. However, staff would like feedback regarding the proposed Community Advisory Committee for 30%, 60%, 90% and 100% Design Input.

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

DISCUSSION

Sound Transit (ST) is moving towards final design of the Lynnwood Link Light Rail Extension (LLE) project. This project will provide light rail service between the Northgate Transit Center in Seattle and Lynnwood Transit Center in Lynnwood. The light rail line will travel along I-5 and include two stops in Shoreline at NE 145th Street and NE 185th Street. Light rail service is scheduled to be operational by 2023.

Sound Transit is also in process of determining which projects will be included in a future Sound Transit Package (ST 3) that might go to the voters in fall 2016. An initial list of projects was presented at the April Sound Transit Board Meeting, which also kicked off a public process to receive feedback on the project list. Sound Transit is scheduled to determine a final project list to move forward with at the August 27th Board meeting.

Identification of the Preferred Alternative

In October 2013, the Sound Transit Board identified the Preferred Alternative (PA) for the LLE project in Shoreline. The PA was developed based upon the findings in the Draft Environmental Impact Statement (DEIS), public comments and feedback from jurisdictions. The City submitted an extensive comment letter in response to the DEIS that detailed several issues for which mitigation would be required including transportation, parking, noise and vibration and ecosystem resources.

The PA included an alignment in Shoreline along the east side of I-5 with two stations in the City at NE 145th Street and NE 185th Street. This alignment was at-grade with the freeway as much as possible but included elevated segments. In the PA, the station at NE 145th Street was elevated and included an adjacent parking garage. The northbound on-ramp to I-5 was proposed to be relocated to the north to provide for a more compact station design. The station at NE 185th Street was located at-grade on the east side of I-5. The parking garage was located on the west side of I-5 in the WSDOT right-of-way. Pedestrian improvements to the bridge overcrossing were also included in the PA.

After identification of the PA and during the development of the FEIS and the 30% design documents, Shoreline staff worked with Sound Transit to refine the project design and address Shoreline identified impacts of concern and options for mitigation.

The Final Environmental Impact Statement (FEIS) for the LLE project was published on April 3, 2015 and included responses to the City of Shoreline DEIS comments. City staff worked with Sound Transit to clarify some of the analysis but still have several questions outstanding including the adequacy of pedestrian and bike facilities, traffic mitigation and tree impact assessments that Shoreline staff will continue to work with the ST design team to address during final design.

Identification of the LLE Project to be Taken into Final Design

With the completion of the FEIS, the ST Board identified the project to be taken into Final Design. The Project to be taken into Final Design is not identical to the Preferred Alternative presented in the DEIS as it reflects design updates and modifications that took place during development of the FEIS and progressing design from approximately 10% to 30%. These modifications reflect additional engineering analysis and

modifications to address interests and concerns of LLE project stakeholders. LLE project modifications included replacement of an at-grade alignment for the track way over 130th Street with an elevated track way and building infrastructure for future stations at 130th Street and 220th Street. Please see Attachment A for a map of the LLE project to be taken into Final Design.

On Friday July 10, 2015 the Federal Transit Administration issued a formal Record of Decision (ROD) to ST for the LLE project. This important milestone completed the environmental review process. The decision keeps the project on track to begin construction in 2018 and open in late 2023. The ROD defines mitigation measures and other requirements for the project.

Additional Sound Transit Activities and ST Board Actions in 2015

ST is seeking an FTA New Starts grant to fund a substantial portion of the LLE project. FTA has approved moving the Project through the first two phases of the New Starts program: Alternative Analysis and Preliminary Engineering. ST is anticipating receiving FTA authorization for Final Design in December 2015.

After receiving authority from FTA to begin Final Design, the ST Board will take the following actions to begin Final Design:

- Approval of the LLE project Final Design Budget
- Approval for the LLE project to enter into the Final Design phase
- Approval of consultant contracts to support final design and construction activities

All of the ST Board actions are anticipated to be completed within the same ST Board meeting in December 2015.

ST to Begin Final Design in 2016

ST is expected to begin the Final Design phase of LLE project in early to mid-2016. During Final Design, ST will prepare the LLE project for construction by:

- Developing station designs
- Conducting additional field work
- Acquiring permits
- Incorporating art into project plans
- Procuring right-of-way
- Refining construction mitigation measures
- Defining the construction sequence, schedule and methods
- Continuing the partnerships with local jurisdictions (ex. station area planning)

Final design milestones are associated with a general level of “completeness” of design submittals: 30%, 60%, 90% and 100% (ready for construction). The submittal complexity increases as the design work progresses toward 100%. The initial phase will be focused on the stations and garages. Subsequent submittals will include all aspects of the work, such as guideways, roadway, and utilities. The general site information has been determined in Preliminary Engineering. The interim 60% submittal of Final Design will build on that work and develop site issues and overall schematic design of the

stations and garages. Once this is established, more refinement and detail will be developed at each subsequent submittal.

Once Final Design begins, Shoreline staff plan to meet frequently with ST designers to review progress on design deliverables and the construction approach in order to proactively advocate for Shoreline interests and identify and resolve issues of concern.

Shoreline staff is currently identifying staffing needs, code amendments and related policies and agreements that must be in place by the start of Final Design to ensure the City's issues and concerns are addressed throughout the design, ROW and construction process and there is adequate staffing to support these efforts.

Tonight, staff is seeking Council input on establishing a public review process for the 30%, 60%, 90% and 100% LLE plan sets. The Council needs to determine the level of public review and comment on the design of the light rail stations, parking garages and associated right of way improvements. This is a unique opportunity. When a structure is built on private property, the building permits are reviewed administratively under Council-adopted codes and do not include further Council review. When projects are constructed by the City on City property, such as road improvements, park enhancements or even a city hall, the Council provides input on the project as part of the City's Capital Improvement Plan (CIP), contracting and at check-in points along the way. There may also be a citizen's group or public open house(s) to educate and receive public input on proposed City projects. Since this is a public project, but not one managed by the City, staff recommends that we identify a public process including Council review as the procedure to provide comments to ST on various aspects of the project in a timely fashion.

ST's process relies on the delivery of plans for the stations, garages and light rail facilities in phases defined by the percentage of the design that is complete: 30%, 60%, 90% and 100%. Comments and ideas provided early in design development have the best chance of being incorporated into the project. ST conducts public outreach in each city where construction for the light rail facilities will occur. ST will hold public open houses at key points in coordination with the 30%, 60%, 90% and 100% design completion phases. Each open house provides the latest technical design information in a graphic presentation (such as three dimensional views of the station); two dimensional site and floor plans; and sections and elevations as well as design material sample boards.

City staff asked ST staff to describe the processes other jurisdictions have used to provide input on aspects of station, garage and rail facility designs. Some cities are using existing design commissions. Other cities have created design review boards that only reviewed light rail related projects.

The City has many options. We could choose to:

- 1) Rely solely on Sound Transit's 30%, 60%, 90% and 100% Design Open Houses and outreach program to provide both public and Council input. City staff would

review 30%, 60%, 90% and 100% plan sets for conformance with existing Codes and Plans;

- 2) The Council could task the Planning Commission with holding public hearings/public meetings on the 30%, 60%, 90% and 100% designs and providing the Council with a recommendation on various aspects of the stations, garages and light rail facilities. Council could then formulate an official set of recommendations to be forwarded to the ST Board and staff; or
- 3) We could create an Advisory Board or Committee tasked with holding meetings on the 30%, 60%, 90% and 100% designs and providing the Council with a recommendation on various aspects of the stations, garages, and light rail facilities. Council could then formulate an official set of recommendations to be forwarded to the ST Board and staff. Council could create one committee for both stations or a separate committee for each; or
- 4) Some combination of the concepts above.

Staff recommends using option #3 above as the basis for the public review process. The process represents a very positive and exciting opportunity to influence the design of these important public facilities in Shoreline. The process outlined below assumes that there is one committee that provides input for both the 145th and 185th stations, garages and related light rail facilities. Staff would also draft “Guiding Principles” for Council approval to better define the work of the Committee. The initial draft of the “Guiding Principles” will be based on the City’s Comprehensive Plan goals and policies including “Vision 2029” and public input staff have received to date as part of visioning and design events for the Station Area Plans.

Below is a suggested draft public process that could be employed in partnership with ST:

Public Process for 145th & 185th Street Stations, Garages & light rail facilities	30% Design Review of Plans(1)	60% Design Review of Plans(1)	90% Design Review of Plans(1)	100% Design Review of Plans(1) + City of Shoreline Development Agreement
Community Advisory Board Meeting or Planning Commission	CAB	CAB	CAB	Planning Commission
<ul style="list-style-type: none"> ▪ Study Session 	Early March 2016	Late August 2016	Late March 2017	Late July – September 2017
<ul style="list-style-type: none"> ▪ Recommendation to Council 	Late March 2016	Early September 2016	Late April 2017	Late October 2017
Council Meetings				
<ul style="list-style-type: none"> ▪ Study Session 	Early April 2016	Late September 2016	Early May 2017	Early November 2017
<ul style="list-style-type: none"> ▪ Action: Formal letter to Sound Transit 	Early May 2016	Early October	Early June 2017	Early December

Board		2016		2017
Public Open House w/Sound Transit	Late May 2016	Late October 2016	Late June 2017	Late December 2017

1. *These months/dates are estimates based on Sound Transit's "34 month Design Calendar".*

If Council concurs with the concept of creating an Advisory Board to provide input on the design of the light rail stations, garages and associated rail facilities, then a next step will be for the City Manager to appoint such a board. Staff recommends that the board have no more than 12 members. Suggestions for the composition of the board include representation from: City Council, Planning Commission, the 185th & 145th Citizens Advisory Committees, Shoreline/Lake Forest Park Arts Council, PRCS Board, Mobility Coalition, Senior Services, and Shoreline Chamber of Commerce. Staff is also suggesting that Council consider whether there should be a couple of councilmembers participate on this committee.

Station Naming

The station naming process will begin early in the final design schedule. Current station names are working names until the ST Board of Directors approves final station names. This is done as part of "Baselining" the project at 60% design. Station name surveys will be sent to communities to gather input into the preferred names. Comment forms will also be provided at the Interim 60% Station Design Open House. Based on this input, the names are then reviewed by ST with the local jurisdictions. Proposed names are then taken to the ST Board of Directors for final approval.

Sound Transit 3

ST is working to determine a list of projects to study over the next year that would make up an ST3 ballot measure. The Board Chair, King County Executive Dow Constantine, presented an initial list for discussion at the April 23rd ST Board meeting. That meeting also kicked off a public process to take feedback on the proposed list, which concluded on July 8. ST staff provided an update on what they heard at the July 23rd ST Board meeting. The Board will make a final determination on which projects are included for further study for the potential fall 2016 ST3 ballot measure at the August 27th Board meeting.

In the initial project list, there is a project to study the potential of High Capacity Transit (HCT) on 145th Street between I-5 and SR-522. However, if there is only a study of HCT in ST3, funding for the HCT itself wouldn't be eligible until a future ST4 plan. As the light rail station is scheduled to open in 2023, the City desires the 145th Corridor Project to be completed in time for the 145th Light Rail Station opening and that HCT transit be available with the station opening. The timing of a future ST4 would be far too late to impact transit service on SR-523.

Given this issue, the City submitted a formal comment letter requesting the addition of HCT service connecting the SR-523/145th Corridor with HCT on the SR 522 Corridor in the ST3 plan. In addition, the City has reached out to partners and other interested groups for support for our request. The City coordinated a joint letter with the cities of Lake Forest Park, Kenmore and Bothell and each jurisdiction submitted an individual letter as well. In addition, support letters have been submitted by King County

Councilmember Rod Dembowski, the SeaShore Transportation Forum, and Shoreline Community College.

STAKEHOLDER OUTREACH

ST's recent outreach activities in Shoreline have been limited. LLE project staff did a project update presentation to the 145th Street Station Citizens Committee on June 25th.

ST's next big outreach push is scheduled for mid-2016. ST will hold community open houses at each major design submittal (stations and garages 30% submittal, and Project 60%, 90%, 100% submittals). Each open house will provide the latest technical design information in a graphic presentation to help explain the design to all parties. Every public open house will include a presentation outlining where ST is in the process, the project schedule, and current design status. Each meeting will have representatives from ST real estate for property acquisition, operational information to explain the train operations, ST technical staff to explain the design and receive comments, and ST community outreach staff to help document comments and ensure follow-up if questions cannot be answered at the meeting. Feedback from these community open houses will be presented to the ST Board and will be considered for Project design and construction refinements.

ST is scheduled to confirm property impacts and notify affected property owners in late 2016/early 2017. Shoreline staff will coordinate with ST outreach and real estate staff to ensure adequate communication with Shoreline property owners impacted by the Project.

COUNCIL GOAL(S) ADDRESSED

These projects address Council Goal No. 2: Improve Shoreline's utility, transportation, and environmental infrastructure, and Council Goal No. 3: Prepare for Two Light Rail Stations.

RESOURCE/FINANCIAL IMPACT

There is no financial impact associated with tonight's discussion. However, City staff is determining what staffing and consultant services will be required to provide effective review and comment on Sound Transit's final design, construction, related permitting submittals, coordination/oversight required during construction and ongoing costs associated with the operation of light rail in Shoreline.

RECOMMENDATION

There is no action required with this agenda item. This report is mainly for discussion purposes. However, staff would like feedback regarding the proposed Community Advisory Committee for 30%, 60%, 90% and 100% Design Input.

ATTACHMENTS

Attachment A: Lynnwood Link Extension Project Map

Lynnwood Link Extension Project for ST Final Design

