AGENDA

SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, February 1, 2016
7:00 p.m.

Council Chamber · Shoreline City Hall
17500 Midvale Avenue North

		Page	Estimated Time
1.	**CALL TO ORDER**		7:00
2.	**FLAG SALUTE/ROLL CALL**		
	(a) Proclamation of Black History Month	2a-1	
3.	**REPORT OF THE CITY MANAGER**		
4.	**COUNCIL REPORTS**		
5.	**PUBLIC COMMENT**		

Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. 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.

6.	**APPROVAL OF THE AGENDA**		7:20
7.	**CONSENT CALENDAR**		7:20
	(a) Minutes of Workshop Dinner Meeting of January 11, 2016	7a1-1	
	(b) Adoption of Ord. Nos. 737 and 738 – Amending Fee Table, Chapter 3.01 of the Shoreline Municipal Code to Correct Errors and Add an Additional Fee	7b-1	
	(c) Motion to Authorize the City Manager to Execute a Contract with MJ Takisaki, Inc. in the Amount of $561,628.79 for the Shoreline Pool Long Term Maintenance Project	7c-1	
8.	**STUDY ITEMS**		
	(a) Discussion of 2016-2019 Priority Environmental Strategies	8a-1	7:20
	(b) Discussion of Capital Project Staffing	8b-1	8:05
9.	**ADJOURNMENT**		8:45

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.

Council Meeting Date: February 1, 2016 **Agenda Item:** 2(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proclamation of "Black History Month"
DEPARTMENT:	CMO/CCK
PRESENTED BY:	Jessica Simulcik Smith, City Clerk
ACTION:	____ Ordinance ____ Resolution ____ Motion ___ Discussion ____ Public Hearing __X__ Proclamation

PROBLEM/ISSUE STATEMENT:
Much of Shoreline's honor, strength and distinction can be attributed to the diversity of cultures and traditions that are celebrated by the residents of this region. African Americans have played a significant role in the history of Washington State's economic, cultural, spiritual and political development.

This proclamation recognizes the month of February as Black History Month, a time in which all Americans are encouraged to reflect on past successes and challenges of African Americans and look to the future to improve society so that we live up to the ideals of freedom, equality and justice.

Student members of the Shoreline Community College will be present to receive the proclamation.

RECOMMENDATION

The Mayor should read the proclamation.

ATTACHMENTS:
Attachment A – Proclamation of Black History Month

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

P R O C L A M A T I O N

WHEREAS, much of Shoreline's honor, strength and distinction can be attributed to the diversity of cultures and traditions that are celebrated by the residents of this great region; and

WHEREAS, African Americans have played a significant role in the history of our nation, and Washington State's economic, cultural, spiritual and political development while working tirelessly to promote their culture and history; and

WHEREAS, as a result of their determination, hard work, and perseverance, African Americans have made valuable and lasting contributions to our community and our state, achieving exceptional success in all aspects of society including business, education, politics, science, and the arts; and

WHEREAS, in 1976, Black History Month was formally adopted to honor and affirm the importance of Black History throughout our American experience, and is full of individuals who took a stance against prejudice, advanced the cause of civil rights, strengthened families, communities, and our nation; and

WHEREAS, all Americans are encouraged to reflect on past successes and challenges of African Americans and look to the future to improve society so that we live up to the ideals of freedom, equality and justice;

NOW, THEREFORE, I, Christopher Roberts, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim the month of February 2016 as

BLACK HISTORY MONTH

in the City of Shoreline.

_____

Christopher Roberts, Mayor

CITY OF SHORELINE

SHORELINE CITY COUNCIL
SUMMARY MINUTES OF WORKSHOP DINNER MEETING

Monday, January 11, 2016

Conference Room 104 - Shoreline City Hall
5:45 p.m. 17500 Midvale Avenue North

PRESENT: Mayor Roberts, Deputy Mayor Winstead, Councilmembers McGlashan, Scully, Hall, McConnell, and Salomon (arrived at 5:51 p.m.)

ABSENT: None

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

GUESTS: None

At 5:45p.m., the meeting was called to order by Mayor Roberts.

The following Council Operational Items were discussed by Councilmembers:

Communication Protocol between Councilmembers and the City Manager
There was consensus among Councilmembers to continue with the existing Communication Protocol of having all written communication submitted to the City Manager for appropriate distribution, and to copy the City Manager, Assistant City Manager, and the City Manager Office Executive Assistance on emails that Councilmembers send directly to staff. For verbal communication via the telephone, Councilmembers will continue to speak directly to the City Manager, Assistant City Manager, or Department Directors.

Executive Session Notification Protocol
There was consensus among Councilmember to continue with the existing protocol of listing the relevant Revised Code of Washington (RCW) for Executive Sessions on the Agenda and Meeting notifications.

Potential Council Rules of Procedure Amendment Relating to Public Comment
There was consensus among Councilmembers to amend the following Council Rules of Procedure as follows:

- Rule Section 5.3(A)(5) be changed to read "Public Comment, as set forth in Section 6.1(A)." Other Public Comment (which is set forth in Section 6.1(B), when the comment follows the staff presentation for first time action items, or in Section 6.7, which covers public hearings) would be out of order from the business meeting order outlined in Rule 5.3(A)(5).

- Rule Section 6.1 be called out with a header, given its significant nature with regard to Public Comment, and re-ordering it so that it is the second sub-section (Section 6.2) after the Business Meeting section and renaming all mentions of "Business Meeting" in the rules to "Regular Meeting".

- Rule Section 6.1(A) "During election season..." be moved to 6.3 since both lines are restrictions on topics acceptable for public comment.

- Rule Section 2.3(E) and (F) to discontinue listing the boards and committees that Councilmembers are appointed to by the Mayor, and to remove the 5-day waiting period requirement for Ad hoc City Council Subcommittees mayoral appointments.

Mayor Roberts asked Councilmembers their thoughts about him continuing with the "On the Mayor's Mind" Blog, and "Coffee with the Mayor" Quarterly Forum. Councilmembers agreed that the Mayor should continue these efforts because they serve to inform and address issues of the Community. They noted that they should be done in accordance with Council Rule Section 9 - Council Representation, and adhere to the Washington State Public Disclosure Commission regulations.

Mayor Roberts asked if Councilmembers would like to rotate the Flag Salute and Proclamation Presentations at the City Council Meetings. There was consensus among Councilmembers to keep the same format, but accommodate special Proclamation requests and photograph opportunities with the Council as appropriate.

Mr. Norris commented that the changes, as discussed by Councilmembers, will be updated, presented in the form of a Resolution, and placed on the Consent Calendar for Council adoption.

Sign Code – Temporary Right of Way Signs

Councilmembers discussed the misuse of temporary Right of Ways Signs and potential code enforcement actions. Mr. Norris commented that review of the Code is needed to ensure that it is congruent with Federal Law. Ms. Tarry shared a current Federal Court Case regarding signage in right of ways and advised that this item be placed on the Planning Commission's Workplan. There was a consensus among Councilmembers to place the item on the Planning Commission's and the City's Workplans.

Year at a Glance

Mr. Norris presented the Year at a Glance Calendar. Ms. Tarry pointed out that the Washington D.C. Lobby trip has been moved from February to May. Deputy Mayor Winstead asked for the Celebrate Shoreline Date and Ms. Tarry responded that it is schedule for August 20, 2016. Councilmembers asked that the Calendar be updated to reflect the dates and Mr. Norris responded that the Calendar would be updated to include the dates and distributed at the Council Strategic Planning Workshop.

Councilmember Hall announced that his day job is changing and said he will no longer have responsibilities regarding land use and permitting, and therefore, should no longer have a conflict of interest with City of Shoreline business relating to Point Wells.

Mayor Roberts reminded Councilmembers of the Joint City Council Special Meeting with Bothell, Kenmore, and Lake Forest Park on Tuesday, January 12, 2016 at 6:30p.m. at Kenmore City Hall, to discuss Sound Transit 3.

At 6:45 p.m. the meeting was adjourned.

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Bonita Roznos, Deputy City Clerk

Council Meeting Date: February 1, 2016 **Agenda Item:** 7(b)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance Nos. 737 and 738 - Amending Fee Table, Chapter 3.01 of the Shoreline Municipal Code to Correct Errors and Add an Additional Fee
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Rick Kirkwood, Budget Supervisor
ACTION:	__X_ Ordinance ____ Resolution ____ Motion ____ Discussion ____ Public Hearing

PROBLEM/ISSUE STATEMENT:

On November 23, 2015, with the enactment of Ordinance No. 728, Council adopted the 2016 budget, including a new fee schedule located in Shoreline Municipal Code 3.01. After adoption of Ordinance No. 728, staff identified errors in the administrative fee associated with Transportation Impact Fees, Building Permits, and Surface Water management rate table. Amendments to SMC 3.01.010(A), 3.01.015(B), and 3.01.400(B) are needed to correct these errors. Proposed Ordinance No. 737 makes these corrections.

In addition, given recent activity of public records requests, SMC 3.01.220 needs to be amended to include a rate for additional storage media that may be need to respond to request. Proposed Ordinance No. 738 makes this addition.

On January 25, 2016, the Council discussed proposed Ordinance Nos. 737 and 738. If updates or revisions are needed based on that night's discussion, staff will amend this staff report. Tonight's action would adopt these proposed ordinances.

RESOURCE/FINANCIAL IMPACT:

There is no financial impact resulting from these amendments. The rates or provisions were established based on erroneous methodologies which were not intended or were inadvertently omitted. The additional fee for public records media storage is only intended to reimburse the City for actual costs incurred.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Ordinance Nos. 737 and 738 to correct and amend SMC Chapter 3.01, Fee Schedule.

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

BACKGROUND

On November 23, 2015, with the enactment of Ordinance No. 728, Council adopted the 2016 budget, including a new fee schedule located in Shoreline Municipal Code 3.01. After adoption of Ordinance No. 728, staff identified errors in the administrative fee associated with Transportation Impact Fees, Building Permits, and Surface Water management rate table. Amendments to SMC 3.01.010(A), 3.01.015(B), and 3.01.400(B) are needed to correct these errors. Proposed Ordinance No. 737, included as Attachment A, makes these corrections.

In addition, given recent activity of public records requests, SMC 3.01.220 needs to be amended to include a rate for additional storage media that may be need to respond to request. Proposed Ordinance No. 738, included as Attachment B, makes this addition.

On January 25, 2016, the Council discussed proposed Ordinance Nos. 737 and 738. A copy of the staff report for the January 25, 2016 discussion of these ordinances can be found at the following link: http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2016/staffreport012516-8b.pdf. If updates or revisions are needed based on that night's discussion, staff will amend this staff report.

DISCUSSION

As was discussed on January 25, proposed Ordinance Nos. 737 and 738 would correct and amend SMC Chapter 3.01, Fee Schedule, as follows:

Administrative Fee Associated with the Transportation Impact Fee
As adopted, the administrative fees defined in SMC 3.01.15(B) for Transportation impact fees were increased from 2015 based on the WSDOT Construction Cost Index (CCI), a methodology used to escalate the Transportation Impact Fees. However, this was an incorrect methodology to use as these administrative fees are to be consistent with those used for Planning and Community Development fees, which are adjusted based on Consumer Price Index (CPI). Furthermore, several footnotes to the rate table related to the administration of these fees were inadvertently omitted from the fee schedule as was the administrative fee for the Single-Family Residential Deferral Program.

Building Permit Fee
As adopted in SMC 3.01.010, the base hourly rate for Planning and Community Development fees was increased from the 2015 rates, establishing a new hourly rate of $161.25. However, when it comes to building valuations set forth in SMC 3.01.010(A), the range of valuation needed to be increased to a maximum of $8,000 in (A)(1) and a minimum of $8,001 in (A)(2) in order to ensure that the minimum hourly rate was consistent. Specifically, (A)(2) requires at least a one-hour minimum charge, or $161.25. But, utilizing the codified formula set forth in this section, the fee for a permit valued at $7,001 would be $145.00, less than the newly established minimum hourly rate. By increasing the range to $8,000/$8,001 respectively, the fee will be consistent with the established hourly rate.

Surface Water Management Fee
As adopted in SMC 3.01.400(B), the Surface water management rate table includes a discount for certain parcels which was originally intended to be phased out with a 50 percent reduction in 2016 and completely eliminated in 2017. On November 9, 2015, during presentations on the 2016 budget, staff advised the City Council that King County could not accommodate the elimination of the credit in two phases and thereby recommended that the full credit be provided in 2016 with full elimination in 2017. The November 9, 2015 staff report is available here:
http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2015/staffreport110915-8a.pdf
However, the language proposed at the time of adoption was not correctly modified and attached to the final budget ordinance that Council adopted on November 23, 2015. Therefore, an amendment is needed to correct this omission.

In addition, as adopted, SMC 3.01.400(B)(2) reflects the 50 percent reduction to the credit in 2016. The published rates, however, do not accurately reflect the full credit to which a property owner is entitled. The correct rate reflecting the full credit being provided in 2016, $80.39 per parcel and $186.70 per acre, were presented to the Council at the November 9 meeting (see link above). In addition, the formula in SMC 3.01.400(B)(2)(c) must also be removed as it is no longer relevant.

Additional Public Records Fee
After adoption of the 2016 budget, the City received a voluminous public records request. In reviewing this request, it was determined that the City may need to utilize various mechanisms of media storage to fulfill the request, such as external hard drives. The Public Records Act, 42.56 RCW, permits the City to recoup actual costs directly incident to providing copies. Therefore, SMC 3.01.220 needs to be amended to provide a generic "other" media storage at the cost incurred by the City. Proposed Ordinance No. 738 provides for this amendment.

RESOURCE/FINANCIAL IMPACT

There is no financial impact resulting from these amendments. The rates or provisions were established based on erroneous methodologies which were not intended or were inadvertently omitted. The additional fee for public records media storage is only intended to reimburse the City for actual costs incurred.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Ordinance Nos. 737 and 738 to correct and amend SMC Chapter 3.01, Fee Schedule.

ATTACHMENTS

Attachment A – Proposed Ordinance No. 737
Attachment B – Proposed Ordinance No. 738

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 737

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 3.01 TO THE SHORELINE MUNICIPAL CODE TO CORRECT THE BUILDING PERMIT VALUATIONS RANGE, ADMINISTRATIVE FEE FOR IMPACT FEES, AND TO INCLUDE INADVERTENTLY OMITTED PROVISIONS FOR THE IMPACT FEE DEFERRAL PROGRAM FEE AND ADMINSTRATIVE OF THE ADMINISTRATIVE FEES FOR IMPACT FEES AND TO MODIFY THE STORMWATER MANAGEMENT FEE RATE TABLE RATES AND CREDITS.

WHEREAS**,** on November 23, 2015, the City Council enacted Ordinance No. 728 approving the annual budget which included the repeal of the exhibit Shoreline Municipal Code (SMC) Chapter 3.01 *Fee Schedule* and the adoption of a new Chapter 3.01 as set forth in Exhibit A to the Ordinance; and

WHEREAS, after enactment of Ordinance No. 728, City Staff noted an error in the building permit valuations range in SMC 3.01.010(A) which sets the fee for building permits; and

WHEREAS, after enactment of Ordinance No. 728, City Staff noted an error in the administrative fee rate in SMC 3.01.015(B) which arose from the use of an incorrect index methodology for establishing the administrative fee rate; and

WHEREAS, after enactment of Ordinance No. 728, City Staff noted that the administrative fee for the Single-Family Residential Impact Fee Deferral Program and the notes relating to the administration of the transportation impact fee administrative fees where inadvertently omitted in their entirety; and

WHEREAS, after enactment of Ordinance No. 728, City Staff noted that the wording for the discount available for the surface water management fee was incorrect as it could no longer be phased for elimination and the annual fees with tax were overstated; and

WHEREAS, an amendment is needed to correct these errors;

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

Section 1. SMC 3.01.010(A). SMC 3.01.010(A) is amended as shown below:

3.01.010 Planning and community development.

Type of Permit Application	2016 Fee Schedule Fee Based on $161.25 Per Hour
A. BUILDING	
Valuation (the total valuation is the "building permit valuations" as delineated in Section R108.3 of the International Residential Code and Section ~~108.3~~ 109.3 of the International Building Code):	
1. $0 – ~~$7,000~~ 8,000	1-hour minimum ($161.25 per hour)
2. ~~$7,001~~ 8,001 – $25,000	$75.00 for the first $2,000 + $14.00 for each additional $1,000, or fraction thereof, to and including $25,000 (one-hour minimum)
3. $25,001 – $50,000	$397.00 for the first $25,000 + $11.00 for each additional $1,000, or fraction thereof, to and including $50,000
4. $50,001 – $100,000	$672.00 for the first $50,000 + $9.00 for each additional $1,000, or fraction thereof, to and including $100,000
5. $100,001 – $500,000	$1,122 for the first $100,000 + $7.00 for each additional $1,000, or fraction thereof, to and including $500,000
6. $500,001 – $1,000,000	$3,922 for the first $500,000 + $5.00 for each additional $1,000, or fraction thereof, to and including $1,000,000
7. $1,000,001 +	$6,422 for the first $1,000,000 + $3.15 for each additional $1,000, or fraction thereof
8. Building/structure plan review	65% of the building permit fee
9. Civil plan review, commercial (if applicable)	Hourly rate, 5-hour minimum $806.25
10. Civil plan review, residential (if applicable)	Hourly rate, 3-hour minimum $483.75
11. Floodplain permit	Hourly rate, 1-hour minimum $161.25

Type of Permit Application	2016 Fee Schedule Fee Based on $161.25 Per Hour
12. Floodplain variance	Hourly rate, 3-hour minimum $483.75
13. Demolition, commercial	Hourly rate, 3-hour minimum $483.75
14. Demolition, residential	Hourly rate, 1-hour minimum $161.25

Section 2. SMC 3.01.015(B). SMC 3.01.015(B) is amended as shown below:

B. Administrative Fees		**2016 Fee Schedule**
1.	Administrative Fee – All Applicable Projects	~~$176.37~~ $161.25
2.	Administrative Fee – Impact fee estimate/preliminary determination	Hourly rate, 1-hour minimum ~~$176.37~~ $161.25
3.	Administrative Fee – Independent fee calculation	Hourly rate, 1-hour minimum ~~$176.37~~ $161.25
4.	Administrative Fee – Deferral Program	$161.25
All administrative fees are nonrefundable. Administrative fees shall not be credited against the impact fee. Administrative fees applicable to all projects shall be paid at the time of building permit issuance. Administrative fees for impact fee estimates or preliminary determination shall be paid at the time the request is submitted to the city. Administrative fees for independent fee calculation shall be paid prior to issuance of the director's determination.		

Section 3. SMC 3.01.400(B). SMC 3.01.400(B) is amended as shown below:

B. Credits. Several special rate categories will automatically be assigned to those who qualify:

1. An exemption for any home owned and occupied by a low-income senior citizen determined by the assessor to qualify under RCW 84.36.381.

2. A discount for any parcel served by a city approved retention/detention (R/D) facility maintained by the owner. This discount ~~is being phased out with a 50 percent reduction beginning January 1, 2016, and the discount~~ will be eliminated beginning January 1, 2017.

Categories with Retention/Detention Facilities. The following categories are eligible for reduced rates if they have an approved retention/detention facility until January 1, 2017:

Rate Category	Percent Impervious Surface	2016 Annual Service Charge	Per Unit	6% Utility Tax	Fee + Utility Tax
Residential: Single-Family Home	50%	~~$113.75~~ $75.84	Parcel	~~$6.83~~ $4.55	~~$120.58~~ $80.39
a. Very Light	50%	~~$113.75~~ $75.84	Parcel	~~$6.83~~ $4.55	~~$120.58~~ $80.39
b. Light	50%	~~$264.20~~ $176.13	Acre	~~$15.85~~ $10.57	~~$280.05~~ $186.70
c. All other categories will be discounted to the fee and tax applicable to the preceding rate category in the rate table in subsection A of this section ~~according to the following equation: $RC_{(n)}$ (discounted) = $[RC_{(n)} + RC_{(n-1)}] \div 2$. Where $RC_{(n)}$ is the rate class to receive the discount and $RC_{(n-1)}$ is the next lower rate class and n = rate categories 4 – 7~~.					

3. Alternative Mobile Home Park Charge. Mobile home park assessment can be the lower of the appropriate rate category or the number of mobile home spaces multiplied by the single-family residential rate.

Section 4. Severability. If any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared invalid or unenforceable for any reason by a court of competent jurisdiction, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 5. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON FEBRUARY 1, 2016

_____

Mayor Christopher Roberts

ATTEST:

_____
Jessica Simulcik-Smith
City Clerk

APPROVED AS TO FORM:

_____
Margaret King
City Attorney

Date of Publication: _____, 2016
Effective Date: _____, 2016

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 738

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 3.01 TO THE SHORELINE MUNICIPAL CODE, SECTION 3.01.220 PUBLIC RECORDS.

WHEREAS**,** Shoreline Municipal Code (SMC) Chapter 3.01 *Fee Schedule*, Section 3.01.220 *Public Records* contains the City's published rates for providing copies of public records; and

WHEREAS, the Public Records Act, 42.56, RCW, and its implementing regulations, WAC 44-14, permit the City to recover the actual costs of providing copies of public records; and

WHEREAS, with the continued advancement of technology, other mechanisms are available to the City to provide copies on electronic format, such as external hard or USB drives; and

WHEREAS, an amendment is needed to appropriately include such other storage media in the Fee Schedule;

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

Section 1. SMC 3.01.220. SMC 3.01.220 is amended as shown below:

3.01.220 Public records.

2016 Fee Schedule		
1.	Black and white photocopies or scanned copies from paper up to 11 by 17 inches – if more than five pages	$0.15 per page
2.	Black and white photocopies larger than 11 by 17 inches – city produced	$3.50 per page
3.	Black and white photocopies larger than 11 by 17 inches – vendor produced	Cost charged by vendor, depending on size and process
4.	Color photocopies up to 11 by 17 inches – if more than one page	$0.70 per page
5.	CD or DVD	$0.50 each

2016 Fee Schedule		
6.	Photographic prints and slides	Cost charged by vendor, depending on size and process
7.	GIS maps smaller than 11 by 17 inches	$0.50 per page
8.	GIS maps larger than 11 by 17 inches	$1.70 per square foot
9.	Mylar sheets	$6.40 per sheet
10.	Clerk certification	$1.10 per document
11.	Custom GIS mapping and data requests	$90.00 per hour (1-hour minimum)
12.	Other storage media	Cost incurred by City

Section 2. Severability. If any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared invalid or unenforceable for any reason by a court of competent jurisdiction, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 3. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON FEBRUARY 1, 2016

_____
Mayor Christopher Roberts

ATTEST:

_____
Jessica Simulcik-Smith
City Clerk

APPROVED AS TO FORM:

_____
Margaret King
City Attorney

Date of Publication: _____, 2016
Effective Date: _____, 2016

Council Meeting Date: February 1, 2016 **Agenda Item:** 7(c)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Execute a Contract with MJ Takisaki, Inc. in the Amount of $561,628.79 for the Shoreline Pool Long Term Maintenance Project
DEPARTMENT:	Public Works
PRESENTED BY:	Noel Hupprich, Capital Projects Manager
ACTION:	____ Ordinance ____ Resolution __X_ Motion ____ Discussion ____ Public Hearing

PROBLEM/ISSUE STATEMENT:

Staff is requesting Council to authorize the City Manager to execute an agreement with MJ Takisaki, Inc. in the amount of $561,628.79 for construction services for the Shoreline Pool Long Term Maintenance project. The agreement includes the base bid and three of the four additive alternates.

Between December 21, 2015 and January 21, 2016, the City solicited for contractors to construct the Shoreline Pool Long Term Maintenance project. The engineer's estimate for construction was $513,000 with and additional $100,000 held for contingency. Bids were opened on January 21, 2016 and two (2) bids were received. MJ Takisaki, Inc. was the low bidder with a bid amount of $602,236.86 (this amount included the base bid and all four additive alternates). Construction on the pool is anticipated to start in February 2016 with completion anticipated in the beginning of June.

RESOURCE/FINANCIAL IMPACT:

The cost of this contract will be paid based on the following funding:

EXPENDITURES

Design:		
Staff	$18,800	
Professional Services	$71,500	
Permitting	$10,650	
Total Design		$100,950
Construction:		
Staff and other Direct Expenses	$27,200	
Special Inspection	$6,000	
Construction Contract	**$561,629**	
Contingency	$54,221	
Total Construction		$649,050
Total Project Cost		$750,000

REVENUE	
Facilities Capital Fund	$150,000
General Capital Fund	$600,000
Total Funding	$750,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with MJ Takisaki, Inc. in the amount of $561,628.79 for construction services for the Shoreline Pool Long Term Maintenance project.

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

BACKGROUND

The current Shoreline Pool was constructed in 1971 and funded by the King County Forward Thrust Bond Issue. In June 2013, the City replaced the pool boiler when it failed to operate after 47 years of service. Understanding that the aging pool has major maintenance needs, a full assessment of the building, its systems and pool operation was necessary to understand the building's physical and operational condition. The assessment helped guide development of a capital repair and replacement budget and schedule to avoid emergency repair and replacements, such as the boiler.

In September 2013, the City entered into an agreement with ORB Architects (now Innova Architects) to complete the Shoreline Pool Repair and Replacement Needs Assessment report. The report provided a complete assessment of the pool's condition and identified recommended repairs and their estimated cost.

In April 2015, the City entered into a second contract with Innova Architects to provide an addendum to the Shoreline Pool Repair and Replacement Needs Assessment. The addendum provided recommendations that identified repair and replacement work for the following two scenarios:

1. Work that would be required to keep the pool operational until the year 2022.
2. Work that would be required to keep the pool operational until the year 2035.

On June 22, 2015, staff presented the findings from the Shoreline Pool Repair and Replacement Needs Assessment and at that time, recommended to use funding in 2016 and 2017 to make the repairs needed to keep the pool operational until the year 2022. The staff report for this Council discussion can be found at the following link: http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2015/staffreport062215-8a.pdf.

After this discussion was held, staff evaluated the efficiencies of completing the work during one construction period in 2016. By completing the defined scope of repairs at one time in 2016; construction expense will be less, the pool will be closed for only one extended period rather than two, and all repairs will be completed earlier, reducing the risk for potential system failures and emergency repairs. Based on this evaluation and subsequent Council discussion, all funding for this project was placed in 2016 as part of the adopted 2016-2012 CIP.

DISCUSSION

Preparation of construction plans and specifications for the Shoreline Pool Long Term Maintenance project began in September 2015 and as the work progressed, a more detailed cost estimate was developed. The cost estimate was approximately $215,000 over the construction budget of $523,000. As a result, staff worked with the architect to create a strategy to reduce the scope of the project and maintain the most critical elements required to keep the pool operational until the year 2022.

The following steps were taken to bring the scope of work within budget:

Removal of Pool Piping System Replacement from the Scope of Work:
One significant element of work, the replacement of the pool supply and return piping system, was identified for further investigation to determine if the work was necessary. Replacement of the piping system for a pool of this age is common; however, in some cases it is not needed. Staff had the piping inspected and did in fact find it to be in good condition. Removal of this component of the scope of work reduced the estimated construction cost by $150,000.

Creation of Optional Additive Bid Items:
Staff identified $75,000.00 in work that is not critical to pool operations and that can be completed without closing the pool as optional additive bid items.

The following table summarizes the modifications to the scope of work necessary to bring the project within budget:

Shoreline Pool Long Term Maintenance Project – 90% Design Cost Estimate	$738,000
Removal of the Pool Piping System Replacement	($150,000)
Creation of Optional Additive Bid Items: • Replace metal siding at clerestory ($26,560) • Select work at doors and frames ($20,000) • Variable frequency drive and controls at fan #21 ($9,150) • Replace HVAC serving meeting room 201 ($19,400)	($75,110)
Total Base Bid Estimate After Scope Modification	**$512,890**

By removing the pool pipe replacement work and identifying optional additive bid items, the revised base bid estimate was lowered to $512,890, which left $100,000 in the budget for contingency. The scope of work for the base bid and optional additive bids is as follows:

Base Bid:
- Pool deck replacement
- Re-plastering of the pool
- Mechanical upgrades
- ADA accessibility upgrades
- Replacement of select damaged and deteriorated doors and door frames
- Upgrades to the HVAC system and building commissioning.
- Replace natatorium lighting

Optional Additive Bids:
- Replace metal siding at clerestory
- Select work at doors and frames
- Variable frequency drive and controls at fan #H21
- Replace HVAC serving meeting room 201

Bids were opened on January 21, 2016 and two (2) bids were received. MJ Takisaki, Inc. was the low bidder. The bids were as follows:

Contractor Name	**Bid Received**
MJ Takisaki, Inc.	$602,236.86
Western Ventures Construction, Inc.	$603,345.00

Engineers Estimate	*$588,000.00*

The bid documents stated that the low bid would be determined by the total of the base bid plus all optional additive bids. If the base bid amount is less than the construction estimate, staff would add all or a combination of the additives bids that fit within the construction budget and maintain a construction contingency of at least $50,000. This allowed for MJ Takisaki, Inc.'s base bid and three of the four optional additive bids. The breakdown of the recommended award is as follows:

MJ Takisaki, Inc. Base Bid	$519,091.32
Optional Additive Bid #2 Select work at doors and frames	$15,866.55
Optional Additive Bid #3 Variable frequency drive and controls at fan #21	$6,141.86
Optional Additive Bid #4 Replace HVAC serving meeting room 201	$20,529.06
Total Recommended Award	**$561,628.79**

Optional Additive Bid #1 was not included:

Optional Additive Bid #1 Replace metal siding at clerestory	$40,608.08

City staff has determined that MJ Takisaki, Inc.'s bid is responsive and that they have met contractor responsibility requirements. This was verified by:

- Evaluation of all bids through the creation of bid tabs, and
- Verification that the contractor has not been barred from contracting on federal- and state-funded projects.

RESOURCE/FINANCIAL IMPACT

The cost of this contract will be paid based on the following funding:

EXPENDITURES

Design:		
Staff	$18,800	
Professional Services	$71,500	
Permitting	$10,650	
Total Design		$100,950

Construction:		
Staff and other Direct Expenses	$27,200	
Special Inspection	$6,000	
Construction Contract	**$561,629**	
Contingency	$54,221	
Total Construction		$649,050
Total Project Cost		$750,000

REVENUE	
Facilities Capital Fund	$150,000
General Capital Fund	$600,000
Total Funding	$750,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with MJ Takisaki, Inc. in the amount of $561,628.79 for construction services for the Shoreline Pool Long Term Maintenance project.

Council Meeting Date: February 1, 2016 **Agenda Item:** 8(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of the 2016-2019 Priority Environmental Strategies
DEPARTMENTS:	Planning & Community Development and Public Works
PRESENTED BY:	Miranda Redinger, Senior Planner Rika Cecil, Environmental Services Analyst
ACTION:	____ Ordinance ____ Resolution ____ Motion __X_ Discussion ____ Public Hearing

PROBLEM/ISSUE STATEMENT:

On September 30, 2013, Council adopted the Shoreline Climate Action Plan, thereby committing to reduce community greenhouse gas (GHG) emissions 80% by 2050, with an interim target of 50% reduction by 2030. In 2014, the City reaffirmed that commitment by signing the King County-Cities Climate Collaboration (K4C) Joint County-City Climate Commitments, joining with the County and other cities in similar targets.

Through its partnership with the K4C, the City of Shoreline had the opportunity to work with Climate Solutions' New Energy Cities Program to perform a Carbon Wedge Analysis to examine what it would take for the City to achieve these "ambitious but achievable" targets. Council was introduced to the analysis and recommended actions at their October 14, 2014 meeting.

On September 14, 2015, Council discussed various strategies from the Climate Action Plan, K4C Commitments, and the Carbon Wedge Analysis, and identified priority programs for implementation over the next four years (2016-2019). These included:

- Adoption of a Living Building Challenge Ordinance and consideration of a Petal Recognition Program through the International Living Futures Institute;
- Studying feasibility of District Energy, specifically in the light rail station subareas, the Community Renewal Area at Aurora Square, and Town Center; and
- Conducting a Solarize campaign.

Funds were included in the 2016 budget for a District Energy feasibility study ($50,000) and a Solarize campaign ($15,000). However, Councilmembers had additional questions about these programs. Tonight's discussion will provide an opportunity to discuss these questions. Staff will also be joined by Thomas Puttnam, President of Puttnam Infrastructure, to present his findings on District Energy, and Linda Irvine, Program Director from Northwest Sustainable Energy for Economic Development, to answer questions about Solarize campaigns.

RESOURCE/FINANCIAL IMPACT:
No resource impacts are anticipated as a result of this discussion.

RECOMMENDATION

While no action is required as part of this discussion, staff does recommend the following actions for 2016:

- Adoption of Living Building Challenge Ordinance and consideration of Petal Recognition program;
- Examining feasibility of District Energy or Combined Heat and Power in areas that are likely to undergo redevelopment, including the light rail station subareas, Aurora Square, and Town Center; and
- Preparing to initiate a Solarize campaign, including exploring adoption of Solar-Ready regulations and building on partnerships with local educational, professional, and non-profit organizations dedicated to increasing solar power generation in Shoreline.

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

BACKGROUND

Since the 2008 adoption of the City's Environmental Sustainability Strategy, Shoreline has positioned itself to be a regional and national leader on how local governments can work to reduce the potential severity of climate change. Other City initiatives that have focused on environmental sustainability include:

- Analysis of City and Community Carbon Footprints (2009 and 2012);
- Launching of the *forevergreen* indicator tracking website (2012);
- Adoption of the Climate Action Plan (2013);
- Development of Carbon Wedge Analysis and Strategies (2014);
- Completion of significant capital projects with a variety of climate and other benefits, such as the construction of a LEED Gold certified City Hall (2010) and the Aurora Avenue Corridor project (anticipated completion in 2016);
- Adoption of K4C Climate Commitments (2014); and
- Promoting transit-oriented development, multi-modal transportation systems, and green building through subarea planning for light rail stations opening in 2023 (2013-2016).

To build on these actions, at the City Council's 2015 retreat, Council agreed to continue the focus of its goals for 2015-2017 towards achievement of Vision 2029 and being a sustainable city in all respects. This includes:

- **Sustainable neighborhoods** – ensuring they are safe and attractive;
- **Sustainable environment** – enhancing our built environment so that it protects our natural resources; and
- **Sustainable services** – supporting quality services, facilities and infrastructure.

Most recently, on September 14, 2015, Council discussed various strategies from the Climate Action Plan, K4C Commitments, and the Carbon Wedge Analysis, and identified priority programs for implementation over the next four years (2016-2019). These included:

- Adoption of a Living Building Challenge Ordinance and consideration of a Petal Recognition Program through the International Living Futures Institute (ILFI);
- Studying feasibility of District Energy, specifically in the light rail station subareas, the Community Renewal Area at Aurora Square, and Town Center; and
- Conducting a Solarize campaign.

The staff report for the September 14 discussion is available at the following link: http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2015/staffreport091415-9b.pdf.

Funds were included in the 2016 budget for a District Energy feasibility study ($50,000) and a Solarize campaign ($15,000). However, Councilmembers had additional questions about these programs. Tonight's discussion will provide an opportunity for to follow-up on those questions.

DISCUSSION

Living Building Challenge Ordinance (LBCO)

The City of Seattle adopted an LBCO in order to facilitate development of the Bullitt Center, the world's greenest office building. The International Living Futures Institute (ILFI) also offers a Petal Recognition program that emphasizes sustainability with regard to the following design considerations: site, water, energy, health, materials, equity, and beauty. The City has begun discussing how to work with King County and the ILFI to adapt and adopt these programs. This work has also been designated as a K4C priority for near-term implementation.

Implementation:

Representatives from the ILFI and King County have agreed to present information on the LBCO and Petal Recognition Program to the Council and Planning Commission and assist staff to adapt and adopt pertinent ordinances and regulations. On February 18, the Planning Commission will begin discussing these topics following a presentation by the ILFI. A workgroup of the K4C has been meeting to discuss the ordinance and various considerations. It is unknown at this time when an ordinance or regulations may be ready for Council discussion and potential adoption.

Would Council like any additional information on the program in advance of a recommendation from the Planning Commission?

District Energy (DE)

This concept refers to the central provision of heating and/or cooling services within a defined service area. Electricity may be produced as part of a combined heat and power (CHP) system. Attachment A to this staff report is a white paper about DE authored by Thomas Puttnam, President of Puttnam Infrastructure. The white paper was originally included in the September 14, 2015 Council meeting packet and provides details of components, benefits, and models of DE systems. The white paper includes recommendations for how to implement a system in areas that are likely to redevelop, such as light rail station subareas, Aurora Square, and Town Center. Mr. Puttnam will present findings of the white paper as part of tonight's discussion.

One reason that it could be beneficial to consider DE in areas that are likely to redevelop is that market forces will encourage new buildings to use natural gas for heating, which could then lock owners into this infrastructure for the life of the building. While natural gas is a less carbon-intensive energy source than some of the alternatives, the process produces significant emissions of methane, which is nearly 20 times more potent as a GHG than carbon dioxide.

Implementation:

Attachment A outlines a multi-year approach to studying the feasibility of and potentially developing DE systems. It identifies five phases of a project:

1) Advocacy, Vision, and Policy Development;
2) Feasibility (Screening, Pre-Feasibility, and Feasibility);
3) Detailed Investment Analysis;
4) Development; and
5) Operations, Maintenance, and Expansion.

The white paper also outlines a seven step process for evaluation of feasibility, including anticipated costs and timeframes:

1) DE Feasibility Evaluation - Consultant Cost: $50,000; Staff Cost: TBD; Timeframe: 6 months
2) Preliminary Go/No Go Decision - Consultant Cost: $0; Staff Cost: TBD; Timeframe: 2 months
3) Third Party DE Provider Selection - Consultant Cost: $0; Staff Cost: TBD; Timeframe: 2-3 months
4) DE Evaluation Refinement and Initial Agreements - Consultant Cost: $0; Staff Cost: TBD; Timeframe: 6 months
5) Final Go/No Go Decision - Consultant Cost: $0; Staff Cost: TBD; Timeframe: 2 months
6) DE Development - Consultant and Staff Cost: TBD; Timeframe: 18 months
7) DE Operations – Cost: TBD; Timeframe: Ongoing

Staff will be coming back to Council with a request to authorize the City Manager to execute a contract for the DE Feasibility Evaluation, given that the funding was included in the 2016 budget. Prior to taking that action, staff wanted to have the presentation by Mr. Puttnam and respond to any lingering questions that Council may have about this study.

What questions does Council have about DE and/or determining feasibility?

Solarize Program

This program could involve a spectrum of initiatives, including requiring that new construction be "solar-ready", and/or facilitating a campaign to promote photovoltaic (PV or solar panel) installation, either on community buildings or private residences. Local partnership opportunities for these initiatives are great, considering that Shoreline is home to the Shoreline Community College, which offers a solar design program; NW Mechanical, which installs PV systems; and Solar Shoreline, which hosts SolarFest and promotes local proliferation of PV systems.

Implementation:

Since this program could entail a couple of different initiatives, it would first be important for Council to provide direction regarding the scope of work. Should the City require that new construction be "solar-ready" or sponsor a community-solar or individual homeowner campaign? The answer will require varying degrees of staff and/or non-profit support.

Attachment B to this staff report outlines a potential scope of work if the City were to partner with Northwest Sustainable Energy for Economic Development (NW SEED) on a household challenge campaign. However, it is unlikely that any of the staff who would serve as project manager for such a campaign would be available to focus on this effort before fall of this year. Another consideration related to timing is availability of federal and state tax credits that provide an incentive for homeowners to install PV systems. At the September 14, 2015 Council meeting, the fate of the federal tax credits was unclear, but has since been resolved. The following information provides an update on both federal and state incentives:

Federal Investment Tax Credit for Solar:

- In December, Congress extended the solar investment tax credit through 2022. http://www.utilitydive.com/news/congress-strikes-deal-to-extend-wind-solar-tax-credits-and-lift-oil-export/410947/
- Therefore, if PV installation is begun before 2020, the project would get 30% of the project cost as a tax credit. After that, it scales down.

Washington State Cost Recovery Incentive:

- This state program pays the project owner for every kilowatt-hour of electricity made from the installation date through June 30, 2020.
- The sooner a project is installed, the longer the incentive.
- Rates start at $0.15/kilowatt hour (1.5 times the retail rate) and go higher if property owners use Made In Washington equipment.
- The reimbursement rate is set at the end of the fiscal year (June 30) and it is calculated by taking the total incentive pot available and dividing by the number of solar kilowatt hours generated by all the systems in the utility territory over the previous year. It's impossible to predict what the rate will be this coming June, but it will definitely be lower than last year. http://www.seattle.gov/light/solarenergy/Incentivecap.asp

Solar advocates, including NW SEED, plan to support a bill in Olympia to reform the State incentive to make it a 10 year incentive from the date of installation, which gives owners a locked in rate for 10 years, but ratchets downward for new systems with each passing year, so the early adopters lock in a higher rate. Because of the short legislative session, decisions about the incentive should be known by March 2016.

What questions does Council have about Solarize campaigns and resources involved? Linda Irvine from NW SEED will be available to answer these questions at the meeting.

Does Council wish to pursue a Solarize household challenge or community solar initiative or adopt regulations requiring new construction to be "solar-ready"?

RESOURCE/FINANCIAL IMPACT

No resource impacts are anticipated as a result of this discussion.

RECOMMENDATION

While no action is required as part of this discussion, staff does recommend the following actions for 2016:

- Adoption of Living Building Challenge Ordinance and consideration of Petal Recognition program;
- Examining feasibility of District Energy or Combined Heat and Power in areas that are likely to undergo redevelopment, including the light rail station subareas, Aurora Square, and Town Center; and
- Preparing to initiate a Solarize campaign, including exploring adoption of Solar-Ready regulations, and building on partnerships with local educational,

professional, and non-profit organizations dedicated to increasing solar power generation in Shoreline.

ATTACHMENTS

Attachment A - District Energy White Paper
Attachment B - Potential Scope of Work for the Solarize Campaign with NW SEED

August 27, 2015

RE: City of Shoreline
District Energy Overview and Development Opportunities
(DRAFT)

PUTTMAN INFRASTRUCTURE

Puttman Infrastructure, Inc.
620 SW Fifth Avenue, Suite 1007
Portland, OR 97204 USA
P +1 503 224-3454

The objective of this memo is to provide the City of Shoreline a general understanding of district energy and its potential value, identify potential locations for district energy in the city, provide an overview of district energy development phases and development models, and provide specific recommendations for initiate district energy development in the city to support future development.

Section 1 – District Energy Introduction

Overview

Much infrastructure development of the past century focused on large, centralized, single purpose systems. These systems were highly effective for promoting economic development, public health, and environmental quality in rapidly growing urban areas: these systems will continue to play an important role in cities. However, aging infrastructure, the densification and expansion of cities, new fiscal constraints, new technologies, and changing societal values are calling for an expanded toolkit to optimize infrastructure and meet sustainability objectives. Not as a replacement of centralized systems, but as an alternative or complementary strategy to address new challenges and seize new opportunities.

Sustainability demands creative and flexible solutions that are sensitive to local context and that produce real improvements in service quality and resource efficiency. In recent years, the focus has been on building-scale alternatives to centralized infrastructure – high efficiency to net-zero green building – but buildings are not always the most appropriate or cost-effective scale to promote sustainability. District energy systems—neighborhood-scale utilities that deliver heating, cooling, and/or hot water—are emerging as a

key strategy for cities that are pursuing aggressive environmental goals, including massive long-term reductions in building-related greenhouse gas emissions.

Buildings are part of a community, and resource sharing is a common practice in communities, from sharing public spaces to water to electricity grids. Cities and building owners will be compelled to look to district-level solutions to meet their clean energy needs, and to meet their needs around other resource and infrastructure issues such as sustainable storm water management and waste water recycling. The aggregation of energy demand and the customer service model established for district energy can serve as the foundation for these other "eco-district" services and infrastructure projects.

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About District Energy

District energy is a very old concept used as far back as the Romans. District energy helped the initial development of the electric power industry by enhancing the economics of new power plants by generating additional revenue from waste heat recovery. Today, more than 50% of all building stock in countries of Northern Europe is connected to district systems. In Stockholm, Sweden, for instance, the entire city of more than 800,000 people is served by two systems. As they incrementally expanded to serve more people, these systems added new sources of energy. With such systems, technologies tend to evolve on a regular basis, approximately every 15 to 20 years.

Based on 2005 information from the International District Energy Association (IDEA), the U.S. and Canada had about 650 district systems in operation, though a number of systems have begun operations since then. Of this number, more than 75 percent serve either university or hospital campuses, while the remainder serve portions of downtown urban areas. These district energy systems provide energy to about 10 percent of non-residential spaces in the U.S.

District energy refers to the central provision of heating and/or cooling services within a defined service area. Electricity is sometimes also produced as part of a combined heat and power (CHP) system (also referred to as cogeneration).

As shown in the exhibit below, there are three main components to a district energy system.

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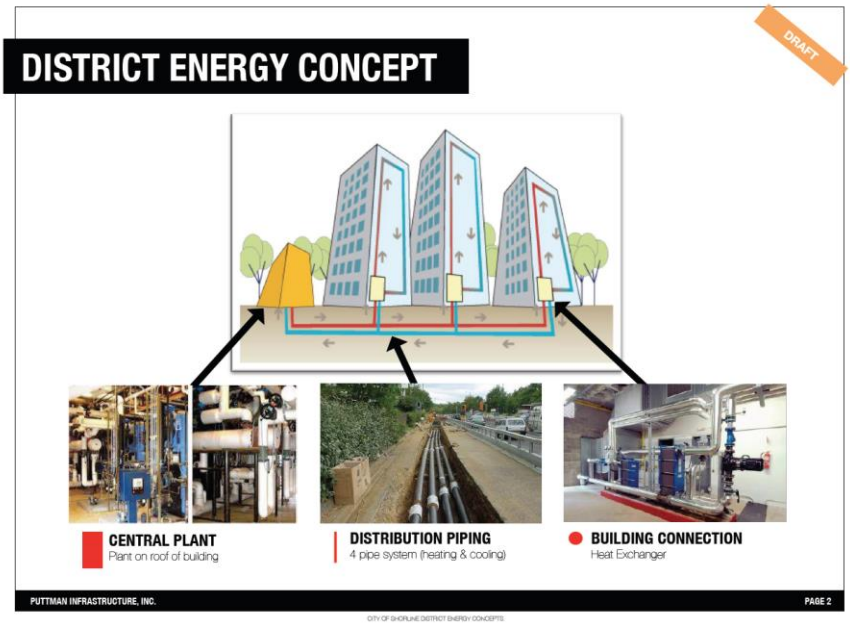

Central Energy Plant (CEP)– One or more energy-producing plants provide all of the heating and/or cooling energy required by customers within the defined service area. A single, central plant offers significant economies of scale compared to individual systems within every building, and simplifies system design and operation. However, several plants may be better in certain circumstances, notably where development is slow and/or dispersed, or where different energy sources are being integrated in different locations.

Distribution Piping System (DPS) – Hot and cold water are distributed to individual customers via underground pipes (one supply and one return pipe each for heating and for

cooling). While older district heating systems distributed energy in the form of steam, newer systems almost all use hot water distribution. Systems often grow out of central distribution line, with smaller loops that link buildings together.

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Energy Transfer Station (ETS) – Individual buildings are served via energy transfer stations (ETS) consisting of heat exchangers and meters, eliminating the need for on-site boilers in the case of district heating and chillers, or cooling towers in the case of district cooling. Within buildings, thermal energy must be provided to individual spaces by hydronic HVAC systems, which could include fan coils, hydronic baseboards or in-floor radiant systems.

In order to deliver district energy services, some form of utility service provider (e.g., a local government or a privately-owned utility), assumes responsibility for capital investments (i.e., construction), and secures (i.e., generates or captures) and delivers energy that meets the end users' needs, and ultimately charges building owners for use of the system. A utility is simply an entity that plans, invests in and operates the infrastructure required to deliver services and recover costs, both capital and ongoing operating costs, whether through user rates or other funding mechanisms.

Benefits of District Energy

District energy systems have the potential to generate numerous benefits to the City of Shoreline as well as the owners and tenants of the buildings connected to the system. Making sure that energy consumers and building owners understand the ways that district energy directly benefits them is critical. Of course many of these benefits overlap with those of communities—what is good for owners is good for communities, and vice versa. Nevertheless, in order to engage the participation of owners and tenants, cities need to analyze and articulate how district energy benefits the community as well as building owners and tenants through key

metrics like energy efficiency, cost savings, and risk management over the long term.

Community benefits include:

Increased Energy Efficiency and Reduced GHG Emissions
District energy systems can produce significant energy savings – up to 20 to 30% - compared to stand alone building systems due to load diversification, equipment "right-sizing" and operational efficiency. Enhanced efficiency reduces energy-related GHG emissions while also providing opportunity for greater emissions reductions by shifting to cleaner energy sources over time.

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Improved Resiliency and Risk Mitigation
District energy systems increase community resiliency by providing distributed energy solutions that reduce risk in terms of future energy and environmental policy, carbon costs, fuel availability and cost variability, and the future effects of climate change.

Partnership and Investment Opportunity
As a commercially viability investment, district energy provides cities the opportunity to partner with the private sector to begin non-tax based investments into the city to realize both policy and development objectives.

Building benefits include:

Reduced Energy Costs and Cost Stability
The bottom line for any building owner is cost. Long-term net cost savings are a key selling point of district energy systems. District energy delivers lower cost energy through improved efficiency, load diversification, and economies of scale. Also due to the long-term aggregate nature of demand, a district energy system operator can negotiate

long-term fuel contracts, which facilitates greater energy price stability for consumers.

Increased Cost Effectiveness

District energy enables incentives and financing that would not otherwise be available. District energy systems can attract sources of financing, such as municipal bonds or community energy grants, which are not available to individual owners. The cost efficiencies gained with district energy utility can in some cases create enough of a revenue premium for cities to offer incentives to owners of existing buildings for installing systems compatible with district energy and connecting to the system. This in turn can enable owners to take into consideration the full spectrum of options for replacement of heating and cooling equipment without having to bear a first cost premium.

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Enhanced Energy Efficiency and Greener Energy

Buyers and renters are becoming more and more aware of the energy performance of existing buildings, which makes energy efficiency a source of either opportunity or risk for owners, depending on how well their buildings compete. Cities are now adopting new policy initiatives around energy performance ratings and disclosure to accelerate the degree to which market forces will distinguish efficient buildings from those that use too much energy. Some cities, like Seattle and Vancouver, B.C., are already moving beyond disclosure policies toward regulations that will require buildings to meet aggressive post-retrofit energy targets in return for flexibility to innovate in how they achieve such targets, including use of on-site renewable generation equipment and/or low-carbon district energy sources. District energy offers an essential opportunity to owners in this emerging policy environment.

Reduced Building Operations & Maintenance Responsibility and Cost

With district energy, building owners receive reliable and predictable energy service from professional system operators. This means fewer worries for building management staff, in terms of fuel price uncertainty and system maintenance, upgrade and repair, compared to on-site systems.

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Future Technology Benefits

District energy allows cities and building owners to "fuel switch" over time to take advantage of new clean energy technology options and access capital financing for these fuel/technology upgrades.

Determining the Potential Value Proposition of District Energy

The value propositions, costs and risks of district energy must be weighed in project-specific business cases that consider the unique features and local context of every project. The ultimate business case for district energy will depend upon a number of criteria including:

- The ultimate scale of the expected system
- The density and mix of loads (higher density and greater use mix will typically results in greater ratio of benefits to costs)
- The actual rate and staging of development
- The security of loads (requirements or incentives for customers to connect and consume)
- The options for on-site energy systems (many building sites may be limited in terms of their ability to access alternative energy sources such as solar orientation or available scape and suitable ground conditions for geoexchange systems)
- The availability and cost of alternative energy sources (eg, large nearby waste heat sources, local underutilized biomass resources)

- Potential synergies with other infrastructure (eg, as sources of waste energy and/or in the installation and maintenance of equipment).
- Other opportunities for future growth or the addition of other services (sometimes referred to as "growth options" in the finance literature).

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Section 2 – District Energy Opportunities in Shoreline

Subarea Plan Nodes

Development of district energy in the City of Shoreline should be closely aligned with City planning activities. As development scale, phasing, mix of uses, and load certainty are significant drivers associated with successful district energy development, subarea planning nodes lend themselves to initial areas of consideration within the city.

The City of Shoreline Comprehensive Plan identifies six subarea planning areas - areas that the City will focus significant investment of public resources to both direct and support future development within the city of the next 20 years. In addition to these, the City is currently developing a Subarea Plan for land use surrounding the future 145th Street Station.

Adopted Shoreline subareas are shown in the following exhibit:

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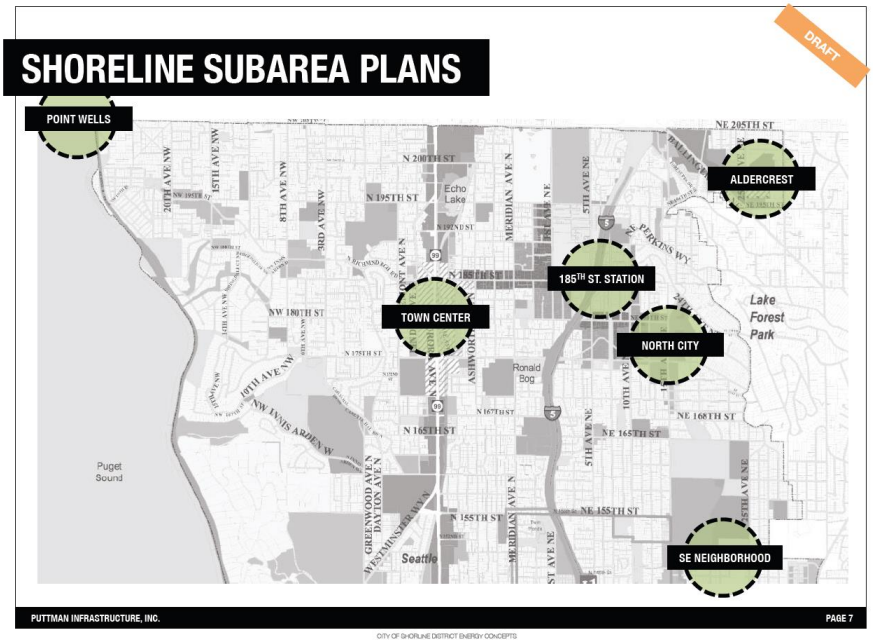

From the perspective of district energy, Shorelines subarea planning nodes lend themselves to the following district energy opportunity types:

Type 1 - Catalyst Node

Catalyst nodes are planned for intensively focused development such as transit orientated development associated with future transportation infrastructure (ie, light rail). Catalyst nodes may also be associated with existing city centers or new master planned development. The intensity of development and diversity of development of a catalyst node create ripe opportunity for district energy infrastructure.

Catalyst nodes in Shoreline include:

- Town Center
- 185th and 145th Street Station Subareas
- Community Redevelopment Area at Aurora Square
- North City
- Point Wells

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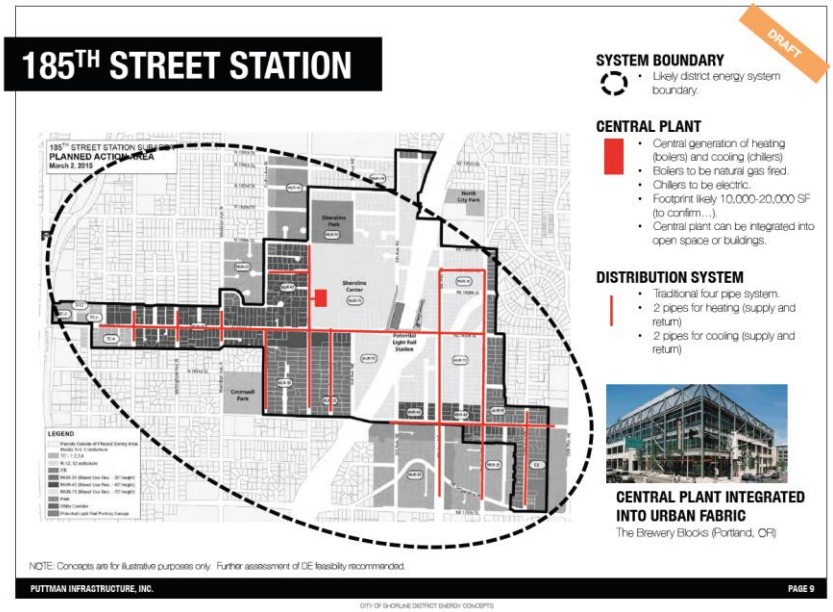
Type 2 - Traditional Infill

Less intense in focus than a catalyst node and with less major infrastructure investments such as light rail, traditional infill still has the potential to support district energy, but will require more supportive City policy, regulations, and investment.

Traditional infill nodes in Shoreline include:

- SE Neighborhoods
- Aldercrest

Shoreline should focus attention on catalyst nodes initially as it considers developing district energy in the city. An example of a potential district energy concept to serve the 185th St. Station subarea planning node is provided below:



Section 3 – District Energy Implementation

Phases of District Energy Development

As illustrated in Page 10 – Phases of District Energy Development, district energy development may be divided into the following main phases:

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Phase 1 – Advocacy, Vision and Policy Development

This work actually precedes the development cycle, nevertheless, it is vital. Many people — even energy experts who work for utilities — consider district energy an "old, outdated" technology whose time has come and gone. If this approach is to once again receive serious consideration, these sorts of misconceptions need to be addressed and debunked.

Phase 2 – Feasibility (Screening, Pre-Feasibility and Feasibility)

This is the pre-feasibility screening and feasibility work required to confirm the basic technical and financial viability of a particular district energy project. As Table 1 makes clear, there are a number of important steps in this phase and it requires both financial and technical/engineering expertise.

Phase 3 – Detailed Investment Analysis

This is an extension of full feasibility, but includes making decisions about ownership and financing details, as well as securing customer commitments.

Phase 4 – Development

This is the design, permitting, construction and commissioning work.

Phase 5 – Operations, Maintenance and Expansion

This involves operating, maintaining and expanding the system after it is commissioned, and changing fuel sources if necessary and prudent.

District Energy Players - Roles and Responsibilities

As shown on Page 11, there are eight key players in the process of district energy development. The following pages describe key player roles and responsibilities:

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District Energy Advocate

This is the general advocate and source of information about district energy. Usually a government or nonprofit organization educates the general public about the benefits of district energy, articulating and promulgating the vision to build support. This entity also engages public agencies and industry representatives to encourage supportive public policy. The main U.S. advocate is the International District Energy Association.

Facilitator/Convener

This role is essentially the City-designated district energy "champion." This is an extremely important role, because the economic benefits of a municipal-scale, multi-stakeholder district energy system are often too dispersed to motivate any one self-interested party to drive the process. Because district energy benefits accrue to the public as well as the private sector, individual private actors tend not to take on this time-consuming and expensive facilitation role. As a result, without a strong facilitator driving the process, even an economically viable project can easily fall by the wayside.

Pre-Feasibility and Feasibility Consultant

The pre-feasibility consultant looks at a specific location with regard to current and projected energy and population density, as well as prevailing and projected energy costs,

and tries to determine whether or not there is a realistic opportunity for district energy in that area.

A feasibility consultant builds on the pre-feasibility study and prepares a comprehensive study that looks at site-specific energy intensity data, possible right of way alignments, specific sites for energy plants, neighborhood traffic patterns, and various potential technologies to determine whether or not a district energy project makes sense in a specific location. It also analyzes the business and technical case, including a pro forma, sensitivity analysis, thermal plant location options, and an analysis of the environmental benefits of various technology options and fuel sources. This work is typically funded either by a public sector entity that wants to maximize public benefits from a project, or by a project developer who hopes to develop the project and has a reasonable expectation of doing so.

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Project Owner

This entity owns the district energy system physical assets. Owners are typically either public, private or a hybrid blend. There are also a few district energy cooperatives. Private Franchisee/Owners are often linked to and/or backed by large financial institutions such as investment banks or pension funds. Sometimes systems have multiple owners (e.g. joint ventures and public-private partnerships) and ownership lines are often split between the energy center and the distribution network.

Project Developer

The project developer delivers the physical assets, such as the energy center and/or the distribution system to the owner/financier. In some cases, project developers have a limited period of engagement with the project, as they focus on winning the development contract, and then designing and building the physical assets. Developers tend to be

very bottom-line focused and deadline driven, because they generally succeed by limiting their risks and costs, and by completing high quality projects on time and on budget. In some instances a developer will also choose to be the long-term owner and operator (see below), but this is not always the case.

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Project Operator

The district energy operator is responsible for the ongoing technical operation and maintenance of the district energy system. As already noted, this entity is sometimes also the Developer and the Owner. For example, Veolia Energy North America purchased, rather than developed, most of their American district energy systems, and in some cases they operate district energy facilities that are owned by others.

Regulators

Regulators establish and monitor standards of construction, operational performance, safety and pricing/consumer protection. They also ensure compliance with standards and other applicable laws.

District Energy Ownership and Operating Models

There are four ownership and operating models utilized to develop and operate district energy systems.

The Municipal Model (Public)

Public district energy companies are typically owned and governed by the local municipality. The City either establishes a full-fledged district energy department to manage the system, or it creates a separate, wholly owned and operated subsidiary to shield the municipal general fund from direct and unlimited financial liability. Although the City or a subsidiary usually owns the district energy company under this model, the technical design, construction — and

possibly even the operation — is often contracted out to private firms.

For example, a private developer backed by private investment funds might use a traditional project finance structure to build the system. This might involve a Special Purpose Vehicle (SPV) to finance and develop the system that, once completed and fully operational, could be transferred to City full ownership and control. The City would thereby shed the construction risk and purchase the completed system with low-cost bonds secured either through contracted energy purchase agreements or by the full faith and credit of the City. In either case, the City would repay the relatively low-cost bonds over time.

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In other municipal examples the system build-out occurs over many years, so there is not a simple design-build phase followed by a bond financing phase. The municipal utility in such cases will require an ongoing source of new design-build capital. This may take the form of a revolving capital pool that is continually replenished by an expanding base of ratepayers.

Strengths of the Municipal Model:

- City procurement guidelines, along with long-term ownership, ensure control and close alignment with City goals, including social and environmental policies.
- Development risk can be transferred to a third party via a Special Purpose Vehicle, as described above.
- City controls zoning and building permits, so can create incentives, lower the cost of capital, and prioritize sustainability, efficiency, and carbon performance.
- City ownership enables provision of lower-cost long-term financing compared to private sector borrowing.

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- Operating profits would flow back to the City and support the delivery of other services. While this is a positive outcome, there is also the potential for losses.
- System expansion or modification can be encouraged, coordinated and controlled by the City.
- City may have access to grants not available to private sector owners.
- City may recover some costs from taxes rather than customer rates if there are broader public benefits from the project and costs exceed private benefits (sustainable rates) or to minimize revenue risks from voluntary-only participation.

Weaknesses of the Municipal Model:

- Long-term financing costs are reliant on the financial strength (i.e. the credit rating) of the City, and project debt will remain on the City balance sheet.
- The City carries the long-term debt, and arguably might discourage energy efficiency investments that could reduce its income from energy sales.
- Without a clear commitment to finance expansion and renewal, the system may not reach its full (sustainable) potential and stagnate.

The Private Model

A number of private companies develop, own and/or operate district energy systems. Most of these firms are relatively unknown; however, in Europe and Canada, several very large investor-owned utilities have entered this market, either directly or by buying a stake in a specialist company and providing solid financial backing, but there are still relatively few U.S.-based utilities in this space.

Private companies can arrange external debt financing, but building owners and/or the project developer sometimes may need to make an equity contribution to the project.

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More common is a connection fee that is required upon connecting to the system. Building owners are sometimes required to make long-term commitments to purchasing energy for no less than the projected or actual "business as usual" price of energy from more traditional sources. This way the district energy developer can model incoming future cash flows with a reasonable degree of certainty. Sometimes interested public entities also must supply gap financing, especially for distribution systems in areas with relatively few initial customers. This gap financing may be justified on the basis of broader public benefits.

Strengths of the Private Model:

- The private company and its backers typically carry most, if not all, of the financial risk.
- The private company brings substantial expertise to the project with extensive project finance skills, project management experience and technological knowledge, all of which enables them to carry the technical performance risk.
- The developer will continue to own and/or operate the system over the long term, so a City will not have to handle maintenance or operations.
- A private utility will typically continue to capitalize the business for expansion and renewal.

Weaknesses of the Private Model:

- Relatively high rates of return are required to compensate for developer risk, so energy charges may be higher.
- Unless there is a very strong business case, privately-financed projects often need at least some public support, whether in the form of policies that reduce development risks and barriers or incentives and financing support in recognition of broader public benefits.

- Public sector stakeholders have more trouble exerting control and are less able to direct future development of privately-owned projects, particularly those with a lower rate of return.
- The details of a City franchise agreement are extremely important, because customers will be tied to a private company with near-monopoly control, and depending on the type of system that is developed, it could be exempt from Public Utility Commission (PUC) oversight.

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The Hybrid Model (ie, Public Private Partnership)

Various hybrid structures, some of which are known as public-private partnerships, may be established in order to share financing, development, ownership and operating risks and functions. The hybrid model — which is actually a "family" comprised of dozens of possible configurations — also shares decision-making power/control between the public and private sectors while still allowing the district energy developer to access capital at the lower interest rates available to the public sector. Hybrid approaches offer tremendous flexibility and the opportunity for innovation in creating a unique ownership/ operating structure.

Several discrete elements of a project can be "hybridized":

- Financial Ownership. For example, a typical joint venture combines all of the assets into a single entity and splits ownership of that entity between the owners.
- Hard Assets. This is not really a joint venture, as actual assets are not shared. An example might be a system where a one entity (typically, but not always, a municipality) owns and maintains the thermal distribution system, while a private company owns and operates the energy center.

- Operations, Maintenance and Upgrades. Operations and maintenance can be outsourced via a simple operating agreement. Alternately, a more comprehensive and longer-term concession agreement might also include outsourced responsibility for funding system upgrades and expansions.

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One possible hybrid arrangement is for public entities to handle the financing, construction, operation and maintenance of a thermal distribution (piping) system, while the central plant is handled by one or several different private entities. The municipality would manage the energy distribution system since its installation because ongoing maintenance and extension requires tearing up the streets, an activity that municipalities already know how to manage. This work can be closely coordinated with other public utility repairs within the public right-of-way. The thermal distribution and/or other components of a system could also initially be financed, owned and operated by a municipality but later sold off once the system is established and its financial viability is clearly demonstrated.

Strengths of the Hybrid Model:

- City still controls zoning and building permits, so can create incentives to connect — and thereby influence — the cost of capital.
- Can readily be influenced by the City procurement process and regulations to pursue efficiency, carbon performance, the use of locally-sourced renewable fuels and rapid expansion into new or redeveloping neighborhoods.
- Greater flexibility in terms of financing sources and risk allocation than either wholly-public or wholly-private approaches.
- Sometimes provides access to low-cost, public-sector borrowing rates.

- May reduce political risk for elected officials supporting district energy projects.

Weaknesses of the Hybrid Model:

- The public sector (i.e. the taxpayer) often still assumes some financial risk.
- Liabilities are sometimes, but not always, reflected in public sector accounts.
- Process requires compliance with (potentially cumbersome) public sector procurement procedures.

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The Cooperative Model

Cooperatives (co-ops) are also sometimes known as stakeholder-owned Special Purpose Vehicles, because ownership is shared among the co-op customers. Key stakeholders are typically customers receiving the energy, like commercial buildings and/or residents within a defined location and local public agencies.

Strengths of the Cooperative Model:

- Because the owners are also customers, this structure is likely to offer maximum accountability and transparency.
- Co-op structures can enable projects in areas with limited access to capital by securing relatively small amounts of capital from many different owners/customers.
- By owning the network that serves them, co-op members reduce the risk of monopoly abuse.
- Offering outside entities an ownership stake can help fund expansion and attract more members.

Weaknesses of the Cooperative Model:

- Decision-making can be cumbersome for cooperatives, since ownership is divided across many stakeholders that may have disparate interests.
- A co-op may lack the expertise that a private firm can offer through a private or hybrid model.

- It may be difficult to utilize the co-op model in newly developed areas without an established base load. This model may work best for purchasing existing district energy infrastructure, rather than building new facilities.

Challenges to Implementing District Energy

There are normally many potential challenges to overcome as well. Some key challenges include:

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Building Developer/Owner Buy-In

The most critical challenge to district energy development is building developer/owner buy-in (ie, will they choose to connect?). Detailed financial analysis will provide these future customers with the necessary information to make informed decisions. Moreover, having the City backing the system will provide additional certainty of energy service and cost now and into the future.

Staging of Capital Investments

Some district energy capital investments are "lumpy" and must be staged carefully to minimize carrying costs prior to securing energy service revenues and to minimize stranded investment risk. One strategy to reduce these risks includes interim reliance on temporary or permanent natural gas boilers, which can then be used for peaking and back-up once loads reach sufficient levels to support investment in alternative technologies for baseload supply.

Energy Revenue Risks

Customer capture and retention is critical to ensuring economies of scale while minimizing the risk of stranded capital. Often communities and stakeholders play a critical role in mitigating these risks through vision and policy support.

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Project Financing

District energy offers stable, utility-style returns. However, there is a need to finance pre-implementation feasibility studies and design work for new systems. New systems will also typically need a "levelized rate" structure whereby expenses may exceed revenues in early years. Additional capital will be required to finance operating deficits in early years, which would be repaid through surpluses in later years of the investment cycle. Multiple sources of financing may be required to reflect the mix of public and private benefits. For example, customers may pay a small premium over conventional heating and cooling systems to reflect intangibles such as higher reliability, better service, reduced risks, and better environmental performance. But the willingness of private customers to pay for societal and long-term benefits such as deep carbon reductions and technological flexibility may be limited. Other sources of capital will be required to maximize these societal benefits.

Planning and Coordination

Considerable coordination among land use and infrastructure planning is required to minimize implementation costs, secure energy production sites, and secure certain alternative energy sources such as waste heat. Building codes and enforcement can be used to promote voluntary connection and ensure system performance. Careful coordination with building developers and designers is required to ensure optimal system compatibility.

Supply and Price of Alternative Technologies and Fuels

Supply chains for some alternative technologies and fuels are not yet well developed, and there may be both supply and price risks compared to well-established conventional fuels. These can be managed in part through competitive procurement processes, performance contracting, and the staging and diversification of technologies. Governments

may also have a role to play in facilitating market development for technology and fuel suppliers, as well as access to resources such as waste streams and heat recovery opportunities.

Electricity Market Interface

The primary focus of district energy is on the provision of thermal energy service (heating and/or cooling). Combined heat and power can reduce district energy costs and enhance the efficiency and security of the local electricity system. However, investors will often require long-term and stable power prices to finance the additional costs of CHP. Alternatively, electric utilities or independent power producers may need to build, own and operate the plants including the management of electricity supply contracts, and then sell waste heat to a district energy provider.

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Section 4 – District Energy Development Recommendations for Shoreline

Recent district energy development efforts in Portland, Oregon and Seattle, Washington initially began as private development models where the City engaged with a third party district energy provider through a competitive, public procurement process. However, based on the results of these initial efforts, it became evident that the third party district energy providers needed some type of partnership with cities – either financially or policy wise – to ensure commercial viability for the district energy system. As a result of these recent efforts, it is recommended that the City of Shoreline pursue a public private partnership (P3) development model to implement district energy within the new 185th Street Station Subarea.

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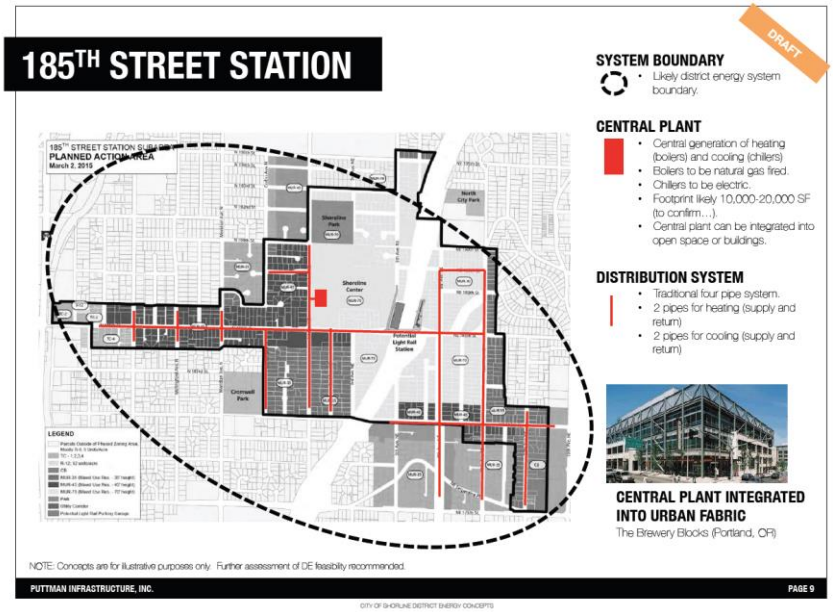

A P3 development model for implementing district energy in the 185th Street Station Subarea would require the City of Shoreline to engage with an experienced third party district energy provider (DE Provider). The terms of the P3 would likely include the following:

185th Street Station DE P3 Development Model (Example)

Ownership:	City/DE Provider
Funding:	
Central Plant:	DE Provider
Distribution Network:	City
Design/Build/Operate:	
Design/Build:	DE Provider
Permit:	DE Provider
Policy Support:	City
Operations:	DE Provider
Customer Relationships:	DE Provider

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The City and DE Provider would jointly own the district energy system. Each partner would be responsible for financing specific components of the system consistent with financial return needs and risk profiles. This would likely result in the City financing the distribution piping network – to be constructed with public street improvements – and the DE Provider financing the central plant – based on the timing of heating and cooling energy growth within the district. The DE Provider, utilizing their expertise and experience, would design/build/permit the system as well as operate and manage customer relationships. The City would support system development through the creation of support policies such as mandatory connection requirements for each building developed in the district to connect to the district energy system. Revenue generated from the district energy systems would be shared by the City and DE Provider based on the capital and risk invested into the system.

Other Partner/Stakeholder Engagement

In addition to the P3 development model recommended above, it will also be important to engage with key stakeholders early in the district energy system development process to ensure support. These stakeholders include:

Property Developers/Owners

Early in the process, property developers and owners should be engaged in order to promote system acceptance.

PSE (electricity and natural gas)

Puget Sound Energy should be engaged early to help shape system development, including potential incentives and other forms of support.

Regulators (Washington UTC)

The Washington Utility and Transportation Commission (UTC) should be engaged early as well to understand permitting requirements including specific requirements of the UTC related to developing district energy systems under a P3 development model.

Local NGOs

Local non-profits should be engaged to foster support for the district energy system as a means to accelerate sustainability nationally and in the Puget Sound region and Shoreline.

Recommended Next Steps

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Development will drive district energy implementation in Shoreline. For the City to "get ahead" of development to ensure district energy implementation, the following steps should be considered to ensure district energy is ready to meet the energy demands of future development when it comes:

1. **District Energy Feasibility Evaluation (Consultant Cost = $50,000, Staff Cost TBD, Timeframe = 6 months)**

A detailed district energy feasibility evaluation should be conducted to refine the value proposition for district energy in the 185th St. Station Subarea:

- Energy, cost and carbon savings.
- DE system options (including technologies and distribution networks)
- Detailed cost estimate
- Cost of energy service comparison (business as usual vs. DE with various options)
- DE utility development model refinement including roles and responsibilities for public and private partners.
- Identification of key "enabling strategies" to ensure DE system development (i.e., mandatory connection policies).

2. **Preliminary Go/No Go Decision (Consultant Cost = $0, Staff Cost TBD, Timeframe = 2 months)**

Based on the findings of the feasibility evaluation, City Council makes a go/no go decision to engage with a third party district energy provider and makes a potential preliminary commitment of capital for distribution network piping.

3. **Third Party District Energy Provider Selection (Consultant Cost = $0, Staff Cost TBD, Timeframe = 2-3 months)**

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City to develop and issue an RFQ to select a third party DE provider. Based on experience with other cities, this effort will probably take about 2-3 months to develop the RFQ including internal review and approval, issue the RFQ, review responses and make a selection (with or without interviews).

4. **District Energy Evaluation Refinement and Initial Agreements (Consultant Cost = $0, Staff Cost TBD, Timeframe = 6 months)**

Once the DE Provider is selected, an initial MOU will be established between the City and DE Provider to outline requirements for further evaluation including go/no go decision criteria. Refinement efforts will focus on commercial viability (i.e., cost of service acceptable to building owners, investment requirements acceptable to City and DE Provider).

5. **Final Go/No Go Decision (Consultant Cost = $0, Staff Cost TBD, Timeframe = 2 months)**

Based on the go/no go criteria identified in Step 4, City and DE Provider to make go/no go decision.

6. **District Energy Development (Consultant Cost = TBD, Staff Cost TBD, Timeframe = 18 months)**

DE Provider to design, permit and build district energy system.

7. District Energy Operations (Cost = TBD, Time = Ongoing)

DE provider to operate district energy system.

Overall, development of district energy based on the preliminary implementation schedule identified above should take around three (3) years. From a planning perspective, the recommended steps above should begin at least 3-years ahead of major development within the light rail station subareas or Aurora Square. Ideally, timing construction of systems would correlate to other road or utility capital projects.

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Northwest SEED Solarize Support Proposal for the City of Shoreline

Background

Northwest Sustainable Energy for Economic Development (Northwest SEED) launched Solarize Washington in 2011. Since then, we have led twelve Solarize campaigns, galvanizing over 750 homeowners to install solar and unleashing $17.5 million in local economic activity. We have also provided Solarize leadership training and campaign support for seven communities throughout the State, enabling them to leverage our expertise and spread Solarize.

The City of Shoreline is uniquely positioned to host a strong Solarize campaign: Shoreline Community College is home to the annual Northwest Solar Fest and provides training for future solar industry workers. The following is an outline of Solarize support services that could be provided to the City of Shoreline. These services support the role of a designated Campaign Lead, which would be filled by a city staff person. In addition, we will work with the City to recruit a team of volunteers to lead contractor selection and outreach, under the guidance of Northwest SEED.

1: Campaign Manager Training/Kickoff $4,000

Northwest SEED will provide comprehensive training to the campaign partners including city staff, utility representatives, and community and student volunteers. This three hour training lays the groundwork for the team to work together for a successful campaign. The training includes:

- *Solarize overview and best practices, including campaign goal setting*
- *Preview of Solarize educational workshop PowerPoint*
- *Workbook with Solarize informational resources, planning documents, and lessons learned*
- *Breakout sessions to brainstorm contractor selection criteria and outreach opportunities*

Northwest SEED	***City***	***Volunteers***
Lead Training, Provide Materials	*Host Training; Invite Volunteers*	*Attend Training; Join a Committee*

2: Installer Selection Support $4,500

Northwest SEED works with the community to competitively select a solar installer or team of installers. We coach the team through a transparent, defensible process that results in the best value for the community and a fully engaged installation partner.

- *Facilitate Installer Selection Committee Meeting to refine RFP and selection scoring process*
- *Convene and facilitate Proposal review meeting to select interviewees*
- *Facilitate installer interview session and subsequent decision-making with Selection Committee*
- *Create and sign an MOU with selected installer(s) specifying the solar installation pricing, customer service expectations, and campaign roles.*

Northwest SEED	***City***	***Volunteers***
Provide template RFP; Issue RFP; Guide committee through the selection process; Sign MOU	*Attend Selection Committee as non-voting member; host committee meetings*	*Finalize RFP; Review Proposals; Select installer(s)*

3: Grassroots Education & Outreach Support $2,500

Northwest SEED will guide and support the grassroots outreach effort by the City of Shoreline campaign lead and volunteers. We will provide the proven messages and materials, facilitate the Outreach Committee launch, and co-lead the first educational workshop. This does not include printing or mailing of outreach materials.

- *Provide outreach material templates from successful Solarize campaigns*
- *Facilitate initial Outreach Committee meeting; determine volunteer roles and responsibilities*
- *Update workshop curriculum and Co-lead first workshop with installer and volunteer team*

Northwest SEED	***City***	***Volunteers***
Convene Outreach Committee; Provide Workshop PowerPoint; Deliver first Workshop	*Host Workshops (4): Provide venue and publicize*	*Deliver subsequent workshops; Lead grassroots outreach*

4: Designated Webpage & Participant Tracking $3,000

Northwest SEED will host a dedicated campaign webpage with integrated Salesforce database to serve as the Solarize Shoreline homepage. Tracking customer contact from initial registration through installation is essential for ensuring customer service and provides valuable metrics for campaign evaluation. Services in this package include:

- *Host and maintain a campaign homepage with information about the Solarize campaign*
- *Host and maintain online registration with a participant database in Salesforce*
- *Track participant status through Workshop, Site Assessment, and Contracting*
- *Provide periodic registration reports to campaign organizers over a 4-month registration window*

Northwest SEED	***City***	***Installer***
Host campaign website and online registration; track and report participant status	*Receive periodic updates on campaign numbers*	*Provide updated participant status weekly*

5: Reporting & Evaluation $1,000

Solarize campaigns provide a valuable opportunity to connect with citizens and to track progress toward sustainability goals. Northwest SEED will provide final reporting and evaluation to enable the City of Shoreline to measure Solarize impact. Services include:

- *Final Data and Reporting on Campaign Results (# of installs; $ spent locally, etc.)*
- *Results of Participant Survey and Lessons Learned*

Northwest SEED	***City***	***Installer***
Conduct survey and prepare Final Report and	*Celebrate!*	*Provide final cost data*

Council Meeting Date: February 1, 2016 **Agenda Item:** 8(b)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Capital Improvement Program Staffing
DEPARTMENT:	Public Works
PRESENTED BY:	Randy Witt, Director of Public Works
ACTION:	____ Ordinance ____ Resolution ____ Motion __X_ Discussion ____ Public Hearing

PROBLEM/ISSUE STATEMENT:

In the adopted 2016 budget and 2016-2021 Capital Improvement Program (CIP) there are more capital and operating projects and programs than staff resources available to manage the projects and complete the project phases as presented in the adopted CIP. The capital project budgets include funding for staff to manage the projects, however the number of staffing positions authorized in the budget is not adequate meet the project needs.

RESOURCE/FINANCIAL IMPACT:

The adopted 2016 budget and 2016-2021 CIP include adequate financial resources to provide the staffing necessary to deliver the capital and operating projects and therefore no new financial resources are necessary.

RECOMMENDATION

Staff recommends adding two Term Limited (2016-2018) Engineer II positions to assist in delivery of projects included in the 2016-2021 adopted CIP.

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

INTRODUCTION

In the adopted 2016 budget and 2016-2021 Capital Improvement Program (CIP) there are more capital and operating projects and programs than staff resources available to manage the projects and complete the project phases as presented in the adopted CIP. The capital project budgets include funding for staff to manage the projects, however the number of staffing positions authorized in the budget is not adequate to meet the project needs. This gap needs to be addressed such that activities are prioritized and expectations are met.

The focus of this report is the Capital Project Managers and the Senior Transportation Planner who are key to delivery of the capital and operating projects. It does not account for other Public Works engineers and staff who support delivery of projects, notably the Traffic Engineering, Construction and management teams, the engineers in Development Review or the operation activities which utilize the same staff resources.

BACKGROUND

Development of the CIP requires balancing project priorities, funding and staff or other project resources; it is a dynamic and iterative process. During the development of the 2016-2021 CIP, as well as after its adoption several factors contributed to the current gap between funding and staff resources, including:

- A lack of continuity in the Public Works team developing the CIP and budget due to vacancies and/or interim hires and new hires in key positions. This ranged from the Director to project managers, all of whom are instrumental in the development and/or delivery of the CIP.
- Vacant positions also contributed to delay in existing projects because staff was unavailable to keep a project or program moving forward. As an example, the 10th Avenue NW Bridge Repair and Rehabilitation project was scheduled for construction in 2015. When the project manager left the City, the project was at about 90% designed but there was not adequate staffing to keep it moving on the original schedule. Consequently it was delayed, as reflected in the 2016-2021 adopted CIP, and as a result, it is impacting 2016 staffing resources.
- Changes in scope or expectations on projects such as the 145th Street/SR 523 Corridor based on the preliminary developments in the Corridor Study. As the Corridor Study has proceeded and the funding and priorities have become better defined, it has become clear that the Engineer II/Project Manager (PM) approved in the 2016 budget will not have capacity to manage projects beyond the planned 145th Corridor environmental and design work between I-5 and SR99, and will have limited time for coordination with Sound Transit (ST), Washington State Department of Transportation (WSDOT) and others on the interchange design and the ST3 package on 145th Street between SR522 and I-5.
- Loss of the Utility and Operations Manager who was serving as a project manager for North Maintenance Facility (NMF). The new Utility and Operations Manager will need to focus on other activities; and a project manager is necessary to lead this work as it moves into design.

- Large facility projects including the Police Station at City Hall, the Pool Maintenance and the North Maintenance Facility are beyond the traditional baseline level of work. These larger projects require significant staff time, eating into time available for the other numerous smaller funded projects, including grant funded projects.
- In mid-2015 Public Works implemented City Works as an asset management system. Part of the implementation included assessment of the pavement condition. One of the intents is to enhance the pavement management program and forecast the financial needs and priorities to maintain a good pavement rating. This program requires staff to review, evaluate, assess and develop priorities for pavement management drawing staff resources from other project work.

The 2016 Budget includes a new Engineer II - Capital Project Manager. As mentioned earlier, this new position will primarily manage the next steps on the 145th Street Corridor Project (I-5 to SR99) with little capacity for other projects.

ALTERNATIVES ANALYSIS

Analysis of Existing Project Workload

Staff has evaluated the existing project delivery expectations, status, priority and the staff resources needed to meet the expectations. Attachment A to this staff report provides a summary of the Project Management Staff Allocation Table that places projects into tiers based on an analysis of current staffing and priorities and provides an estimated project management staffing allocation for each project for 2016 through 2018. The term "projects" is used to define projects and/or work efforts that will be managed with a beginning and end date and a defined scope and budget. These projects are primarily funded through the capital funds but some are included in the City's operating budget. The definition of the tiers used in Attachment A and the summary table below are as follows:

- **Tier 1** includes projects fully funded and staffed for completion of the planned work as reflected in the adopted CIP.
- **Tier 2** identifies those projects that are funded but are a lower priority when it comes to staffing. Specifically the Tier 1 planned work is expected to use the existing available staff capacity in 2016 and 2017 leaving this tier largely unstaffed. Projects on Tier 2 also include projects with pending grant funds.
- **Tier 3** identifies projects that are funded but no staff has been assigned because of limited resources.
- **Tier 4** shows projects that are not considered in this staffing analysis but will need staff resources should the project become active.

Within the tiers, an estimate of the staff resources needed in Full Time Employee (FTE) allocation to deliver the planned work by year is shown. The existing staff performing this work includes four Engineer II/Capital Project Managers and a Senior Transportation Planner. As can be seen by the table below, this review shows a shortfall of staffing to maintain delivery of projects, specifically for 2016 and 2017. Staff believes that the resource needs for 2016 and 2017 projects are known, but resource needs and projects for 2018 are less certain. It is expected that the project list and resource needs for 2018 will grow as funding and grants are received and future

budgets are developed. For example, if construction dollars are made available to move forward with the 145th Corridor improvements, then this project will move into the next phase, as only the design phase is currently reflected in the adopted 2016-2021 CIP. Another example includes the various safety sidewalk grants that the City has been successful in obtaining during the grant application cycles or 175th which is at the top of the contingency list for funding from the Puget Sound Regional Council (PSRC).

2016-2018 Project Management Staff Allocation Summary Table
Full-Time Equivalent (FTE) Allocation

Tier		**2016**	**2017**	**2018**
I	Projects staffed and on schedule	4.65	3.05	1.30
II	Projects unstaffed or staffed as time available (higher priority)	2.45	3.15	0.35
III	Projects unstaffed	0.90	0.80	0.70
IV	Future Projects - Future staffing needed	TBD	TBD	TBD
	Total	**8.00**	**7.00**	**2.35**

	Current staffing (4 Engineer II /PMs and 1 Senior Planner)	**5.00**	**5.00**	**5.00**
	Surplus/(Gap) in FTE allocation	(3.00)	(2.00)	2.65

This analysis shows a need for two or three additional project managers for 2016 and 2017. It does not consider staffing intended to address or account for the additional work anticipated to support Sound Transit Lynwood Link Extension activities or the possible work on 175th Street should it receive grant funding from PSRC in 2016. The staffing to support Sound Transit and 175th Street work will be addressed through future work product that includes results of negotiation with Sound Transit and acceptance of the PSRC grant**.** It does not include any staffing needed to implement the Surface Water Master Plan. It also does not include staffing to deliver future grant funded projects; this is a grant cycle year.

As a point of reference regarding staffing of large transportation projects, on the Aurora project from 2006-2015, City staff allocated to the project ranged from 1.25 FTE to 5.25 FTE and averaged four (4) FTE. Staffing for construction of City Hall included an internal project manager plus two additional contracted positions to support the management of the project.

Alternatives
The alternatives considered to address this issue were:

1. Do Nothing – Without additional resources only the Tier 1 work will delivered as is reflected in the adopted CIP. Several Council priorities, grant funded projects or other capital projects would need to be delayed or eliminated. This could include forfeiting grants. Doing nothing will also create a back-log of projects that will impact future years.
2. Utilize Consultants – Similar to the Aurora project, a consultant project manager could be utilized in-lieu of staff. However, the project budgets are based on in-house staff for project management, and the cost of consultants is approximately

three times that of in-house staff. Therefore this alternative would impact project budgets. In addition, a City project manager is still needed (at a reduced role) to manage the consultant, interface with the city and assure quality of the work products.

3. Add Two (2) Term Limited Engineer II Positions - This would allow the City to hire staff to manage delivery of the Tier 2 projects. This approach is cost effective as staff costs are included in the project budgets and no additional funding is expected to be needed. It is also conservative, as more than two staff is projected to be needed to meet all planned work for 2016, but provides flexibility to move some Tier 2/3 work to 2017 if needed. It allows flexibility in project assignments for delivery of overall priority projects meeting the immediate staffing needs and allowing time to address workload and staff resources in 2017 and beyond. We expect be able to hire qualified and capable staff utilizing a three year or longer Term Limited position.
4. Add Two (2) Regular Engineer II Positions – This would be managed similar to the limited term position described above but could be managed with a view further into the future. These would not be Term Limited positions, so applicants would expect longer term positions.

Staff recommends adding two Term Limited Engineer II positions for a three year period to assist in delivery of the Tier 2 priority projects. It should be recognized that implementation of Alternatives 2, 3 or 4 require start-up time and staff or consultant resources would not be available for a few months straining the ability to deliver all the Tier 2 project planned work in the timeline reflected in the adopted CIP.

Within the Tier 2 work, the projects that would be later in starting include:

1. Meridian and 155th Signal and Intersection Improvements
2. Boeing Creek Storm Drainage
3. Transportation Master Plan (This could be delayed as there is not a legal requirement to complete in the next two years)
4. Transit System Integration Plan

RESOURCE/FINANCIAL IMPACT

The adopted 2016 budget and 2016-2021 CIP include adequate financial resources to provide the staffing necessary to deliver the capital and operating projects and therefore no new financial resources are necessary.

RECOMMENDATION

Staff recommends adding two Term Limited (2016-2018) Engineer II positions to assist in delivery of projects included in the 2016-2021 adopted CIP

ATTACHMENTS

Attachment A: 2016-2018 Projects Management Staff Allocation Table

Attachment A

2016-2018 Project Management Staff Allocation Table

	Tier	Project	2016	2017	2018
		Tier 1 - Projects staffed and on-schedule			
1	I	Police Station @ City Hall	0.50	0.50	0.20
2	I	Shoreline Pool Major Maintenance	0.35		
3	I	Curb/Gutter/Sidewalk/Ramp Program	0.15	0.15	0.15
4	I	Meridian Ave. NE Overlay (Annual Road Surface Maintenance)	0.20		
5	I	15th Ave. NE Overlay (Annual Road Surface Maintenance)	0.20		
6	I	145th Street Route Development Plan	0.25		
7	I	145th Street Design and Environmental (Aurora to I-5)	1.00	1.35	0.10
8	I	Aurora Ave. 192nd to 205th	0.15		
9	I	Surface Water Pipe Repair and Replacement	0.15	0.15	0.15
10	I	Surface Water Small Projects	0.05	0.05	0.05
11	I	25th Ave. NE Flood Reduction	0.25	0.25	0.15
12	I	10th Ave. NE Drainage Improvements	0.15		
13	I	148th Street Infiltration Facilities	0.20		
14	I	ADA Transition Plan	0.25		
15	I	2017-2022 Transportation Improvement Plan [1]	0.05	0.05	0.05
16	I	North Maintenance Facility	0.40	0.40	0.40
17	I	25th Ave. NE Sidewalks	0.10	0.10	0.05
18	I	Point Wells Tolling Study	0.10		
19	I	10th Ave. NW Bridge Rehabilitation	0.15	0.05	
		Subtotal	**4.65**	**3.05**	**1.30**
		Tier 2 - Projects unstaffed or staffed as time available (Higher priority than Tier 3)			
20	II	Echo Lake Safe Routes	0.30	0.40	
21	II	Turf and Lighting Repair and Replacement	0.15	0.25	
22	II	Recreation Facilities Exterior Security Lighting	0.05		
23	II	Meridian Ave. N and 155th Street Signal Improvement	0.10	0.30	
24	II	Westminster and 155th Street Improvements	0.15	0.10	
25	II	Richmond Beach Road Re-channelization		0.15	0.10
26	II	Boeing Creek Regional Storm Water Facility Study	0.25		
27	II	Bicycle Plan Implementation	0.30	0.25	
28	II	Interurban/Burke Gilman Connectors	0.15	0.05	
29	II	ST3/Metro/Community Transit Long Range Plan reviews [1]	0.15	0.15	
30	II	185th Street Corridor Study	0.30	0.75	0.10
31	II	Transportation Master Plan	0.10	0.30	
33	II	Sidewalk Prioritization	0.10	0.05	
32	II	Transit System Integration	0.25	0.25	
34	II	Puget Sound Basin Plan [2]			

	Tier	Project	2016	2017	2018
35	II	Surface Water Master Plan [2]		0.15	0.15
36	II	Pump Station Evaluation	0.10		
		Subtotal	**2.45**	**3.15**	**0.35**
		Tier 3 - Lower priority projects - unstaffed			
37	III	Drainage Assessment and Planning [1]	0.30	0.30	0.30
38	III	Pavement Management System (Annual Road Surface Maintenance)	0.15	0.15	0.15
39	III	Parks Repair and Replacement	0.05	0.05	0.05
40	III	Thornton Creek Condition Assessment	0.30	0.20	0.20
41	III	Regional Trail Signage	0.10	0.10	0.00
		Subtotal	**0.90**	**0.80**	**0.70**
		Tier 4 - Anticipated projects - future staffing anticipated			
42	IV	175th Street, Stone to I-5			
43	IV	Sound Transit Lynnwood Link Extension			

1 - Funded through operating budget but requires staff effort

2 - SW Manager is primary project manager