



AGENDA

SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, December 4, 2017
5:45 p.m.

Conference Room 303 · Shoreline City Hall
17500 Midvale Avenue North

TOPIC/GUESTS: 32nd District Legislators

SHORELINE CITY COUNCIL REGULAR MEETING

Monday, December 4, 2017
7:00 p.m.

Council Chamber · Shoreline City Hall
17500 Midvale Avenue North

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		7:00
2. FLAG SALUTE/ROLL CALL		
3. REPORT OF THE CITY MANAGER		
4. COUNCIL REPORTS		
5. PUBLIC COMMENT		
<i>Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. Speakers are asked to sign up prior to the start of the Public Comment period. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed. If time remains, the Presiding Officer will call individuals wishing to speak to topics not listed on the agenda generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i>		
6. APPROVAL OF THE AGENDA		7:20
7. CONSENT CALENDAR		7:20
(a) Approving Minutes of Regular Meeting of November 13, 2017	<u>7a-1</u>	
(b) Authorizing the City Manager to Execute an Agreement with the North City Water District to Transfer Responsibility for Certain Public Right-of-Way Street Lights to the City of Shoreline	<u>7b-1</u>	
(c) Authorizing the City Manager to Execute an Agreement with LPK Inc., dba Innovative Vacuum Services, in the Amount of \$429,303 for the Thornton Creek Drainage Basin Pipe and Condition Assessment Project	<u>7c-1</u>	
8. ACTION ITEMS		
(a) Adopting the 2018 Legislative Priorities	<u>8a-1</u>	7:20
(b) Adopting Ordinance No. 808 – Business and Occupation Tax	<u>8b-1</u>	7:35
9. STUDY ITEMS		
(a) Update of the 2017 Surface Water Master Plan	<u>9a-1</u>	8:05

10. ADJOURNMENT

8:35

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

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

Monday, November 13, 2017
7:00 p.m.

Meeting Via Conference Call

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

ABSENT: None

1. CALL TO ORDER

Due to a power outage at City Hall, Mayor Roberts called to order the meeting over a conference call. Upon roll call by the City Clerk, all Councilmembers were present on the call.

Mayor Roberts announced that, without objection, the Council is suspending its Rules of Procedure and moving to Agenda Item 8.a, a Public Hearing on the Proposed 2018 Budget and 2018-2023 Capital Improvement Plan. Mayor Roberts opened the public hearing and announced that, without objection, the public hearing will be continued to Tuesday, November 14, 2017 at 7:00 p.m.

At 7:02 p.m., Mayor Roberts stated that, without objection, the Council's Regular Meeting of November 13, 2017 is continued to Tuesday, November 14, 2017 at 7:00 p.m., and the call ended.

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Authorizing the City Manager to Execute an Agreement with the North City Water District to Transfer Responsibility for Certain Public Right-of-Way Street Lights to the City of Shoreline

DEPARTMENT: City Attorney's Office

PRESENTED BY: Margaret King

ACTION: ☐ Ordinance ☐ Resolution ☒ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

The North City Water District has responsibility for 14 street lights that it currently bills Shoreline residents for and would like to transfer to the City of Shoreline so that street lights can be treated the same as lights covered by the 2008 Street Light Agreement entered into between the City and Seattle City Light (SCL). Tonight, staff is requesting that Council authorize the City Manager to enter into an agreement (Attachment A) between the City and the North City Water District to transfer responsibility for these street lights from the District to the City.

RESOURCE/FINANCIAL IMPACT:

The Street Light Electricity and Maintenance budget for the City's existing street lights totals approximately \$515,000 for 2018. The addition of the 14 street lights will add \$200.92 per month for an annual increase of approximately \$2,411. The table below provides the calculation of the cost of these street lights using SCL's 2017 rates:

Street Light Rate Category	# Units	2017 Monthly Rate	2017 Monthly Cost
AH1	1	\$25.48	\$25.48
DH1	2	\$29.86	\$59.72
RL1	11	\$10.52	\$115.72
Total	14		\$200.92

Staff will monitor the current budget to determine if an amendment to the street light budget will be needed in 2018.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with the North City Water District to transfer responsibility for certain public right-of-way street lights to the City as set forth in Attachment A.

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

BACKGROUND

Prior to becoming the North City Water District (District) the District was known as Shoreline Water District and prior to that, it was known as King County Water District No. 42. Pursuant to the authority granted by state law, King County Water District No. 42 created a local improvement district known as Street Lighting District No. 2 (SLD No. 2) on April 4, 1977 at the request of 19 property owners located on NE 153rd Street.

SLD No. 2 currently consists of 14 street lights. Because the street lights were the result of a street lighting district, the District is required to bill the 19 benefited property owners for the cost of the energy, lamp replacement, and normal maintenance for the street lights. The properties that are currently part of SLD No. 2 are identified on Exhibit A and located as depicted in the four maps attached as Exhibit B to the Agreement.

DISCUSSION

In 2008, Shoreline and SCL entered into a Street Light Agreement (Attachment B) regarding the ownership and maintenance of street lights within the City of Shoreline. Per the 2008 Street Light Agreement, SCL owns all the “standard” street lights in the City, and Shoreline owns the “non-standard” street lights along Aurora Avenue N, 15th Avenue NE and the Shoreline Interurban Trail.

Because the street lights in SLD No. 2 were not being administered by SCL, but instead the District, the Street Light Agreement did not specifically address the administrative and maintenance responsibilities for the 14 street lights created by SLD No. 2; even though these street lights would fall within the definition of “standard” street lights as defined in the 2008 Street Light Agreement. This Agreement will have the City taking over the responsibility for the 14 street lights. This will not only allow the City to treat Shoreline citizens equally with respect street lights, but will also allow the lights be treated consistently with the lights that are addressed in the 2008 Street Light Agreement between the City and SCL. And, although SCL is not a party to this Agreement, SCL has consented to the transfer of the lights and will continue to provide electricity and maintenance for the street lights as set out in the 2008 Street Light Agreement.

RESOURCE/FINANCIAL IMPACT

The Street Light Electricity and Maintenance budget for the City’s existing street lights totals approximately \$515,000 for 2018. The addition of the 14 street lights will add \$200.92 per month for an annual increase of approximately \$2,411. The table below provides the calculation of the cost of these street lights using SCL’s 2017 rates:

Street Light Rate Category	# Units	2017 Monthly Rate	2017 Monthly Cost
AH1	1	\$25.48	\$25.48
DH1	2	\$29.86	\$59.72
RL1	11	\$10.52	\$115.72
Total	14		\$200.92

Staff will monitor the current budget to determine if an amendment to the street light budget will be needed in 2018.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with the North City Water District to transfer responsibility for certain public right-of-way street lights to the City as set forth in Attachment A.

ATTACHMENTS

Attachment A – Agreement to Transfer Responsibility for Certain Public Right of Way Street Lights from North City Water District to the City of Shoreline

Attachment A, Exhibit A – Listing of 14 Street Lights to be Transferred from North City Water District to the City of Shoreline

Attachment A, Exhibit B – Maps of 14 Street Lights to be Transferred from North City Water District to the City of Shoreline

Attachment B – 2008 Street Light Agreement Between the City of Shoreline and Seattle City Light

**AGREEMENT TO TRANSFER RESPONSIBILITY FOR
CERTAIN PUBLIC RIGHT OF WAY STREET LIGHTS
FROM NORTH CITY WATER DISTRICT TO THE CITY OF SHORELINE**

This AGREEMENT TO TRANSFER CERTAIN PUBLIC RIGHT OF WAY STREET LIGHTS ("Agreement" or "Transfer Agreement") is entered into this ___ day of November, 2017 by and between North City Water District, a Title 57 RCW special purpose district ("NCWD" or the "District") and the City of Shoreline, a Washington non-charter, municipal code city ("City" or "Shoreline"). The City and District are referred to collectively herein as "the Parties."

RECITALS

1. NCWD was previously known as "Shoreline Water District" and before that "King County Water District No. 42."
2. On or about April 4, 1977, in response to a petition filed by the owners of nineteen (19) lots on NE 153rd Street, the District Board of Commissioners, by Resolution 673, formed and created Street Lighting District No. 2 ("SLD No. 2"), to pay for the energy, lamp replacement and normal maintenance costs serving said water customers within SLD No. 2.
3. The District currently has responsibility for fourteen (14) street lights within SLD No. 2, and bills the benefitted residential properties for the street light service. The benefitted properties are identified on Exhibit A attached hereto, and located as depicted in four maps attached hereto as Exhibit B.
4. The City of Shoreline was incorporated in 1995. In 2008, Shoreline and the Seattle City Light ("SCL") entered into a Streetlight Agreement regarding the ownership and maintenance of street lights within the Shoreline city limits ("Street Light Agreement"). Per the Street Light Agreement, SCL owns all the "standard" streetlights in the City, whereas Shoreline owns the "non-standard" streetlights along Aurora Ave. N., 15th Ave NE and the Shoreline Interurban Trail. Because SLD No. 2 was not being administered by SCL but instead NCWD, the Street Light Agreement did not specifically address the administrative and maintenance responsibilities with respect to the fourteen (14) street lights identified in paragraphs 2 and 3, above, and Exhibits A and B hereto.
5. The fourteen (14) street lights identified in paragraph 3, above, constitute "standard" street lights as defined in the 2008 Street Light Agreement.
6. Section 3 of the 2008 Street Light Agreement provides that "any streetlight that is later found to be in public right-of-way that is not in Exhibit A shall be immediately added to the City's responsibility."

7. The District desires that the City take over the responsibility for the fourteen (14) street lights consistent with the intent of the 2008 Street Light Agreement, and the City desires to treat citizens within the City of Shoreline equally and consistently with the 2008 Street Light Agreement between the City and SCL.

8. The City has the experience, capability and legal authority to accept responsibility of the fourteen (14) street lights now administratively currently managed by the District. SCL will continue to own and maintain any standard street lights, as they have since 1977.

9. SCL has provided electricity to operate as well as maintenance as needed for the fourteen (14) street lights identified in paragraph 3. Though not a party to this Agreement, SCL consents to this transfer and will continue to provide electricity and maintenance for the street lights after transfer from the District to the City.

AGREEMENT

10. **Effect of Recitals.** The Recitals, paragraphs 1-8 above, are a material part of this Agreement.

11. **Transfer by District.** North City Water District hereby irrevocably transfers to the City of Shoreline all responsibilities for the fourteen (14) street lights identified in paragraph 3, above, and Exhibits A and B hereto.

12. **Acceptance by City.** The City of Shoreline hereby accepts the transfer of the fourteen (14) street lights identified in paragraphs 2 and 3, above, and Exhibits A and B hereto, as well as all responsibilities attendant thereto.

13. **Attorneys' Fees and Costs.** In the event of any material breach of this Agreement, the party responsible for the breach shall pay the other party's reasonable costs and attorneys' fees incurred in enforcing the Agreement, and in any litigation involving this Agreement, the prevailing party shall be entitled to receive its reasonable costs and attorneys' fees in such litigation.

14. **Entire Agreement.** This Agreement supersedes all prior agreements and understandings, written or oral, between the parties.

15. **No Effect on Franchise Agreement.** Except as specifically provided herein, nothing in this Agreement shall affect any provision of the Franchise Agreement between the City and the District with an effective date of August 21, 2012.

16. **Further Assurances.** Each party agrees to diligently and in good faith undertake all actions and procedures reasonably required to consummate the agreed transfer of street lights as set forth in this Agreement.

17. **Indemnification.** Each party shall defend, indemnify and hold the other harmless from and against any and all claims, actions, damages, liability, and expense, including without limitation reasonable attorneys' fees, incurred as a result of such party's actions under this Agreement.

18. **Applicable Law.** This Agreement shall be governed by the laws of the State of Washington.

19. **Dispute Resolution and Venue.** In the event of any dispute arising under this Agreement, the parties will first attempt in good faith to resolve the dispute through direct negotiations and/or mediation. If such good faith attempts to resolve the dispute are not successful, then venue for any legal action shall be Shoreline District Court or King County Superior Court.

20. **Authority to Sign.** The representative of each party signing below affirms that he or she has full authority to sign this Agreement and bind the party represented.

21. **Counterparts.** This Agreement may be signed by one or more counterparts, each of which shall be considered an original, and all of which together shall constitute one instrument.

NORTH CITY WATER DISTRICT

CITY OF SHORELINE

By: _____
DIANE POTTINGER
District Manager

By: _____
DEBBIE TARRY
City Manager

DATED: December ___, 2017

DATED: December ___, 2017

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Joseph P. Bennett, Attorney for
North City Water District

Margaret J. King
City Attorney

DATED: December ___, 2017

DATED: December ___, 2017

CONSENT

The undersigned, on behalf of Seattle City Light, affirms that she has read the foregoing Agreement and consents to the transfer of fourteen (14) street lights, as identified in Exhibits A and B hereto, from North City Water District to the City of Shoreline.

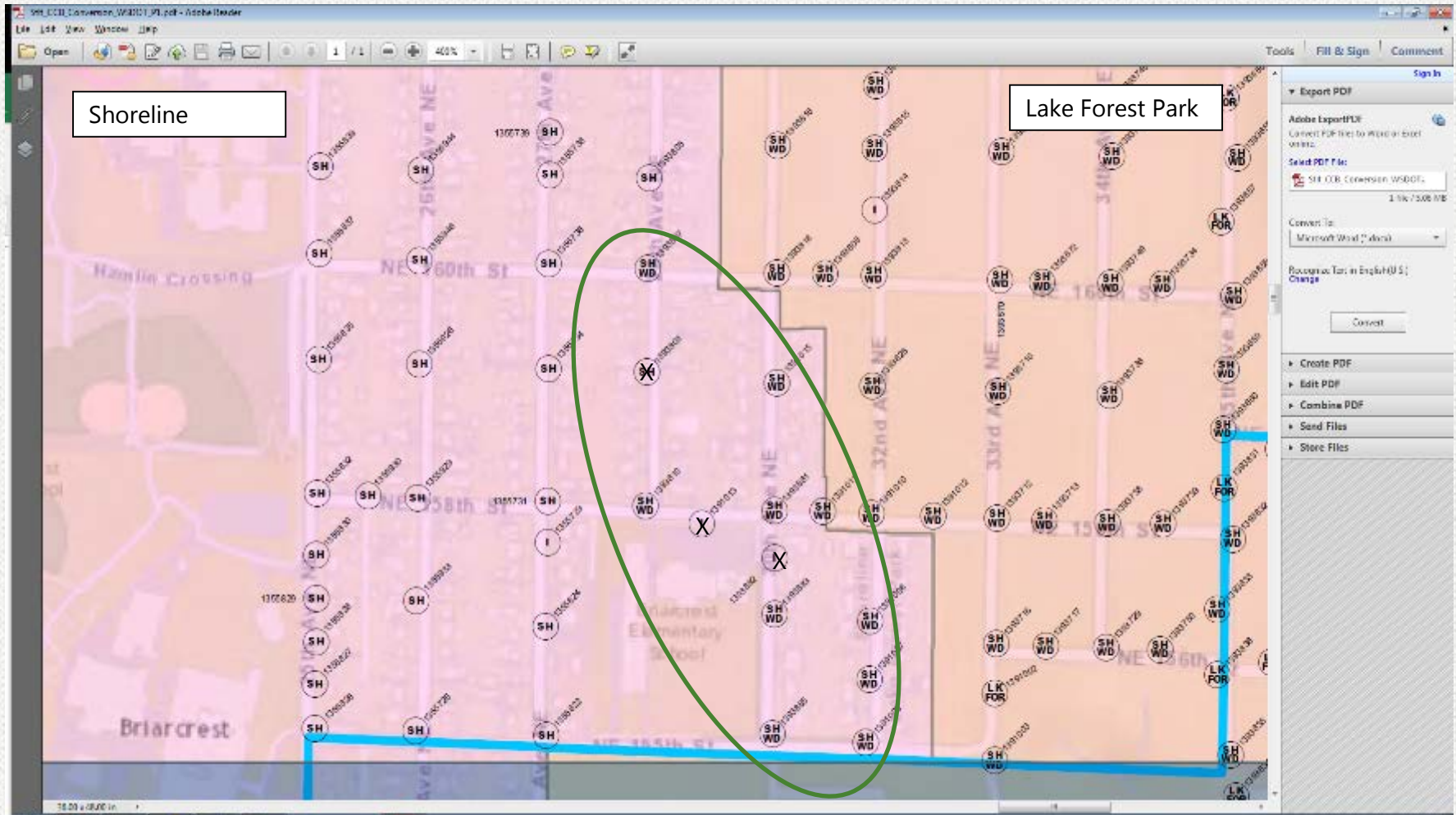
KELLY ENRIGHT
Customer Care Director

DATED: December __, 2017

**AGREEMENT TO TRANSFER RESPONSIBILITY FOR
CERTAIN PUBLIC RIGHT OF WAY STREET LIGHTS
FROM NORTH CITY WATER DISTRICT TO THE CITY OF SHORELINE**

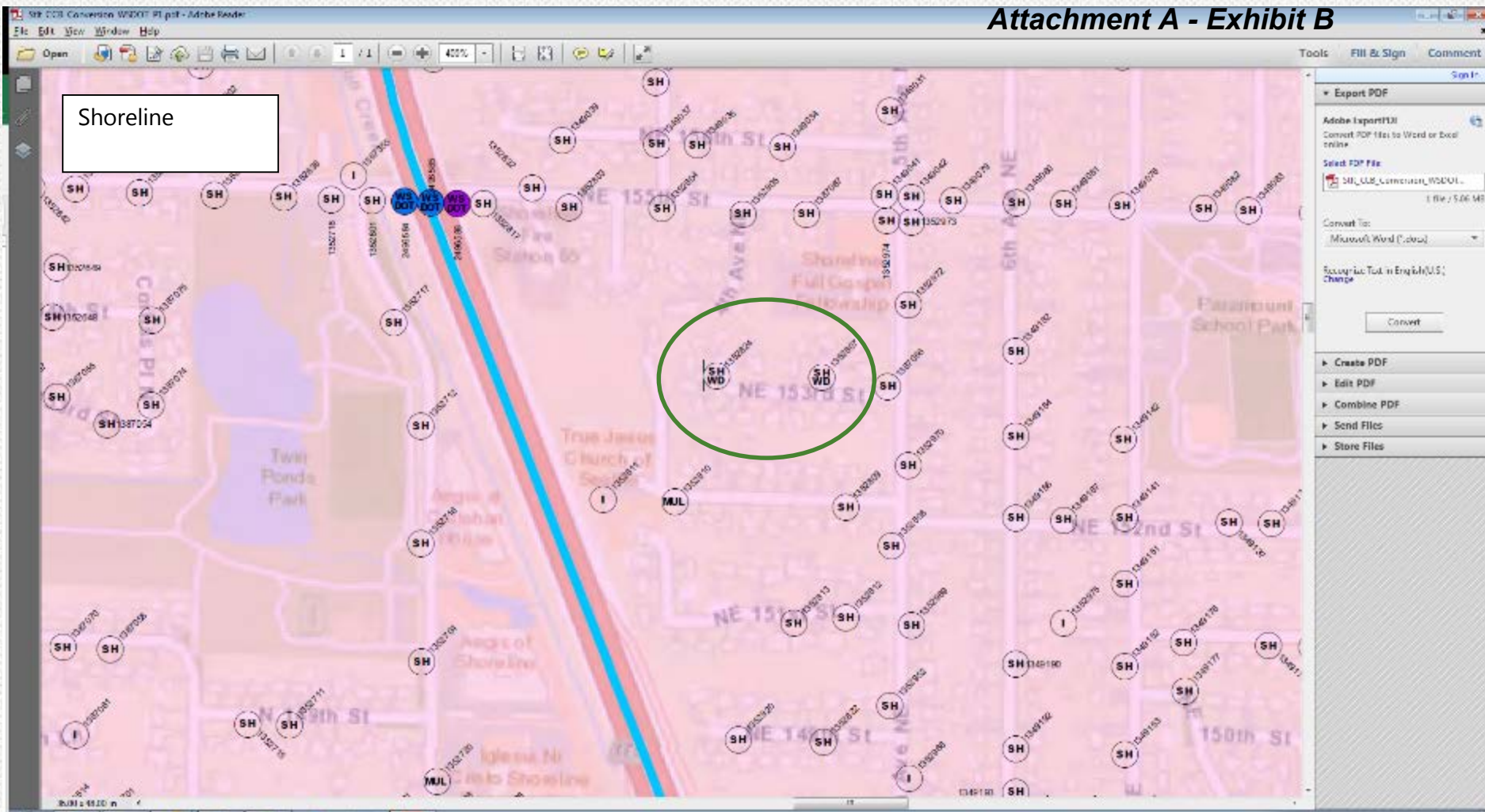
EXHIBIT A

POLE NUMBER	STREET NUMBER	STREET NAME	LOCATION DETAILS	TYPE
1391007	15503	32ND AVE NE	WS 32ND AVE NE 2N NE 155TH ST	LED
1393807	2704	NE 160TH ST	NWC 28TH AVE NE & NE 160TH ST	LED
1393885	15502	30TH AVE NE	NEC NE 155TH ST & 30TH AVE NE	LED
1393810	2706	NE 158TH ST	NWC NE 158TH ST 28TH AVE NE	LED
1402470	1502	NE 169TH ST	NS NE 169TH ST 2E 15TH AVE NE	LED
1391008	15505	32ND AVE NE	WS 32ND AVE NE 2S NE 158TH ST	LED
1393881	15802	30TH AVE NE	NEC NE 158TH ST & 30TH AVE NE	LED
1391015	15806	30TH AVE NE	ES 30TH AVE NE 2S NE 160TH ST	LED
1393883	15506	30TH AVE NE	ES 30TH AVE NE 2S NE 158TH ST	LED
1391005	3002	NE 155TH ST	NWC 32ND AVE NE & NE 155TH ST	LED
1391011	3004	NE 158TH ST	NS NE 158TH ST 2E 30TH AVE NE	LED
1402437	1506	NE 177TH ST	NS NE 177TH ST 3E 15TH AVE NE	NON-LED
1352807	404	NE 153RD ST	NS NE 153RD PL 1W 5TH AVE NE	NON-LED
1352824	402	NE 153RD ST	NS NE 153RD PL 2W 5TH AVE NE	NON-LED

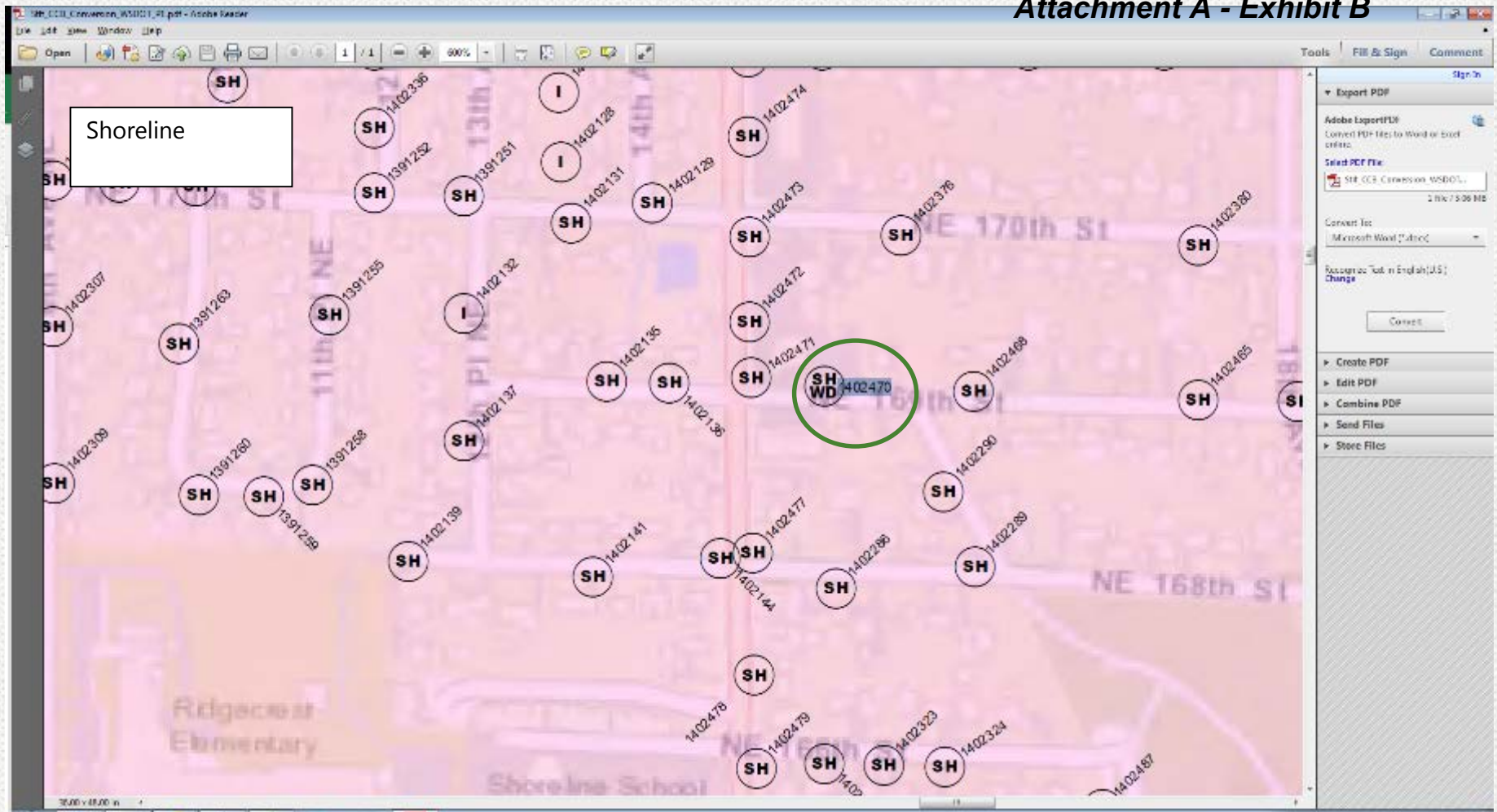


Pole #s

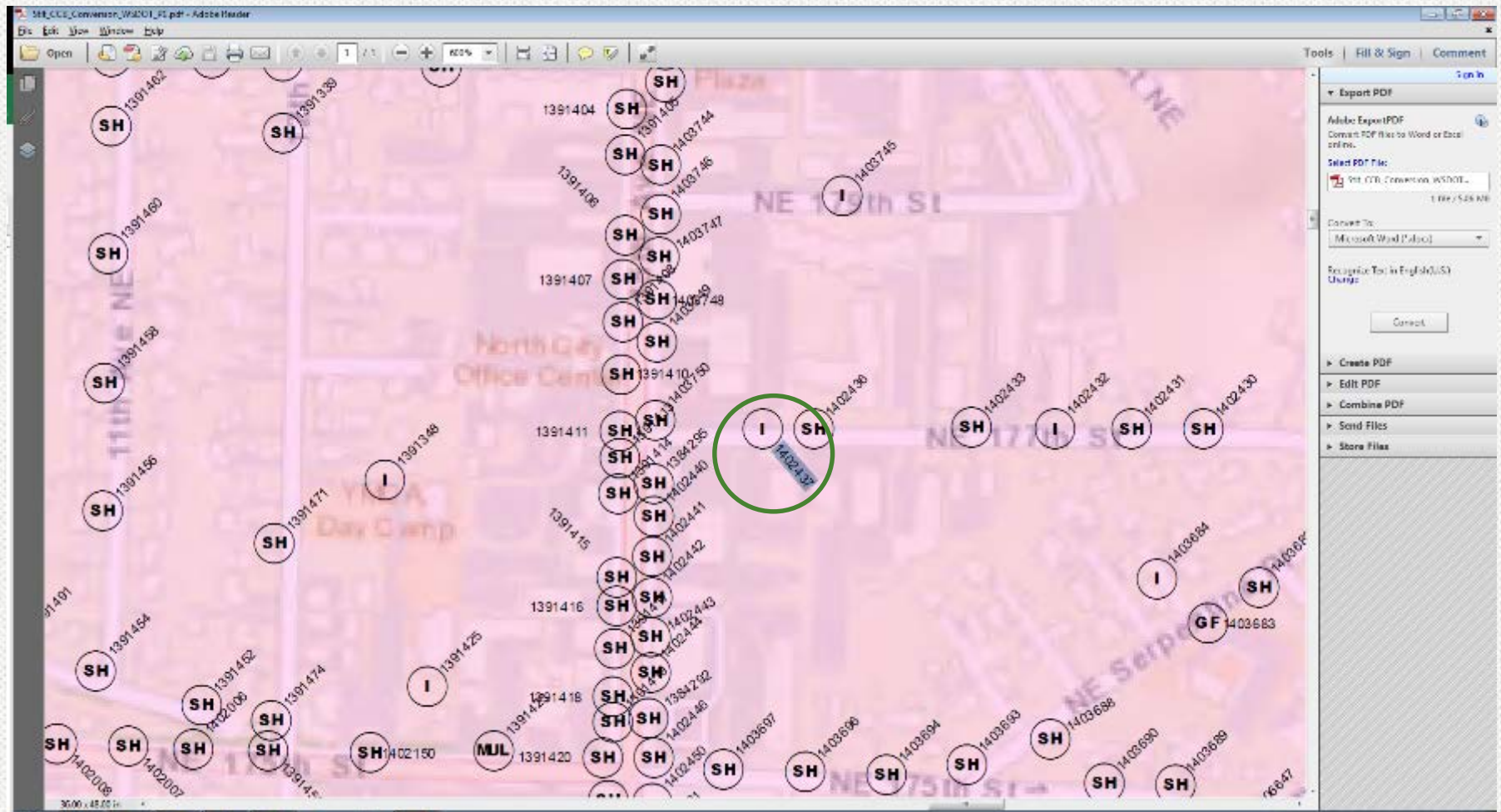
1391005	1393881
1391008	1393883
1391011	1393885
1391015	1391007
1393810	1393807



Pole #s 1352807
1352824



Pole # 1402470



Pole # 1402437

This pole needs review, as it is mis-labeled in this map, as "individual owner"



I-08-010

Attachment B

Contract # 4782
(obtain from City Clerk)

CONTRACT REVIEW/APPROVAL ROUTING FORM

INSTRUCTIONS:

1. First time original contracts

- a. Contact City Clerk's Office for Contract Number
- b. One copy of the Contract Routing Form
- c. Two original contract documents

2. Amendments/Change Orders

- a. Contact City Clerk's Office for a NEW Contract Number
- b. One copy of the Contract Routing Form
- c. Two original amendments/change orders
- d. One copy of the original contract

FILED
JUN 05 2008
CITY CLERK
CITY OF SHORELINE

CONTRACT DESCRIPTION

Originator:	Jesus Sanchez	Routed by:	Amanda DeSilver
Department/Division:	Public Works	Date:	April 30, 2008
Type of Contract:	<input type="checkbox"/> (A) Addendum/Change Order <input type="checkbox"/> (W) Public Works <input type="checkbox"/> (O) Other		
	<input type="checkbox"/> (GR) Grants <input type="checkbox"/> (S) Purchase of Services		
	<input type="checkbox"/> (L) Lease Agreement <input checked="" type="checkbox"/> (I) Intergov't Agreement		
CONTRACT TITLE:	Street Light Memorandum of Agreement		
Brief Description of Services:	Transfer of street lights in the right-of-way from residential accounts to City account		
Contract Modification:	Has the original contract boilerplate language been modified? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, list which sections have been modified:			
Bid/RFP Number:			
Name of Consultant/Contractor:	Seattle City Light		
Effective Date:	30 days after last signature	Termination Date:	none

Total Amount of Contract (including reimbursable expenses):

Org Key - Obj Number:	2709054-5471001	Amount:	\$253,756 in Contingency	J/L Number (if required):	
Org Key - Obj Number:		Amount:		J/L Number (if required):	
Org Key - Obj Number:		Amount:		J/L Number (if required):	
Org Key - Obj Number:		Amount:		J/L Number (if required):	

Budget: Are there sufficient funds in the current budget to cover this contract? ☒ Yes ☐ No

If no, where are the additional funds coming from?

Payment Terms (monthly installments, progress payments, etc.):

Remarks:

SIGNATURE ROUTING

<input checked="" type="checkbox"/> 1. Project Manager/Director	<input type="checkbox"/> 6. City Council approval (if required) With approval of 2006 budget
<input checked="" type="checkbox"/> 2. Risk Management/Budget	<input checked="" type="checkbox"/> 7. City Manager
<input type="checkbox"/> 3. City Attorney	<input checked="" type="checkbox"/> 8. City Clerk
<input checked="" type="checkbox"/> 4. Send to Consultant for signature (only contract documents)	<input checked="" type="checkbox"/> 9. Originating Department
<input type="checkbox"/> 5. Department Director	

PRIOR TO EXECUTION - MUST BE ATTACHED

For Public/Small Works Contracts:

For Service Contracts:



Attachment B

- ☐ Contractor Responsibility Form
- ☐ Contract Bond/In Lieu of Form
- ☐ Certificate of Insurance

- ☐ Certificate of Insurance
- ☐ W-9 Form



Memorandum

DATE: 5/1/08
TO: Bob Olander
FROM: Mark Relph 
RE: MOA for Transfer of Public Street Lights
CC: Jesus Sanchez 

In 2002, Seattle City Light and the City of Shoreline signed a Memorandum of Agreement (MOA) to transfer traffic signals and street lights, which had previously been under the purview of King County.

After years of clarifying discrepancies in the street light inventories, staff from the City and Seattle City Light agreed on an inventory for transfer to the City of all street lights in the City's right-of-way.

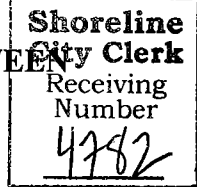
In 2005, Council approved the 2006 budget, which included an increase in the Street Light budget to cover the cost of the lights in the inventory. These funds are currently held in a designated contingency fund.

The attached MOA with Exhibits A & B specify each individual light, as well as the ownership and maintenance responsibilities between the two parties.

✓ Ian Sievers has reviewed and approves of the MOA, which is attached for your signature. A cover letter is included for your signature, which can be used when the MOA is sent to the Superintendent of Seattle City Light.

If you have any questions, please contact me. Thank you.

**AGREEMENT ON PUBLIC RIGHT OF WAY STREET LIGHTS BETWEEN
THE CITY OF SHORELINE AND
THE CITY OF SEATTLE (SEATTLE CITY LIGHT)**



This is an agreement between the City of Shoreline, "the City" and the City of Seattle (Seattle City Light), "SCL" dealing with the transfer of streetlights from the City to SCL and for the designation of responsibilities in the operation and maintenance of the City's public streetlighting network.

1. **Authorization.** The City and SCL represent and warrant that they have the full legal authority and are duly empowered to enter into this Agreement, and have taken all actions necessary to authorize the execution of this Agreement by the persons signing it.
2. **Maintenance of Street Light Facilities.** The City acknowledges that SCL is an experienced and qualified purveyor of electric power and light facilities. SCL shall operate, maintain, and replace (as needed) all public streetlight facilities located in the City as listed in Exhibit A, consistent with the Franchise Agreement between the City of Shoreline and SCL, entered into January 1, 1999, and the August 2001 Shoreline Interurban Trail MOA as now or hereinafter amended, and consistent with the following provisions:
 - a) SCL shall provide maintenance of all streetlights in the City public right-of-way except those located along, or associated with, the Shoreline Interurban Trail
 - b) SCL shall own all standard streetlights in the City and will have a stock of spare replacement parts for standard cobrahead lights which comply with existing SCL standards
 - c) The City shall own the non-standard streetlights along Aurora Ave. N. and 15th Ave. NE (North City); the City will own and maintain the non-standard streetlights located along the Shoreline Interurban Trail.
 - d) The City shall have a stock of spare replacement parts for lights serving the above mentioned roads and paths and will coordinate with SCL for their use (as needed) with the exception of the Interurban Trail where the City will be responsible for maintenance.
 - e) SCL shall respond to all City of Shoreline customer and staff requests for streetlight service received via its web request form, Streetlight Trouble Report Form, or phone at (206) 684-7056, without consulting with the City.
3. **Response to Exhibit A Discrepancies.** Any public streetlight from Exhibit A that is later found to not be the responsibility of the City shall be immediately removed from its responsibility. The City shall not seek retroactive payment of fees paid for said lights. Reciprocally, any streetlight that is later found to be in public right-of-way that is not in Exhibit A shall be immediately added to the City's responsibility and SCL shall not seek retroactive payment for said lights. Both parties shall notify each other when any discrepancy in Exhibit A is discovered.
4. **Service Level Authority.** SCL acknowledges that the City will have final authority for streetlight service levels within the City right-of-way and shall make no changes in service levels without consultation with the City. The City may

notify SCL of a need to add or remove public streetlights and shall follow up by amending Exhibit A to reflect these changes. SCL shall defer all new streetlight requests from customers/interested parties of Shoreline to the City's Public Works Department, Operations Division.

5. **Operation and Maintenance Costs.** SCL shall recoup all costs involved with the operation and maintenance of all public streetlight facilities listed in Exhibit A via its annually adopted streetlight fee/rate structure consistent with the following billing "startup" provisions:
 - a) SCL shall back-bill the City for Streetlights listed on Exhibit A, Section 1 starting in May 1, 2006.
 - b) Separate fees and rates may be adopted by SCL for individual streetlights in right-of-way areas where nonstandard or extraordinary costs are incurred for operation and maintenance e.g., for lights dependent upon aging underground distribution systems in the Innis Arden area of Shoreline.
6. **Attorneys' Fees and Costs.** In the event of any material breach of this Agreement, the party responsible for the breach shall pay reasonable attorney's fees and costs, including costs of service of notices and title searches incurred by the other party. The prevailing party in any suit instituted arising out of this Agreement and in any forfeiture proceedings arising out of this Agreement shall be entitled to receive reasonable attorney's fees and costs incurred in such suit or proceedings.
7. **Entire Agreement.** This agreement supersedes all prior agreements and understandings, written and oral, with the exception of the MOU agreed to 2-17-02 transferring streetlights from King County to Shoreline and the August 2001 Interurban Trail MOA as now or hereinafter amended. This agreement may be amended only in writing executed by the City and SCL.
8. **No Effect on Franchise Agreement.** Except as specifically provided herein, nothing in this Agreement shall affect any of the provisions of the Franchise Agreement between the City of Shoreline and SCL, entered into January 1, 1999, as now or hereafter amended.
9. **Further Assurances.** Each party shall diligently and in good faith undertake all actions and procedures reasonably required to consummate the transactions contemplated by this Agreement.
10. **Indemnification.** Each party shall indemnify and hold the other harmless from and against any and all claims, actions, damages, liability, and expense, including, without limitation, reasonable attorney's fees, incurred as a result of such party's actions under the Agreement.
11. **Notices.** Any notices required or permitted to be given pursuant to the terms of this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, postage prepaid, return receipt requested ("Mail"). Notices shall be effective upon the earlier to occur of acknowledged actual receipt or two businesses days after being sent by Mail. The address or addressee of any party may be changed by a notice given to all other parties in the manner provided in this paragraph. Notices shall, until further notice from a party to the contrary, be addressed as follows:

If to SCL:

Superintendent of SCL
700 5th Ave., Suite 3100
Seattle, WA 98104
Phone: (206)

If to the City:

Robert Olander, City Manager
City of Shoreline
17544 Midvale Ave.N.
Shoreline, WA 98133

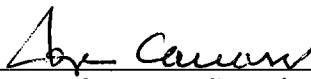
12. **Applicable Law.** This Agreement shall be governed by the laws of the State of Washington.
13. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

WHEREFORE, the parties have entered into this Agreement effective thirty (30) days after the date last written below.

GRANTED this 4th day of June, 2008.

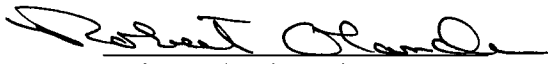
APPROVED:

SEATTLE CITY LIGHT
DEPARTMENT


Jorge Carrasco, Superintendent

ACCEPTED:

CITY OF SHORELINE


Robert Olander, City Manager

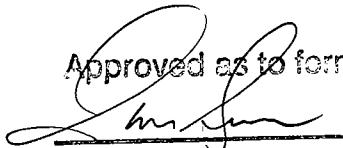
Approved as to form:

Shoreline City Attorney

EXHIBIT A Description of Public Street Light Facilities in the City of Shoreline

EXHIBIT B Shoreline/SCL MOU for Transfer of Streetlight Responsibility, dated 2-27-02.

Agreement on Public Right of Way Streetlights

Attachment "A"

SCL Number	Account#	Address	Lum Watts
200NE2005	01-955180-912084	2005 NW 196TH PL	250
200NW2403	01-81892-111746	2403 NW 197TH ST	100
200NW2405	01-446203-248063	2405 NW 197TH ST	100
200NE2303	01-179041-248062	2303 NW 197TH ST	100
200SE1603	01-166971-112929	1603 NW 191ST ST	100
200NE19501	01-1189622-112266	19501 23RD AV NW	100
200NW2604	No Account#	2604 NW 199TH ST	100
200NW2603	No Account#	2603 NW 198TH ST	100
200NW2603	No Account#	2603 NW 197TH ST	100
200NW2602	No Account#	2602 NW 199TH ST	100
200SW2508	No Account#	2508 NW 193RD PL	100
200SE2508	No Account#	2508 NW 191ST PL	100
200SW2507	No Account#	2507 NW 194TH PL	100
200SE2506	No Account#	2506 NW 192ND PL	100
200SE2504	No Account#	2504 NW 192ND PL	100
200SE2504	No Account#	2504 NW 191ST PL	100
200SW2503	No Account#	2503 NW 194TH PL	100
200SE2502	No Account#	2502 NW 192ND PL	100
200NW2407	No Account#	2407 NW 197TH ST	100
200NW2406	No Account#	2406 NW 199TH ST	100
200NW2405	No Account#	2405 NW 205TH ST	100
200NW2405	No Account#	2405 NW 198TH ST	100
200NW2404	No Account#	2404 NW 199TH ST	100
200NW2401	No Account#	2401 NW 205TH ST	100
200NW2401	No Account#	2401 NW 198TH ST	100
200NW2401	No Account#	2401 NW 197TH ST	100
200NE2305	No Account#	2305 NW 204TH ST	100
200NW2305	No Account#	2305 NW 197TH ST	100
200NE2302	No Account#	2302 NW 199TH ST	100
200SE2302	No Account#	2302 NW 192ND PL	100
200NE2301	No Account#	2301 NW 204TH ST	100
200NE2301	No Account#	2301 NW 198TH ST	100
200NE2301	No Account#	2301 NW 197TH ST	100
200NE2206	No Account#	2206 NW 199TH ST	100
200NE2204	No Account#	2204 NW 198TH ST	100
200NE2202	No Account#	2202 NW 199TH ST	100
200SE2202	No Account#	2202 NW 195TH ST	100
200NE2114	No Account#	2114 NW 204TH ST	100
200NE2110	No Account#	2110 NW 204TH ST	100
200NE2110	No Account#	2110 NW 201ST ST	100
200NE2108	No Account#	2108 NW 201ST ST	100
200NE2107	No Account#	2107 NW 197TH ST	100
200NE2106	No Account#	2106 NW 204TH ST	100
200NE2104	No Account#	2104 NW 201ST ST	100
200NE2103	No Account#	2103 NW 196TH ST	200
200NE2102	No Account#	2102 NW 204TH ST	100
200NE2102	No Account#	2102 NW 199TH ST	100
200NE2102	No Account#	2102 NW 196TH ST	400
200SE2102	No Account#	2102 NW 195TH ST	100
200SE2101	No Account#	2101 NW 193RD ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

200NE20406	No Account#	20406 20TH AV NW	100
200NW20404	No Account#	20404 RICHMOND BEACH DR	100
200NW20402	No Account#	20402 RICHMOND BEACH DR	100
200NE20401	No Account#	20401 20TH AV NW	100
200NE20208	No Account#	20208 21ST PL NW	100
200NE20206	No Account#	20206 23RD PL NW	100
200NE20206	No Account#	20206 21ST PL NW	100
200NE20205	No Account#	20205 20TH AV NW	100
200NE20204	No Account#	20204 21ST PL NW	100
200NE20203	No Account#	20203 21ST AV NW	100
200NW20201	No Account#	20201 RICHMOND BEACH DR	100
200NE20201	No Account#	20201 20TH AV NW	100
200NW20111	No Account#	20111 24TH AV NW	100
200NE20110	No Account#	20110 23RD PL NW	100
200NE20110	No Account#	20110 21ST PL NW	100
200NE20109	No Account#	20109 23RD AV NW	100
200NW20107	No Account#	20107 24TH AV NW	100
200NE20106	No Account#	20106 23RD PL NW	100
200NE20106	No Account#	20106 21ST PL NW	100
200NW20105	No Account#	20105 24TH AV NW	100
200NE20105	No Account#	20105 23RD AV NW	100
200NE20105	No Account#	20105 21ST AV NW	100
200NE20104	No Account#	20104 23RD PL NW	100
200NE20104	No Account#	20104 21ST PL NW	100
200NW20102	No Account#	20102 RICHMOND BEACH DR	100
200NE20102	No Account#	20102 23RD PL NW	100
200NE20102	No Account#	20102 18TH AV NW	100
200NW20101	No Account#	20101 RICHMOND BEACH DR	100
200NW20101	No Account#	20101 24TH AV NW	100
200NE20101	No Account#	20101 20TH AV NW	100
200NE2005	No Account#	2005 NW 197TH ST	100
200NE2004	No Account#	2004 NW 199TH ST	100
200NE2004	No Account#	2004 NW 196TH ST	200
200SE2004	No Account#	2004 NW 195TH ST	100
200NE2003	No Account#	2003 NW 197TH ST	100
200NE2003	No Account#	2003 NW 196TH PL	100
200NE2002	No Account#	2002 NW 196TH ST	200
200SE2001	No Account#	2001 NW 196TH ST	250
200NE20003	No Account#	20003 20TH AV NW	100
200NE20001	No Account#	20001 20TH AV NW	100
200NW19904	No Account#	19904 RICHMOND BEACH DR	100
200NW19903	No Account#	19903 24TH AV NW	100
200NE19903	No Account#	19903 20TH AV NW	100
200NW19901	No Account#	19901 24TH AV NW	100
200NE19807	No Account#	19807 19TH AV NW	100
200NE19804	No Account#	19804 23RD AV NW	100
200NE19803	No Account#	19803 19TH AV NW	100
200NW19801	No Account#	19801 24TH AV NW	100
200NE19708	No Account#	19708 21ST AV NW	100
200NE19704	No Account#	19704 21ST AV NW	100
200NE19703	No Account#	19703 20TH AV NW	100
200NW19702	No Account#	19702 26TH AV NW	100

Agreement on Public Right of Way Streetlights

Attachment "A"

200NE19702	No Account#	19702 23RD AV NW	100
200NW19606	No Account#	19606 RICHMOND BEACH DR	100
200NW19606	No Account#	19606 27TH AV NW	100
200NW19604	No Account#	19604 26TH AV NW	100
200NE19604	No Account#	19604 23RD AV NW	100
200NE19603	No Account#	19603 20TH AV NW	100
200NW19602	No Account#	19602 27TH AV NW	100
200NW19602	No Account#	19602 24TH AV NW	100
200NE19602	No Account#	19602 21ST AV NW	100
200NE19601	No Account#	19601 20TH AV NW	100
200NW19512	No Account#	19512 27TH AV NW	100
200NW19510	No Account#	19510 RICHMOND BEACH DR	200
200NW19510	No Account#	19510 27TH AV NW	100
200NW19508	No Account#	19508 RICHMOND BEACH DR	200
200NW19508	No Account#	19508 27TH AV NW	100
200NW19508	No Account#	19508 26TH AV NW	100
200NW19506	No Account#	19506 RICHMOND BEACH DR	200
200NE19505	No Account#	19505 22ND AV NW	100
200NW19504	No Account#	19504 26TH AV NW	100
200NE19503	No Account#	19503 23RD AV NW	100
200NE19503	No Account#	19503 22ND AV NW	100
200NE19503	No Account#	19503 20TH AV NW	100
200NE19501	No Account#	19501 20TH AV NW	100
200SW19402	No Account#	19402 RICHMOND BEACH DR	100
200SE19308	No Account#	19308 21ST AV NW	100
200SE19307	No Account#	19307 22ND AV NW	100
200SW19306	No Account#	19306 RICHMOND BEACH DR	100
200SE19305	No Account#	19305 20TH AV NW	100
200SE19304	No Account#	19304 21ST AV NW	100
200SW19303	No Account#	19303 25TH AV NW	100
200SE19303	No Account#	19303 22ND AV NW	100
200SW19302	No Account#	19302 RICHMOND BEACH DR	100
200SE19302	No Account#	19302 20TH AV NW	100
200SE19301	No Account#	19301 23RD AV NW	100
200SE19203	No Account#	19203 25TH AV NW	100
200SE19202	No Account#	19202 17TH AV NW	100
200SE19201	No Account#	19201 23RD AV NW	100
200SE19201	No Account#	19201 20TH AV NW	100
200SE19106	No Account#	19106 17TH AV NW	100
200SE19104	No Account#	19104 RICHMOND BEACH DR	100
200SE19102	No Account#	19102 RICHMOND BEACH DR	100
200SE19102	No Account#	19102 17TH AV NW	100
200SE19101	No Account#	19101 25TH AV NW	100
200SE19012	No Account#	19012 21ST AV NW	100
200SE19008	No Account#	19008 21ST AV NW	100
200SE19007	No Account#	19007 20TH AV NW	100
200SE19005	No Account#	19005 RICHMOND BEACH DR	100
200SE19005	No Account#	19005 22ND AV NW	100
200SE19004	No Account#	19004 21ST AV NW	100
200SE19002	No Account#	19002 22ND AV NW	100
200SE19002	No Account#	19002 21ST AV NW	100
200SE19001	No Account#	19001 RICHMOND BEACH DR	100

Agreement on Public Right of Way Streetlights

Attachment "A"

200SE19001	No Account#	19001 22ND AV NW	100
200SE19001	No Account#	19001 20TH AV NW	100
200NE1808	No Account#	1808 NW 204TH ST	100
200NE1808	No Account#	1808 NW 197TH ST	100
200NE1807	No Account#	1807 NW 202ND ST	100
200NE1807	No Account#	1807 NW 201ST ST	100
200SE1805	No Account#	1805 NW 195TH ST	200
200NE1804	No Account#	1804 NW 204TH ST	100
200NE1804	No Account#	1804 NW 200TH ST	100
200NE1804	No Account#	1804 NW 197TH ST	100
200NE1803	No Account#	1803 NW 202ND ST	100
200NE1803	No Account#	1803 NW 201ST ST	100
200NE1803	No Account#	1803 NW 198TH ST	100
200NE1802	No Account#	1802 NW 195TH ST	250
200NE1801	No Account#	1801 NW 205TH ST	100
200NE1801	No Account#	1801 NW 198TH ST	100
200SE1709	No Account#	1709 NW 192ND ST	100
200SE1708	No Account#	1708 NW 193RD ST	100
200SE1706	No Account#	1706 NW 193RD ST	100
200NE1705	No Account#	1705 NW 201ST ST	100
200SE1705	No Account#	1705 NW 192ND ST	100
200NE1703	No Account#	1703 NW 199TH ST	100
200SE1703	No Account#	1703 NW 192ND ST	100
200SE1702	No Account#	1702 NW 193RD ST	100
200NE1701	No Account#	1701 NW 199TH ST	100
200SE1701	No Account#	1701 NW 192ND ST	100
200NE1606	No Account#	1606 NW 197TH ST	100
200NE1603	No Account#	1603 NW 198TH ST	100
200SE1603	No Account#	1603 NW 192ND ST	100
200NE1602	No Account#	1602 NW 204TH ST	100
200NE1602	No Account#	1602 NW 197TH ST	100
200NE1601	No Account#	1601 NW 198TH ST	100
200SE1601	No Account#	1601 NW 192ND ST	100
200SE1601	No Account#	1601 NW 191ST ST	100
200NE1508	No Account#	1508 NW 195TH ST	250
200NE1506	No Account#	1506 NW 195TH ST	250
200SE1503	No Account#	1503 NW 192ND ST	100
201SE19102	01-942707-101296	19102 2ND AV NW	100
201NE19505	01-936112-100454	19505 3RD AV NW	100
201SE18502	01-91649-101447	18502 3RD AV NW	100
201NW20201	01-89507-112362	20201 12TH AV NW	100
201NW19802	01-70667-112536	19802 11TH AV NW	100
201NW20001	01-70575-112413	20001 10TH AV NW	100
201NW20305	01-70563-112321	20305 8TH AV NW	100
201NW20303	01-70563-112321	20303 12TH AV NW	100
201SW1401	01-68625-248060	1401 NW 191ST ST	100
201NW901	01-58288-112663	901 NW 200TH ST	100
201NE19506	01-433594-248077	19506 1ST AV NW	100
201NE19802	01-433318-247583	19802 PALATINE AV N	100
201NE20003	01-433208-248085	20003 2ND AV NW	100
201NE101	01-433136-259838	101 NW 198TH ST	100
201NE19508	01-433130-248084	19508 2ND AV NW	100

Agreement on Public Right of Way Streetlights

Attachment "A"

201SE19303	01-42483-101254	19303 2ND AV NW	100
201NE201	01-42474-100365	201 NW 198TH ST	100
201NE19510	01-42450-100388	19510 2ND AV NW	100
201NE19504	01-42440-100495	19504 2ND AV NW	100
201NE104	01-42440-100495	104 NW 195TH ST	100
201NE102	01-42440-100495	102 NW 195TH ST	100
201SE19301	01-42438-101252	19301 PALATINE AV N	100
201NE101	01-36742-100092	101 N 203RD ST	100
201NE103	01-36661-100088	103 NW 203RD ST	100
201NE201	01-36533-247479	201 N 201ST ST	100
201NE501	01-36438-100107	501 NW 203RD ST	100
201SE19307	01-345240-101227	19307 2ND AV NW	100
201SE19101	01-2021-101322	19101 3RD AV NW	100
201SE19103	01-2006-101311	19103 1ST AV NW	100
201SE303	01-1860-101342	303 NW 189TH ST	100
201NW1401	01-169272-112281	1401 NW 205TH ST	100
201NW1408	01-169162-112626	1408 NW 195TH ST	100
201SE19305	01-136989-101240	19305 2ND AV NW	100
201NE401	01-130466-100081	401 NW 203RD ST	100
201SE19201	01-1195373-101271	19201 PALATINE AV N	100
201SW19005	01-169202-113049	19005 10TH AV NW	100
201SW1205	01-70624-113083	1205 NW 191ST ST	100
201NW20011	No Account#	20011 10TH AV NW	100
201NE20104	No Account#	20104 5TH AV NW	250
201SW18805	No Account#	18805 8TH AV NW	100
201SE18902	No Account#	18902 8TH AV NW	250
201SE19104	No Account#	19104 8TH AV NW	250
201NE20306	No Account#	20306 8TH AV NW	250
201SE18503	No Account#	18503 DAYTON AV N	100
201SE18505	No Account#	18505 DAYTON AV N	100
201SE102	No Account#	102 N 185TH ST	100
201NE102	No Account#	102 N 195TH ST	150
201NE104	No Account#	104 N 195TH ST	200
201NE201	No Account#	201 N 200TH ST	100
201NE205	No Account#	205 N 200TH ST	250
201SE19303	No Account#	19303 3RD AV NW	100
201NE103	No Account#	103 N 203RD ST	100
201SE102	No Account#	102 NW 189TH ST	100
201SW807	No Account#	807 NW 190TH ST	150
201SE101	No Account#	101 NW 191ST ST	100
201SE205	No Account#	205 NW 191ST ST	100
201SE207	No Account#	207 NW 191ST ST	100
201NE304	No Account#	304 NW 195TH ST	100
201NE308	No Account#	308 NW 195TH ST	200
201NW1204	No Account#	1204 NW 195TH ST	100
201NW1001	No Account#	1001 NW 197TH PL	250
201NE103	01-179195-248078	103 NW 198TH ST	100
201NE105	No Account#	105 NW 198TH ST	100
201NE101	No Account#	101 NW 200TH ST	100
201NE103	No Account#	103 NW 200TH ST	100
201NE201	No Account#	201 NW 200TH ST	100
201NE205	No Account#	205 NW 200TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

201NE201	No Account#	201 NW 201ST ST	100
201NE109	No Account#	109 NW 205TH ST	100
201NE20004	No Account#	20004 PALATINE AV N	100
201NE20203	No Account#	20203 3RD AV NW	100
201SE18506	No Account#	18506 3RD AV NW	100
201SE18803	No Account#	18803 3RD AV NW	100
201SE18805	No Account#	18805 3RD AV NW	100
201SE18901	No Account#	18901 3RD AV NW	100
201SE18903	No Account#	18903 1ST AV NW	100
201SE18903	No Account#	18903 3RD AV NW	100
201SE19301	No Account#	19301 3RD AV NW	100
201NE19801	No Account#	19801 3RD AV NW	100
201NE20001	No Account#	20001 3RD AV NW	100
201SE18504	01-75458-101400	18537 1ST AV NW	100
201SE19302	01-83441-101257	19302 1ST AV NW	100
201SE19305	01-447717-244120		100
201SE19306	01-433722-248076	19322 1ST AV NW	100
201NW19801	01-448172-112558		250
201NE19803	01-49428-258230	19843 GREENWOOD AV N	100
201NE101	01-36512-100152	118 N 201ST ST	100
201NE203	01-36505-100187	211 N 201ST ST	100
201NE20002	01-494112-247584	20011 PALATINE AV N	100
201SE104	01-977307-101363	119 NW 189TH ST	100
201SE103	01-985985-101333	117 NW 191ST ST	100
201SW1203	01-74321-248059	1212 NW 191ST ST	100
201NE502	01-70581-110248	505 NW 200TH ST	100
201NE504	01-70700-100232	520 NW 200TH ST	100
201NE203	01-36505-100187	211 NW 201ST ST	250
201NE 507	01-90256-248065	541 NW 203RD ST	250
202NE1604	01-979283-101169	1604 N 196TH PL	100
202NE1603	01-97668-100972	1603 N 202ND ST	100
202NE1604	01-97647-101048	1604 N 199TH ST	100
202NE19502	01-97616-261286	19502 BURKE AV N	100
202SE18803	01-91608-101912	18803 STONE AV N	100
202NE1701	01-91060-247377	1701 N 204TH PL	100
202NE19504	01-904671-247519	19504 BURKE AV N	100
202NE1606	01-901138-101039	1606 N 199TH ST	100
202NW711	01-82346-100693	711 N 201ST ST	100
202NE1805	01-76418-101070	1805 N 199TH ST	100
202SW903	01-75969-101519	903 N 192ND ST	100
202SE1201	01-75465-101861	1201 N 191ST ST	100
202NE1703	01-7544-100915	1703 N 204TH PL	100
202SE18904	01-75440-247517	18904 BURKE AV N	100
202SE18902	01-75440-247517	18902 BURKE AV N	100
202SE18514	01-75440-247517	18514 BURKE AV N	100
202SE18512	01-75440-247517	18512 BURKE AV N	100
202SE18510	01-75440-247517	18510 BURKE AV N	100
202SE18508	01-75440-247517	18508 BURKE AV N	100
202SE18506	01-75440-247517	18506 BURKE AV N	100
202SE18504	01-75440-247517	18504 BURKE AV N	100
202SE1806	01-75440-247517	1806 N 190TH ST	100
202NE1602	01-7511-101047	1602 N 199TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

202NE20004	01-7486-101003	20004 WALLINGFORD AV N	100
202NE20002	01-7486-101003	20002 WALLINGFORD AV N	100
202NE1605	01-7452-101123	1605 N 197TH PL	100
202NE19802	01-7449-101074	19802 ASHWORTH AV N	100
202NE1601	01-74341-247376	1601 N 197TH PL	100
202NW704	01-5167-100883	704 N 195TH ST	100
202SW706	01-5156-101495	706 N 193RD ST	100
202NW707	01-5146-10081	707 N 198TH ST	100
202NW308	01-494367-479839	308 N 195TH ST	100
202NW304	01-494367-479839	304 N 195TH ST	100
202NW302	01-494367-479839	302 N 195TH ST	100
202NE19508	01-433415-247520	19508 BURKE AV N	100
202SW502	01-433084-259821	502 N 190TH ST	100
202SW403	01-433084-259821	403 N 190TH PL EX	100
202SW401	01-433084-259821	401 N 190TH PL EX	100
202NW19803	01-432728-247534	19803 DAYTON AV N	100
202NE1304	01-377941-101180	1304 N 195TH ST	100
202NW504	01-36401-100880	504 N 195TH ST	100
202NW19508	01-299683-262060	19508 EVANSTON AV N	100
202NW20301	01-298940-289711	20301 DAYTON AV N	100
202SE19101	01-182615-101832	19101 STONE AV N	100
202NE19510	01-178856-247521	19510 BURKE AV N	100
202SE1304	01-1756-101937	1304 N 188TH ST	100
202NE20304	01-173465-247522	20304 BURKE AV N	100
202NW19504	01-130662-100855	19504 EVANSTON AV N	100
202SE1606	01-1095979-247465	1606 N 190TH ST	100
202NE1803	01-1017454-278538	1803 N 198TH ST	100
202SE19005	010430025300301	19005 WALLINGFORD AV N	100
202SE19212	Shoreline School Dist 412	19212 WALLINGFORD AVE N	250
202SE18508	No Account #	18508 ASHWORTH AVE N	100
202SE19006	No Account #	19006 ASHWORTH AVE N	250
202NW20101	No Account #	20101 DAYTON AVE N	100
202SW18701	No Account #	18701 DAYTON AVE N	100
202SE18804	No Account #	18804 DENSMORE AVE N	100
202SW19305	No Account #	19305 FIRLANDS WY N	250
202SW19307	No Account #	19307 LINDEN AVE N	250
202SE18810	No Account #	18810 MIDVALE AVE N	100
202SW502	No Account #	502 N 185TH ST	100
202SW906	No Account #	906 N 185TH ST	250
202SE1702	No Account #	1702 N 185TH ST	250
202SW504	No Account #	504 N 188TH ST	100
202SW708	No Account #	708 N 188TH ST	100
202SE1801	No Account #	1801 N 189TH ST	100
202SE1803	No Account #	1803 N 192ND ST	100
202NW906	No Account #	906 N 195TH ST	200
202NW703	01-955180-912084	703 N 198TH ST	100
202NW901	No Account #	901 N 198TH ST	100
202NW402	No Account #	402 N 199TH ST	100
202NW902	No Account #	902 N 199TH ST	100
202NW503	No Account #	503 N 200TH ST	100
202NW705	No Account #	705 N 200TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

202NW905	No Account #	905 N 200TH ST	100
202NW709	No Account #	709 N 201ST ST	100
202NW701	No Account #	701 N 205TH ST	200
202SE18509	No Account #	18509 WALLINGFORD AVE N	100
202SE18903	No Account #	18903 WALLINGFORD AVE N	100
202SE19208	No Account #	19208 WALLINGFORD AVE N	100
202SE19004	01-1244531-101833	19008 ASHWORTH AVE N	100
202SE19202	01-72743-101777	19202 BURKE AVE N	100
202SE19212	01-171585-101710	19277 BURKE AVE N	100
202SE19214	01-171587-101701	19286 BURKE AVE N	100
202NW19903	01-298943-247535	19912 BURKE AVE N	100
202SE18506	01-75446-247543	18532 DENSMORE AVE N	100
202SW303	01-92096-101619	321 N 188TH PL	100
202SW302	01-1291735-101631	333 N 188TH ST	100
202SW904	01-1886-101605	912 N 188TH ST	100
202SE1901	01-2042-101823	1903 N 192ND ST	100
202NE1301	01-1096153-247472	1308 N 196TH ST	100
202NW503	01-1064025-100810	518 N 198TH ST	100
202NE1803	01-1160432-100917	1817 N 204TH PL	100
202SE18503	01-1242239-247596	18535 STONE AVE N	100
202SE18501	01-915858-102038	18519 WALLINGFORD AVE N	100
202SE18503	01-1784-102010	18533 WALLINGFORD AVE N	100
202SE18505	01-1785-102004	18541 WALLINGFORD AVE N	100
202SE18507	01-1787-101982	18557 WALLINGFORD AVE N	100
202SE18801	01-1735-101925	18809 WALLINGFORD AVE N	100
202SE18901	01-91715-101905	18821 WALLINGFORD AVE N	100
202SE19003	01-433322-292692	1901 WALLINGFORD AVE N	100
202NE19803	01-97651-101066	1653 WALLINGFORD AVE N	100
203SE19214	01-993846-278355	19214 11TH AV NE	100
203SW19202	01-950073-282002	19202 3RD AV NE	100
203SE19105	01-946922-287594	19105 7TH AV NE	100
203NE605	01-909943-279476	605 NE 200TH ST	100
203SW2305	01-90250-247469	2305 N 193RD ST	100
203SW2103	01-89944-102159	2103 N 192ND ST	100
203SE19202	01-82714-102387	19202 10TH AV NE	100
203SE803	01-74343-247950	803 NE 190TH ST	100
203SW18902	01-72827-102215	18902 CORLISS AV N	100
203NE708	01-433717-290768	708 NE 204TH ST	100
203NE602	01-433372-290724	602 NE 204TH ST	100
203NE19703	01-433283-247959	19703 10TH AV NE	100
203NE19701	01-433283-247959	19701 10TH AV NE	100
203NE19601	01-433283-247959	19601 10TH AV NE	100
203NE1004	01-433283-247959	1004 NE 197TH ST	100
203NE1003	01-433283-247959	1003 NE 196TH ST	100
203NE1002	01-433283-247959	1002 NE 197TH ST	100
203NE1001	01-433283-247959	1001 NE 196TH ST	100
203NE20103	01-433044-290788	20103 14TH AV NE	100
203NE20201	01-432911-290782	20201 8TH AV NE	100
203SW103	01-422069-278143	103 NE 193RD ST	100
203SW301	01-422049-278159	301 NE 193RD ST	100
203SW303	01-422038-278161	303 NE 193RD ST	100
203SW305	01-422014-278078	305 NE 192ND ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

203SW307	01-422003-278079	307 NE 192ND ST	100
203SW306	01-421991-278269	306 NE 194TH ST	100
203SE806	01-37968-102373	806 NE 194TH ST	100
203SE801	01-37965-102379	801 NE 194TH ST	100
203SE19204	01-37957-102385	19204 10TH AV NE	100
203SE803	01-32640-102468	803 NE 188TH ST	100
203SE1004	01-32618-102478	1004 NE 188TH ST	100
203NE1002	01-307774-278554	1002 NE 198TH ST	100
203NE1206	01-306189-278577	1206 NE 198TH ST	100
203NE704	01-305153-279734	704 NE 204TH ST	100
203SE19003	01-305111-269199	19003 12TH AV NE	100
203SE19001	01-305108-269196	19001 12TH AV NE	100
203NE20001	01-305071-269237	20001 12TH AV NE	100
203NE20004	01-305069-286872	20004 6TH AV NE	100
203NE706	01-305054-279741	706 NE 204TH ST	100
203NE803	01-305045-279482	803 NE 200TH ST	100
203NE20305	01-304981-290726	20305 14TH AV NE	100
203SE19107	01-304918-287596	19107 7TH AV NE	100
203NE20003	01-304909-262335	20003 FOREST PARK DR NE	100
203NE20107	01-304905-272657	20107 14TH AV NE	100
203NE708	01-304887-278552	708 NE 198TH ST	100
203NE19506	01-304871-285949	19506 5TH AV NE	100
203SE19103	01-304822-287592	19103 7TH AV NE	100
203NE19507	01-304770-269252	19507 14TH AV NE	100
203NE20108	01-304732-286885	20108 6TH AV NE	100
203NE20101	01-304722-287617	20101 7TH AV NE	100
203NE20102	01-304720-287619	20102 7TH AV NE	100
203NE20104	01-304717-290789	20104 7TH AV NE	100
203NE20106	01-304706-287628	20106 7TH AV NE	100
203NE20202	01-304670-288373	20202 8TH AV NE	100
203NE705	01-304654-288363	705 NE 201ST ST	100
203NE802	01-304641-279599	802 NE 202ND ST	100
203SE1204	01-288376-277573	1204 14TH AV NE	100
203SW301	01-186910-282000	301 NE 192ND ST	100
203SW2105	01-171627-102124	2105 N 193RD ST	100
203SW2303	01-171623-102135	2303 N 193RD ST	100
203SW2108	01-171609-247471	2108 N 194TH ST	100
203SE19006	01-132285-102390	19006 10TH AV NE	100
203SE18801	01-126052-102477	18801 8TH AV NE	100
203SE1101	01-125994-102532	1101 NE 187TH ST	100
203SE1202	01-125981-277638	1202 NE 188TH ST	100
203SE18702	01-12155-102505	18702 12TH AV NE	100
203SE1212	01-1151580-277653	1212 NE 188TH ST	100
203NE19701	01-1133506-269233	19701 12TH AV NE	100
203SE503	01-1077831-277733	503 NE 189TH ST	100
203SW304	01-1072519-278267	304 NE 194TH ST	100
203NE1006	01-1051283-290829	1006 NE 198TH ST	100
203NE19801	01-1007522-286864	19801 6TH AV NE	100
203SW302	No Account #	302 NE 194TH ST	100
203SW19001	No Account #	19001 CORLISS AV N	100
203SW18802	No Account #	18802 CORLISS AV N	100
203SW108	No Account #	108 NE 194TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

203NW20005	No Account #	20005 1ST AV NE	200
203NE804	No Account #	804 NE 202ND ST	100
203NE804	No Account #	804 NE 195TH ST	100
203NE802	No Account #	802 NE 195TH ST	100
203NE801	No Account #	801 NE 201ST ST	100
203NE601	No Account #	601 NE 200TH ST	100
203NE20101	No Account #	20101 6TH AV NE	100
203NE20006	No Account #	20006 12TH AV NE	100
203NE1401	No Account #	1401 NE 200TH CT	100
203NE1201	No Account #	1201 NE 200TH PL	100
203NE1101	No Account #	1101 NE 200TH ST	100
203SE18706	01-907987-102476	18739 12TH AVE NE	100
203SSE19109	01-305022-287599	19165 7TH AVE NE	100
203NE19507	01-1090951-287615	19557 7TH AVE NE	100
203SW19003	01-433619-247510	19013 BAGLEY AVE N	100
203SW19004	01-72813-102196	19010 CORLISS AVE N	100
203SW19006	01-171657-102182	19018 CORLISS AVE N	100
203NW106	01-83439-101218	205 NE 195TH ST	100
203NE801	01-305044-290816	2032A LOMBARD AVE	100
203NE1103	01-1249983-279495	1109 NE 200TH ST	100
203NE805	01-304640-279593	831 NE 201ST ST	100
203NE801	01-304645-279597	819 NE 202ND ST	100
204SW19002	01-921197-276997	19002 18TH AV NE	100
204SW19010	01-433660-292891	19010 18TH AV NE	100
204NW20203	01-433405-290936	20203 20TH PL NE	100
204NE2509	01-433093-291603	2509 NE 200TH ST	100
204NE2507	01-433093-291603	2507 NE 200TH ST	100
204NE2505	01-433093-291603	2505 NE 200TH ST	100
204NW20005	01-429734-291086	20005 24TH AV NE	100
204NW20303	01-429709-279919	20303 21ST AV NE	100
204NW19512	01-429670-280487	19512 23RD AV NE	100
204NW20201	01-429346-279429	20201 20TH PL NE	100
204NW19504	01-429336-280475	19504 23RD AV NE	100
204NW19508	01-429333-280483	19508 23RD AV NE	100
204NW19510	01-429310-280486	19510 23RD AV NE	100
204NW20002	01-429282-280183	20002 22ND AV NE	100
204NW19506	01-429265-280478	19506 23RD AV NE	100
204NW20301	01-429246-279912	20301 21ST AV NE	100
204NW20306	01-429229-280197	20306 22ND AV NE	100
204NW20304	01-429227-280192	20304 22ND AV NE	100
204NW20302	01-429225-280190	20302 22ND AV NE	100
204NW20207	01-429031-279438	20207 20TH PL NE	100
204NE2903	01-334173-279507	2903 NE 200TH ST	100
204NE2509	01-333166-279755	2509 NE 204TH ST	100
204NE2704	01-333016-279673	2704 NE 203RD ST	100
204NE20306	01-332847-281140	20306 25TH AV NE	100
204SW19008	01-306989-277007	19008 18TH AV NE	100
204SW1902	01-306834-277991	1902 NE 190TH ST	100
204SW1606	01-305398-277745	1606 NE 189TH ST	100
204SW18902	01-305346-275357	18902 16TH AV NE	100
204SW19006	01-305233-292896	19006 18TH AV NE	100
204SW19004	01-305233-292896	19004 18TH AV NE	100

Agreement on Public Right of Way Streetlights

Attachment "A"

204SW1810	01-305224-264607	1810 PERKINS PL NE	100
204SW1604	01-305208-277514	1604 NE 186TH ST	100
204SW18605	01-305192-275355	18605 16TH AV NE	100
204SW1608	01-305182-277749	1608 NE 189TH ST	100
204NE19506	01-1142569-291622	19506 25TH AV NE	100
204NE19504	01-1142569-291622	19504 25TH AV NE	100
204SW1804	No Account #	1804 NE 190TH ST	100
204SW1603	No Account #	1603 NE 192ND ST	100
204NW20007	No Account #	20007 24TH AV NE	100
204NW20001	No Account #	20001 21ST AV NE	100
204NW19703	No Account #	19703 BALLINGER RD NE	100
204NW20301	01-274179-280709	20302 24TH AVE NE	100
204NW19901	01-448264-291046	600 ANDOVER PARK W	200
204SW1605	01-1055251-278093	1703 NE 192ND ST	100
204SW1604	01-305370-292897	1618 NE 189TH ST	100
207NE17706	01-90247-247581	17706 PALATINE AV N	100
207SE103	01-90244-247434	103 N 168TH ST	100
207NE605	01-79675-102961	605 NW 182ND ST	100
207NE18303	01-433588-253300	18303 1ST AV NW	100
207NE305	01-432855-248055	305 NW 183RD ST	100
207NE17503	01-270735-276693	17503 6TH AV NW	100
207SE17001	01-264750-278649	17001 2ND AV NW	100
207NE18302	01-23963-102882	18302 6TH AV NW	100
207NE602	01-23939-103056	602 NW 180TH ST	100
207NE604	01-23890-102909	604 NW 183RD ST	100
207NE17801	01-23875-103092	17801 4TH AV NW	100
207NE17705	01-23838-103122	17705 2ND AV NW	100
207NE18006	01-23830-102991	18006 3RD AV NW	100
207NE102	01-23815-103004	102 NW 181ST ST	100
207NE18002	01-23754-103034	18002 3RD AV NW	100
207NE18104	01-23729-102979	18104 PALATINE AV N	100
207NE104	01-23669-102888	104 N 183RD ST	100
207NW18007	01-179075-248100	18007 8TH AV NW	100
207SE17304	01-179069-247580	17304 PALATINE AV N	100
207SE17302	01-179069-247580	17302 PALATINE AV N	100
207SE17204	01-179069-247580	17204 PALATINE AV N	100
207SE17202	01-179069-247580	17202 PALATINE AV N	100
207NE108	01-179069-247580	108 N 175TH ST	100
207NE104	01-175688-102952	104 N 182ND ST	100
207SE17302	01-154942-104901	17302 2ND AV NW	100
207NE404	01-115859-103040	404 NW 180TH ST	100
207NW17801	01-116023-248098	17801 8TH AV NW	100
207NE309	01-11591-102964	309 NW 182ND ST	100
207NE18204	01-115755-102929	18204 PALATINE AV N	100
207SE16801	No Account #	16801 1ST AVE NW	100
207SE16805	No Account #	16805 1ST AVE NW	100
207SE16809	No Account #	16809 1ST AVE NW	100
207SE17302	No Account #	17302 1ST AVE NW	100
207SE17705	No Account #	17705 1ST AVE NW	100
207NE18003	No Account #	18003 1ST AVE NW	100
207NE18002	No Account #	18002 6TH AVE NW	250
207NW18303	No Account #	18303 8TH AVE NW	100

Agreement on Public Right of Way Streetlights

Attachment "A"

207SE102	No Account #	102 N 171ST ST	100
207NW906	No Account #	906 NW 180TH ST	100
207NE110	No Account #	110 NW 183RD ST	100
207NE301	No Account #	301 NW 185TH ST	250
207SE17206	No Account #	17206 PALATINE AVE N	100
207NE17801	01-115784-103131	104 N 178TH ST	100
207NE17701	01-238841-103164	305 NW 178TH ST	100
207NE17505	01-173492-248094	17607 6TH AVE NW	100
207NE102	01-23827-103227	105 N 177TH ST	100
207NE106	01-1231973-103235	133 N 177TH ST	100
207NE104	01-433304-247442	118 N 178TH ST	100
207NE106	01-115765-103137	124 N 178TH ST	100
207NE106	01-23755-102823	134 N 184TH ST	100
207NE202	01-23673-102824	140 N 184TH ST	100
208NW707	01-970885-247446	707 N 179TH ST	100
208NE1802	01-955180-912084	1802 N 175TH ST	250
208NE18304	01-914473-103638	18304 ASHWORTH AV N	100
208NW504	01-86788-103428	504 N 181ST ST	100
208NW602	01-79569-103399	602 N 182ND ST	100
208SE16501	01-79166-105599	16501 DENSMORE AV N	100
208NE1303	01-58743-103991	1303 N 178TH ST	100
208SW17205	01-58719-105048	17205 GREENWOOD PL N	100
208NE17802	01-58619-103856	17802 STONE AV N	100
208NE17503	01-58616-293598	17503 DENSMORE AV N	100
208NW402	01-58565-103427	402 N 180TH ST	100
208NE17807	01-58398-103825	17807 WALLINGFORD AV N	100
208NE17801	01-58540-103799	17801 BURKE PL N	100
208NE17501	01-58430-103928	17501 STONE AV N	100
208NE1302	01-58416-103959	1302 N 176TH ST	100
208SW204	01-58296-105078	204 N 171ST ST	100
208SW510	01-58228-105101	510 N 170TH PL	100
208SW509	01-58210-105205	509 N 167TH ST	100
208NW801	01-492825-258708	801 N 178TH ST	100
208SE1201	01-47972-105365	1201 N 171ST ST	100
208NW603	01-433787-247449	603 N 180TH ST	100
208NW601	01-433787-247449	601 N 180TH ST	100
208SW512	01-433629-294408	512 N 169TH ST	100
208SW510	01-433629-294408	510 N 169TH ST	100
208SW506	01-433629-294408	506 N 169TH ST	100
208NE18003	01-115668-103727	18029 STONE AV N	100
208NW17605	01-433123-247548	17605 EVANSTON AV N	100
208NW17601	01-433123-247548	17601 EVANSTON AV N	100
208NW705	01-432983-247445	705 N 179TH ST	100
208SE16603	01-432727-294648	16603 WALLINGFORD AV N	100
208NE1702	01-382728-103873	1702 N 178TH ST	100
208NE17802	01-382603-293552	17802 AURORA AV N	250
208NE18302	01-295836-265663	18302 STONE AV N	100
208NW710	01-270774-293181	710 N 182ND ST	100
208NE1108	01-270576-293532	1108 N 180TH ST	100
208NW18002	01-270397-260796	18002 AURORA AV N	200
208SE1807	01-264784-276071	1807 N 167TH ST	100
208SW16703	01-264780-258658	16703 NORTH PARK AV N	100

Agreement on Public Right of Way Streetlights

Attachment "A"

208SW16707	01-264773-258670	16707 NORTH PARK AV N	100
208NW706	01-24009-103367	706 N 182ND ST	100
208NE18004	01-23648-103745	18004 ASHWORTH AV N	100
208NE1808	01-23487-103989	1808 N 183RD ST	100
208NE1106	01-23448-103688	1106 N 183RD ST	100
208NW18307	01-23339-103299	18307 DAYTON PL N	100
208SE16605	01-21837-105519	16605 STONE AV N	100
208SE1301	01-21673-105463	1301 N 167TH ST	100
208SE16702	01-21639-105450	16702 BURKE AV N	100
208SE16703	01-21592-105431	16703 WALLINGFORD AV N	100
208SE16704	01-21585-105426	16704 ASHWORTH AV N	100
208SE16903	01-21549-105402	16903 STONE AV N	100
208SW16704	01-21501-105184	16704 LINDEN AV N	100
208SW16504	01-21493-105264	16504 FREMONT AV N	100
208SE1308	01-21484-294654	1308 N 165TH ST	100
208SE1205	01-179109-247435	1205 N 171ST ST	100
208NE18001	01-179079-247515	18001 BURKE AV N	100
208SW16510	01-179043-250683	16510 LINDEN AV N	100
208SW502	01-177762-105024	502 N 173RD ST	100
208SW17302	01-177762-105024	17302 EVANSTON AV N	100
208SE1101	01-175578-105586	1101 N 166TH ST	100
208SE1704	01-16042-107169	1704 N 165TH ST	100
208NE1806	01-155220-103791	1806 N 180TH ST	100
208NW601	01-155124-103422	601 N 182ND ST	100
208SE16505	01-1248569-105561	16505 WALLINGFORD AV N	100
208SE16504	01-1244149-24752	16504 DENSMORE AV N	100
208NE1308	01-115580-103676	1308 N 183RD ST	100
208NE18303	01-115495-103640	18303 WALLINGFORD AV N	100
208SE16601	01-113421-105541	16601 WALLINGFORD AV N	100
208SW901	01-113282-105224	901 N 167TH ST	100
208SE17002	No Account#	17002 ASHWORTH AV N	100
208SE17102	No Account#	17102 ASHWORTH AV N	100
208SE17104	No Account#	17104 ASHWORTH AV N	100
208SE17201	No Account#	17201 ASHWORTH AV N	100
208SW506	01-264713-247430	506 N 166TH ST	100
208SE1201	No Account#	1201 N 172ND ST	100
208NE1306	No Account#	1306 N 180TH ST	100
208SE17306	No Account#	17306 ASHWORTH AV N	100
208SE17402	No Account#	17402 ASHWORTH AV N	100
208SE17404	No Account#	17404 ASHWORTH AV N	100
208NE17808	No Account#	17808 ASHWORTH AV N	100
208SW16506	No Account#	16506 EVANSTON AV N	100
208SW16506	No Account#	16506 FREMONT AV N	100
208SW16604	No Account#	16604 FREMONT AV N	100
208SW16702	No Account#	16702 FREMONT AV N	100
208SW16708	No Account#	16708 FREMONT AV N	100
208SW16710	No Account#	16710 FREMONT AV N	100
208SW17209	01-155320-105027	17209 GREENWOOD PL N	100
208SE16601	No Account#	16601 MERIDIAN AV N	250
208SW502	No Account#	502 N 165TH ST	100
208SW902	No Account#	902 N 165TH ST	100
208SE1108	No Account#	1108 N 165TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

208SE1110	No Account#	1110 N 165TH ST	100
208SE1806	No Account#	1806 N 165TH ST	100
208SE1201	No Account#	1201 N 173RD ST	100
208NW702	No Account#	702 N 175TH ST	250
208NW704	No Account#	704 N 175TH ST	250
208NE1701	No Account#	1701 N 185TH ST	250
208NW18001	No Account#	18001 NORTH PARK AV N	100
208SE16502	No Account#	16502 STONE AV N	100
208SE16603	No Account#	16603 STONE AV N	100
208SE16905	No Account#	16905 STONE AV N	100
208NE17507	No Account#	17507 WALLINGFORD AV N	100
208NE18305	No Account#	18305 WALLINGFORD AV N	100
208SW16701	No Account#	16701 WHITMAN AV N	100
208SW16705	01-1092074-105171	16730 WHITMAN AV N	100
208SE1306	01-1131788-105592	1332 N 165TH ST	100
208SE1303	01-113262-104568	1324 N 167TH ST	100
208NE1608	01-115600-103682	1653 N 183RD ST	100
208SE1301	01-142946-105372	1312 N 171ST ST	100
208SE17304	01-142957-105309	17312 ASHWORTH AV N	100
208SW206	01-154954-105073	240 N 171ST ST	100
208SE16512	01-21469-105488	16554 ASHWORTH AV N	100
208SE16506	01-21472-294649	16533 ASHWORTH AV N	100
208SE16502	01-21557-105576	16514 DENSMORE AV N	100
208NE1608	01-270492-103771	1648 N 180TH ST	100
208NE18103	01-432979-247607	18029 WALLINGFORD AV N	100
208NE1606	01-433065-247453	1638 N 183RD ST	100
208SE1302	01-433736-247429	1306 N 165TH ST	100
208NE18003	01-444812-247516	18043 BURKE AV N	100
208SW510	01-491821-105221	548 N 166TH ST	100
208SE1203	01-492233-247440	1211 N 172ND ST	100
208SE1305	01-492243-247437	1332 N 171ST ST	100
208NE1605	01-58396-103893	1623 N 178TH ST	100
208NE1606	01-58401-103798	1633 N 180TH ST	100
208NE17502	01-58427-103886	17553 STONE AV N	100
208SE1303	01-74361-247436	1319 N 171ST ST	100
208SE1302	01-79165-105438	1305 N 169TH ST	100
209SE17003	01-907889-248030	17003 8TH AV NE	100
209SE17005	01-907889-248030	17005 8TH AV NE	100
209NE18010	01-905768-104506	18010 7TH AV NE	100
209SW2304	01-47883-105747	ON HOLD	100
ON HOLD	01-88726-106309	1205 NE 168TH ST	
209SE802	01-87298-106011	802 NE 174TH ST	100
209NW2109	01-86763-104276	2109 N 178TH ST	100
209SW17002	01-84589-105778	17002 4TH AV NE	100
209NW18006	01-79622-104156	18006 SUNNYSIDE AV N	100
209NW18303	01-79614-104045	18303 CORLISS AV N	100
209NW201	01-79601-104176	201 NE 180TH ST	100
209NW18005	01-79597-104144	18005 1ST AV NE	100
209NW18005	01-74345-248002	18005 2ND AV NE	100
209SE1105	01-74315-247924	1105 NE 168TH ST	100
209SE1201	01-67144-106335	1201 NE 168TH ST	100
209SE16708	01-67143-106233	16708 10TH AV NE	100

Agreement on Public Right of Way Streetlights

Attachment "A"

209SE16704	01-67111-106285	16704 10TH AV NE	100
209SE508	01-61062-106149	508 NE 170TH ST	100
209SE17003	01-60955-106134	17003 12TH AV NE	100
209SE902	01-60899-105994	902 NE 174TH ST	100
209NE1204	01-60861-104510	1204 NE 183RD ST	100
209NE18005	01-60837-104519	18005 12TH AV NE	100
209NW2103	01-58639-104248	2103 N 178TH ST	100
209NW17801	01-58563-104246	17801 3RD AV NE	100
209NW2303	01-58380-104201	2303 N 179TH ST	100
209NW2309	01-58366-247448	2309 N 179TH ST	100
209SW304	01-433165-254629	304 NE 167TH ST	100
209SE1002	01-432853-294737	1002 NE 165TH ST	250
209NE1203	01-387986-254722	1203 NE 180TH ST	100
209SW16701	01-372616-105867	16701 CORLISS PL N	100
209NE18302	01-355910-104457	18302 7TH AV NE	100
209SW16703	01-264647-248012	16703 3RD AV NE	100
209NW18310	01-23623-104038	18310 3RD AV NE	100
209SW16601	01-21307-294659	16601 3RD AV NE	100
209SE17004	01-179057-247961	17004 11TH AV NE	100
209NW2404	01-179044-247985	2404 N 180TH ST	100
209SE1101	01-178360-106280	1101 NE 168TH ST	100
209SE17104	01-158167-106069	17104 10TH AV NE	100
209SE17002	01-158074-106165	17002 10TH AV NE	100
209SE17202	01-158066-106046	17202 10TH AV NE	100
209NE1102	01-157966-104809	1102 NE SERPENTINE PL	100
209NE18004	01-157960-104563	18004 10TH AV NE	100
209NE1003	01-157852-102554	1003 NE 185TH ST	100
209NE18008	01-157844-104512	18008 10TH AV NE	100
209NW18306	01-157631-104079	18306 3RD AV NE	100
209NW17803	01-155238-104222	17803 3RD AV NE	100
209NW17501	01-155231-104296	17501 2ND PL NE	100
209NW308	01-155008-104363	308 NE SERPENTINE PL	100
209NW2105	01-153677-104375	2105 N 179TH ST	100
209NE17709	01-1196583-104648	17709 11TH AV NE	100
209NE17711	01-1196583-104648	17711 11TH AV NE	100
209NW2205	01-1192371-104361	2205 N 176TH ST	100
209NW18301	01-115670-104077	18301 2ND AV NE	100
209NW18002	01-115549-104157	18002 3RD AV NE	100
209NW310	01-1143369-104326	310 NE SERPENTINE PL	100
209SE1206	01-1140386-106245	1206 NE 169TH ST	100
209SW16906	01-113117-105865	16906 4TH AV NE	100
209SE808	01-113044-108140	808 NE 165TH ST	250
209NE1004	01-1105527-104787	1004 NE SERPENTINE PL	100
209NE17509	01-10973-293698	17509 12TH AV NE	100
209NW2301	01-1063699-247447	2301 N 179TH ST	100
209SW16705	01-1033527-105852	16705 2ND AV NE	100
209NW204	01-1019-247939	204 NE 175TH ST	100
209NE1201	01-387996-277431	1201 NE 185TH ST	100
209NW18008	No Account#	18008 SUNNYSIDE AV N	100
209SW2302	No Account#	2302 N 167TH ST	100
209SW2105	No Account#	2105 N 167TH ST	100
209SW202	No Account#	202 NE 167TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

209SW16902	No Account#	16902 4TH AV NE	100
209SW16710	No Account#	16710 CORLISS AV N	100
209SW16709	No Account#	16709 3RD AV NE	100
209SW16503	No Account#	16503 3RD AV NE	100
209SW102	No Account#	102 NE 165TH ST	100
209SE506	No Account#	506 NE 170TH ST	100
209SE17206	No Account#	17206 11TH AV NE	100
209SE17204	No Account#	17204 11TH AV NE	100
209SE17008	No Account#	17008 11TH AV NE	100
209SE17006	No Account#	17006 11TH AV NE	100
209SE17001	No Account#	17001 8TH AV NE	100
209SE16806	No Account#	16806 11TH PL NE	100
209SE16803	No Account#	16803 12TH PL NE	100
209SE16703	No Account#	16703 8TH AV NE	100
209SE16701	No Account#	16701 8TH AV NE	100
209SE16507	No Account#	16507 8TH AV NE	100
209SE16505	No Account#	16505 8TH AV NE	100
209SE16504	No Account#	16504 8TH AV NE	100
209SE16503	No Account#	16503 8TH AV NE	100
209SE1204	No Account#	1204 NE 169TH ST	100
209SE1108	No Account#	1108 NE 170TH ST	100
209SE1004	No Account#	1004 NE 170TH ST	100
209NW309	No Account#	309 NE 185TH ST	100
209NW2402	No Account#	2402 N 180TH ST	100
209NW18002	No Account#	18002 CORLISS AV N	100
209NE810	No Account#	810 NE SERPENTINE PL	100
209NE804	No Account#	804 NE SERPENTINE PL	100
209NE702	No Account#	702 NE SERPENTINE PL	100
209NE701	No Account#	701 NE 185TH ST	250
209NE506	No Account#	506 NE SERPENTINE PL	100
209NE18305	No Account#	18305 12TH AV NE	100
209NE18301	No Account#	18301 12TH AV NE	100
209NE18014	No Account#	18014 7TH AV NE	100
209NE17702	No Account#	17702 10TH AV NE	250
209NE17506	No Account#	17506 5TH AV NE	100
209SE1103	01-88739-106277	16803 NE 168TH ST	100
209NE17701	01-87267-104726	17704 11TH AV NE	100
209NE17805	01-74309-248031	17833 8TH AV NE	100
209NE17801	01-60886-104709	17806 8TH AV NE	100
209NE17707	01-60827-104650	17746 12TH AV NE	100
209NE1201	01-535203-247946	1217 NE 184TH ST	100
209NE808	01-433572-247886	909 NE SERPENTINE PL	100
209NW2103	01-433532-293629	2149 N 183RD ST	100
209NE17505	01-433457-247963	17547 11TH AV NE	100
209SW108	01-433324-247921	302 NE 165TH ST	100
209SE1006	01-432817-247935	1026 NE 170TH ST	100
209NE18004	01-387988-274466	18060 15TH PL NE	100
209NE1203	01-387953-277435	1222 NE 185TH ST	150
209NE508	01-158127-104701	538 NE SERPENTINE PL	100
209SE504	01-158007-106147	514 NE 170TH ST	100
209NE17705	01-157885-104682	17731 11TH AV NE	100
209NW105	01-155140-104191	125 NE 180TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

209SW302	01-1253249-248011	16706 NE 167TH ST	100
209SW302	01-1195194-105788	310 NE 170TH ST	100
210NW2401	01-919546-280692	2401 16TH AV NE	100
210SW16503	01-88720-106647	16503 22ND AV NE	100
210SW16803	01-74327-247979	16803 16TH AV NE	100
210SW1807	01-67166-106500	1807 NE 170TH ST	100
210SW1810	01-67161-106518	1810 NE 169TH ST	100
210SW1508	01-67122-106660	1508 NE 165TH ST	100
210SW16505	01-67031-247988	16505 22ND AV NE	100
210SE17704	01-433712-294878	17704 25TH AV NE	250
210SW16501	01-433389-247989	16501 23RD AV NE	100
210NW1512	01-429800-294144	1512 NE 177TH ST	100
210SW1501	01-405275-294862	1501 NE 168TH ST	100
210SW1806	01-405206-106581	1806 NE 168TH ST	100
210NW1702	01-32653-104832	1702 NE 177TH ST	100
210NW2401	01-320207-293860	2401 NE 180TH ST	100
210NW1603	01-307682-277453	1603 NE 185TH ST	100
210SW1807	01-290434-276546	1807 NE 172ND ST	100
210NW17806	01-289219-280660	17806 24TH AV NE	100
210SW1807	01-288261-276452	1807 NE 171ST ST	100
210NW2001	01-288173-276782	2001 NE 177TH ST	100
210SW1809	01-288079-276551	1809 NE 172ND ST	100
210SW1803	01-288063-276446	1803 NE 171ST ST	100
210SW2203	01-288052-276471	2203 NE 171ST ST	100
210SW1808	01-179063-247930	1808 NE 169TH ST	100
210SW2104	01-178358-106674	2104 NE 165TH ST	100
210SW1812	01-165195-247932	1812 NE 169TH ST	100
210SW1802	01-165167-106579	1802 NE 168TH ST	100
210SW16505	01-1141620-106618	16505 23RD AV NE	100
210SW16501	01-1103817-294864	16501 16TH AV NE	100
210NW1501	01-1090040-927632	1501 NE SERPENTINE PL	100
210NW2203	01-1039041-276800	2203 NE 177TH ST	100
210SW1512	01-967501-106658	1512 NE 165TH ST	100
210SW16602	01-67050-106597	16602 15TH AV NE	100
210NW1704	01-228273-276767	1704 NE 177TH ST	100
210SW1513	01-176239-106408	1513 NE 172ND ST	100
210NW18204	01-288972-280686	18204 24TH AV NE	100
210NE17706	No Account#	17706 25th AVE NE	200
210SW1602	No Account#	1602 NE 196th ST	100
210SW1816	No Account#	1916 NE 169th ST	100
210SW1505	No Account#	1505 NE 170th ST	100
210SW1803	No Account#	1803 NE 170th ST	100
210SW1811	No Account#	1811 NE 170th ST	100
210SW1507	No Account#	1507 NE 171st ST	100
210SW1505	No Account#	1505 NE 172nd ST	100
210SW Pole#16801	01-1165633-106553	16805 16TH AVE NE	100
210SW Pole#17203	01-125931-106380	17420 17TH PL NE	100
210SW Pole#16803	01-88717-106549	16810 22ND AVE NE	100
210NW Pole#18402	01-919546-280692	18418 24TH AVE NE	250
210SW Pole#1501	01-405262-275976	1511 NE 166TH ST	100
210SW Pole#1503	01-405209-247923	1529 NE 166TH ST	100
210SW Pole#1505	01-88737-106604	1538 NE 166TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

210SW Pole1608	01-67164-247928	1651 NE 169TH ST	100
210SW Pole#1806	01-165215-106533	1829 NE 169TH ST	100
210SW Pole#1513	01-67132-106492	1587 NE 170TH ST	100
210SW Pole#1813	01-39712-276318	1884 NE 170TH ST	100
210SW Pole#1511	01-12509-106452	1575 NE 171ST ST	100
210SW Pole#1509	01-125923-106423	1547 NE 172ND ST	100
210SW Pole#1515	01-125920-106418	1585 NE 172ND ST	100
213NE15506	01-51166-113602	15506 1ST AV NW	100
213NE15604	01-146603-113585	15604 1ST AV NW	100
213NE15608	01-146531-113562	15608 1ST AV NW	100
213NE15902	01-51136-113522	15902 1ST AV NW	100
213NE15707	01-51161-113550	15707 2ND AV NW	100
213SE107	01-179011-247423	107 N 155TH ST	100
213NE103	01-51168-113603	103 NW 156TH ST	100
213NE203	01-1075093-113526	203 N 160TH ST	100
213NE15701	01-51129-113588	15701 PALATINE AV N	100
213NE15709	01-1092730-113541	15709 PALATINE AV N	100
213NE15504	01-487586-248074	15515 1ST AVE NW UNIT B	100
213SE103	01-51213-113633	116 N 155TH ST	100
213NE15501	01-146516-113612	15501 PALATINE AV N	100
214SW15002	01-955180-912084	15002 GREENWOOD AV N	250
214SE15210	01-942372-109811	15210 DENSMORE AV N	100
214SW710	01-942104-247415	710 N 148TH ST	100
214NE1901	01-903286-107417	1901 N 160TH ST	100
214SE1104	01-85580-110111	1104 N 146TH PL	100
214SW503	01-85175-109513	503 N 155TH ST	100
214NE1703	01-77998-107441	1703 N 160TH ST	100
214NE15508	01-53199-107628	15508 STONE AV N	100
214NE15506	01-53126-107651	15506 MIDVALE AV N	100
214NE15512	01-53118-107575	15512 STONE AV N	100
214NE15510	01-53093-107578	15510 ASHWORTH AV N	100
214NE15710	01-53087-107480	Address	100
214NE15708	01-53087-107480	15708 DENSMORE AV N	100
214SW702	01-51407-109786	702 N 148TH ST	100
214SW602	01-51229-109724	602 N 148TH ST	100
214SW708	01-51192-109719	708 N 148TH ST	100
214SW14809	01-51078-109654	14809 FREMONT AV N	100
214SW502	01-51017-109735	502 N 148TH ST	100
214NW702	01-447152-295234	702 N 160TH ST	100
214NW16304	01-433742-294969	16304 LINDEN AV N	100
214NW508	01-433399-247373	508 N GREENWOOD DR	100
214NE16009	01-433356-247605	16009 WALLINGFORD AV N	100
214NE16007	01-433356-247605	16007 WALLINGFORD AV N	100
214NE16005	01-433356-247605	16005 WALLINGFORD AV N	100
214NE16005	01-433356-247605	16005 WALLINGFORD AV N	100
214NE16003	01-433356-247605	16003 WALLINGFORD AV N	100
214NE16001	01-433356-247605	16001 WALLINGFORD AV N	100
214SE2004	01-433146-254117	2004 N 148TH ST	100
214NE15708	01-368590-295320	15708 STONE AV N	100
214NE1303	01-368590-295320	1303 N 160TH ST	100
214SW15003	01-288375-109624	15003 DAYTON AV N	200
214SE15206	01-255590-109899	15206 ASHWORTH AV N	100

Agreement on Public Right of Way Streetlights

Attachment "A"

214NW902	01-250859-294995	902 N 163RD ST	100
214NW16008	01-250859-294995	16008 LINDEN AV N	100
214SE15204	01-18164-109907	15204 ASHWORTH AV N	100
214SE15004	01-18158-109935	15004 DENSMORE AV N	100
214SE1803	01-18005-109979	1803 N 150TH ST	100
214SE14904	01-18004-109980	14904 BURKE AV N	100
214SE14808	01-17964-110064	14808 ASHWORTH AV N	100
214SE14602	01-17964-110064	14602 ASHWORTH AV N	100
214SE14806	01-17959-110006	14806 INTERLAKE AV N	100
214SE15308	01-179337-247611	15308 ASHWORTH AV N	100
214SE15306	01-179337-247611	15306 ASHWORTH AV N	100
214NE15704	01-173496-247595	15704 STONE AV N	100
214NW16302	01-16117-107051	16302 FREMONT PL N	100
214NW16103	01-15978-107073	16103 EVANSTON AV N	100
214NE1702	01-15974-107305	1702 N 163RD ST	100
214NE15707	01-15950-107488	15707 BURKE AV N	100
214NE15701	01-15940-107587	15701 BURKE AV N	100
214NE1804	01-15929-107276	1804 N 163RD ST	100
214NE16301	01-15884-107190	16301 STONE AV N	100
214NE16102	01-15866-107250	16102 MIDVALE AV N	100
214NW602	01-15845-107043	602 N 163RD ST	100
214SW706	01-146593-109739	706 N 148TH ST	100
214SW704	01-146591-109729	704 N 148TH ST	100
214SW15203	01-146418-109568	15203 FREMONT AV N	100
214NE16304	01-1252634-107233	16304 DENSMORE AV N	100
214NE1902	01-1251587-107559	1202 N 157TH ST	100
214NE1401	01-1235478-247489	1401 N 160TH ST	100
214SE1302	01-109605-109964	1302 N 150TH ST	100
214SE14902	01-109596-110012	14902 BURKE AV N	100
214SE1703	01-109540-109972	1703 N 150TH ST	100
214SE15206	01-109516-109870	15206 DENSMORE AV N	100
214SE1801	01-109506-110078	1801 N 147TH ST	100
214SE1801	01-109426-109978	1801 N 150TH ST	100
214SE15002	01-109412-109949	15002 DENSMORE AV N	100
214SE14804	01-109387-110018	14804 ASHWORTH AV N	100
214NW16305	01-107313-107008	16305 FREMONT AV N	100
214NW16303	01-107177-107025	16303 FREMONT AV N	100
214NE15708	01-1061251-247488	15708 ASHWORTH AV N	100
214NE15505	01-1032285-247513	15505 BURKE AV N	100
214NE15709	01-1014812-107477	15709 BURKE AV N	100
214SE15201	01-1003303-109886	15201 WALLINGFORD AV N	100
214SE15003	Shoreline School Dist 41	16301 WALLINGFORD AV N	100
214SE1802	No Account Number	15709 WALLINGFORD AV N	100
214SE1701	No Account Number	15707 WALLINGFORD AV N	100
214SE15204	No Account Number	15705 WALLINGFORD AV N	100
214SE15202	No Account Number	15703 WALLINGFORD AV N	100
214SE1503	No Account Number	15507 WALLINGFORD AV N	100
214SE14504	No Account Number	15505 WALLINGFORD AV N	100
214SE1305	No Account Number	15003 WALLINGFORD AV N	100
214SE1105	No Account Number	14705 WALLINGFORD AV N	150
214NW304	No Account Number	14701 WALLINGFORD AV N	100
214NE16301	No Account Number	14607 STONE AV N	100

Agreement on Public Right of Way Streetlights

Attachment "A"

214NE1606	No Account Number	14503 STONE AV N	100
214NE1604	No Account Number	16303 NORTH PARK AV N	100
214NE15703	No Account Number	16102 INTERLAKE AV N	100
214NE15509	No Account Number	15703 INTERLAKE AV N	200
214NE15508	No Account Number	15701 INTERLAKE AV N	100
214NE15505	01-53268-107653	15521 INTERLAKE AV N	100
214SE	01-74360-247602	14731 WALLINGFORD AVE N	
214NE1202	No Account Number	15509 INTERLAKE AV N	100
214NE16102	01-107065-107351	16041 ASHWORTH AVE N	100
214NE 15509	01-1253937-432632	2417 S GRAHAM ST APT 2	100
214NE 15703	01-107102-107544	15714 BURKE AVE N	100
214NE 15705	01-15938-107531	15718 BURKE AVE N	100
214SE14506	01-433148-257976	14700 BURKE AVE N	100
214NE15508	01-53079-107621	15538 DENSMORE AVE N	100
214NE15510	01-74356-247539	15544 DENSMORE AVE N	100
214NE16004	01-1116122-107411	16015 DENSMORE AVE N	100
214NE16103	01-107139-107338	16118 DENSMORE AVE N	100
214NE15509	01-492309-107604	15545 INTERLAKE AVE N	100
214NE15511	01-492312-247566	15704 INTERLAKE AVE N	100
214NE15701	01-1024959-107534	15715 INTERLAKE AVE N	100
214NE16102	01-107057-247567	COOPER, EUGENE L.	100
214SE14510	01-1195935-110097	14550 INTERLAKE AVE N	100
214SE14804	01-18203-110040	14816 INTERLAKE AVE N	100
214SE15403	01-955180-912084	15403 MERIDIAN AV N	100
214SE 1309	01-53161-109927	1359 N 152ND ST	100
214NW16303	01-250188-258639	16325 NORTH PARK AVE N	100
214SE 14503	01-368688-295934	14511 STONE AVE N BLDG B	100
214SE 14607	01-1025602-110049	14813 STONE AVE N	100
214NE 15505	01-433605-247603	15526 WALLINGFORD AVE N	100
214NE 15507	01-15963-107637	15531 WALLINGFORD AVE N	100
214NE 15703	01-433738-295325	15714 WALLINGFORD AVE N	200
214NE 15705	01-433218-247604	15720 WALLINGFORD AVE N	200
214NE 15707	01-15955-107501	15732 WALLINGFORD AVE N	200
214NE 15709	01-107133-107462	15750 WALLINGFORD AVE N	200
214SE 14701	01-18165-110085	14559 WALLINGFORD AVE N	100
214SE14705	01-74360-247602	15750 WALLINGFORD AVE N	100
215SE1204	01-86104-110859	1204 NE 148TH ST	100
215SE1003	01-86066-110595	1003 NE 154TH ST	100
215SW301	01-86030-110363	301 NE 149TH ST	100
215SE15101	01-86017-110711	15101 8TH AV NE	100
215NE1404	01-78868-108350	1404 NE 162ND ST	100
215NE1404	01-78839-108531	1404 NE 158TH ST	100
215SW2102	01-78496-247422	2102 N 153RD ST	100
215SW2303	01-78478-110381	2303 N 149TH ST	100
215NW304	01-75263-247920	304 NE 161ST ST	100
215NW302	01-75263-247920	302 NE 161ST ST	100
215SE807	01-74348-247907	807 NE 151ST ST	100
215NW306	01-57011-107783	306 NE 162ND ST	100
215NW109	01-56958-107939	109 NE 159TH ST	100
215NW306	01-56953-107844	306 NE 161ST ST	100
215NE15803	01-56851-108517	15803 8TH AV NE	100
215NE15510	01-56822-108582	15510 10TH AV NE	100

Agreement on Public Right of Way Streetlights

Attachment "A"

215NE16206	01-56801-108261	16206 10TH AV NE	100
215SE15001	01-55379-248027	15001 8TH AV NE	100
215SE15003	01-55193-110739	15003 12TH AV NE	100
215SE14504	01-55190-110921	14504 10TH AV NE	100
215SE805	01-55058-247906	805 NE 151ST ST	100
215SE14507	01-54972-110901	14507 8TH AV NE	100
215SE14502	01-54969-110944	14502 6TH AV NE	100
215SE604	01-54956-110682	604 NE 152ND ST	100
215SE15202	01-54956-110682	15202 6TH AV NE	100
215NW15801	01-534625-248010	15801 3RD AV NE	100
215NW15504	01-492477-108081	15504 CORLISS AV N	100
215SE809	01-433597-247908	809 NE 151ST ST	100
215SE1104	01-433213-247910	1104 NE 152ND ST	100
215SE15201	01-433001-247909	15201 10TH AV NE	100
215SE604	01-432869-248024	604 NE 148TH ST	100
215NW15502	01-432743-295361	15502 CORLISS AV N	100
215SW14804	01-425876-110396	14804 1ST AV NE	250
215NW304	01-415185-108034	304 NE 157TH ST	100
215SW2104	01-255641-110456	2104 N 147TH ST	100
215SE802	01-224777-110876	802 NE 147TH ST	100
215NE16006	01-21442-108370	16006 10TH AV NE	100
215NW2107	01-21347-107958	2107 N 158TH ST	100
215NE16002	01-21262-108380	16002 8TH AV NE	100
215NE16003	01-21261-108351	16003 8TH AV NE	100
215NE16002	01-21242-108343	16002 6TH AV NE	100
215NE15805	01-19831-108479	15805 12TH AV NE	100
215NE16201	01-198190-108327	16201 12TH AV NE	100
215NE1104	01-198190-108327	1104 NE 162ND ST	100
215NE16204	01-19791-108298	16204 14TH AV NE	100
215SW2308	01-18067-110464	2308 N 147TH ST	100
215NW2109	01-179298-247427	2109 N 159TH ST	100
215NE15507	01-179115-248028	15507 8TH AV NE	100
215SE14602	01-177558-110942	14602 9TH PL NE	100
215SW2106	01-175407-110406	2106 N 148TH ST	100
215SE15206	01-173469-247951	15206 10TH AV NE	100
215NW15602	01-153571-108075	15602 1ST AV NE	100
215NE16002	01-153478-108411	16002 10TH AV NE	100
215NW302	01-153434-107790	302 NE 162ND ST	100
215NW107	01-153395-108124	107 NE 156TH ST	100
215NE15805	01-153288-108433	15805 8TH AV NE	100
215SE15208	01-151580-110634	15208 10TH AV NE	100
215SE15204	01-151580-110634	15204 10TH AV NE	100
215SE810	01-151506-110681	810 NE 152ND ST	100
215SE808	01-151412-110668	808 NE 152ND ST	100
215SE801	01-151401-110751	801 NE 151ST ST	100
215SE14506	01-151360-110919	14506 6TH AV NE	100
215SW2310	01-1192379-273935	2310 N 148TH ST	100
215NE902	01-113050-108417	902 NE 160TH ST	100
215NE16201	01-113026-108293	16201 8TH AV NE	100
215NE1202	01-111687-108348	1202 NE 162ND ST	100
215NE15511	01-111528-108599	15511 12TH AV NE	100
215NE16208	01-111477-108224	16208 14TH AV NE	100

Agreement on Public Right of Way Streetlights

Attachment "A"

215SE1206	01-1096316-296186	1206 NE 148TH ST	100
215SW2304	01-109478-247416	2304 N 148TH ST	100
215SW2105	01-109436-110334	2105 N 150TH ST	100
215NE16210	01-1078267-108203	16210 14TH AV NE	100
215NW107	01-1060642-107894	107 NE 159TH ST	100
215NW103	01-1030541-108089	103 NE 156TH ST	100
215SW2103	01-1004938-110332	2103 N 150TH ST	100
215NE15504	No Account#	15504 11TH AV NE	100
215NE15505	No Account#	15505 12TH AV NE	100
215NE15801	No Account#	15801 12TH AV NE	100
215NE15809	No Account#	15809 12TH AV NE	100
215NE15810	No Account#	15810 14TH AV NE	100
215NE16003	No Account#	16003 12TH AV NE	100
215NE16203	No Account#	16203 12TH AV NE	100
215NE16205	No Account#	16205 12TH AV NE	100
215NE16209	No Account#	16209 12TH AV NE	100
215NE602	No Account#	602 NE 160TH ST	250
215NE606	No Account#	606 NE 155TH ST	100
215NE802	No Account#	802 NE 160TH ST	100
215NW102	No Account#	102 NE 163RD ST	100
215NW103	No Account#	103 NE 159TH ST	100
215NW107	No Account#	107 NE 158TH ST	100
215NW15601	No Account#	15601 3RD AV NE	100
215NW15701	01-433142-259974	15701 3RD AV NE	100
215NW302	No Account#	302 NE 157TH ST	400
215SE14502	No Account#	14502 5TH AV NE	100
215SE14601	No Account#	14601 9TH AV NE	100
215SE14603	No Account#	14603 9TH AV NE	100
215SE14605	No Account#	14605 12TH AV NE	100
215SE14802	No Account#	14802 6TH AV NE	100
215SE14806	No Account#	14806 6TH AV NE	150
215SE14810	No Account#	14810 6TH AV NE	100
215SE15201	No Account#	15201 12TH AV NE	100
215SE15202	No Account#	15202 11TH AV NE	100
215SE15207	No Account#	15207 12TH AV NE	100
215SE15209	No Account#	15209 12TH AV NE	100
215SE15210	No Account#	15210 6TH AV NE	100
215SE802	No Account#	802 NE 150TH ST	200
215SW14505	No Account#	14505 5TH AV NE	100
215SW15302	No Account#	15302 CORLISS PL N	100
215SW2102	No Account#	2102 N 147TH ST	100
215SW2103	No Account#	2103 N 154TH ST	100
215SW2104	No Account#	2104 N 146TH ST	100
215SW2106	No Account#	2106 N 146TH ST	100
215SW305	No Account#	305 NE 151ST ST	100
215SW305	No Account#	305 NE 152ND ST	100
215SW309	No Account#	309 NE 152ND ST	100
215NE15804	No Account#	15804 10TH AV NE	100
215SW14604	01-1036515-110503	14606 CORLISS AV N	100
215SE14701	01-1045169-248023	14701 8TH AV NE	100
215SW2305	01-1237567-110379	2327 N 149TH ST	100
215SW14702	01-123833-110482	2303 N 147TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

215NW303	01-153361-107937	321 NE 159TH ST	100
215NW103	01-153417-107961	104 NE 158TH ST	100
215SW2102	01-175405-110439	2117 N 148TH ST	100
215SW104	01-177536-110470	122 NE 147TH ST	100
215NE15512	01-19865-108565	15575 14TH AV NE	100
215SE14804	01-259545-110806	14814 6TH AV NE	100
215NW2106	01-270474-108015	2146 N 156TH PL	100
215NW101	01-404691-107993	105 NE 158TH ST	100
215NW109	01-432644-247919	141 NE 158TH ST	100
215NW105	01-433531-247918	117 NE 158TH ST	100
215SW2104	01-474973-110407	2126 N 148TH ST	100
215SE15206	01-55005-110640	15219 6TH AV NE	100
215SE14703	01-55091-110871	14720 12TH AV NE	100
215NW15705	01-56906-108002	303 NE 158TH ST	100
215NW110	01-57004-107842	152 NE 161ST ST	100
215SE14512	01-86009-110865	14566 6TH AV NE	100
215SE14510	01-86011-110883	14550 6TH AV NE	100
215SW307	01-86034-110335	355 NE 151ST ST	100
216SW1506	01-78860-111011	1506 NE 148TH ST	100
216NE15802	01-61184-109097	15802 25TH AV NE	100
216SE15306	01-432759-296399	15306 25TH AV NE	100
216SE15302	01-432759-296399	15302 25TH AV NE	100
216SE15010	01-432759-296399	15010 25TH AV NE	200
216SE3005	01-396837-111239	3005 NE 149TH ST	100
216SW14502	01-373021-111134	14502 17TH AV NE	100
216SW1705	01-19772-110993	1705 NE 150TH ST	100
216SE14704	01-179064-247999	14704 28TH AV NE	100
216SE3101	01-175977-111258	3101 NE 149TH ST	100
216SE14703	01-175966-111291	14703 31ST AV NE	100
216SE15002	01-158338-111215	15002 25TH AV NE	100
216SW1703	01-151452-247891	1703 NE 146TH ST	100
216SW2404	01-151449-111031	2404 NE 147TH ST	100
216SW1705	01-1251950-111072	1705 NE 147TH ST	100
216SE14511	01-1036118-248006	14511 32ND AV NE	100
216SW14702	No Account #	14702 17TH AVE NE	100
216SW14801	No Account #	14801 17TH AVE NE	100
216SW14504	No Account #	14504 20TH AVE NE	100
216SW14509	No Account #	14509 22ND AVE NE	100
216SW14511	No Account #	14511 22ND AVE NE	100
216NE16303	No Account #	16303 25TH PL NE	100
216SE14504	No Account #	14504 28TH AVE NE	100
216SE14506	No Account #	14506 28TH AVE NE	100
216SE14508	No Account #	14508 28TH AVE NE	100
216SE14510	No Account #	14510 28TH AVE NE	100
216SE14502	No Account #	14502 30TH AVE NE	400
216SE14503	No Account #	14503 30TH AVE NE	100
216SE14507	No Account #	14507 31ST AVE NE	100
216SE14503	No Account #	14503 32ND AVE NE	100
216SW1707	No Account #	1707 NE 146TH ST	100
216SW2001	No Account #	2001 NE 147TH ST	100
216SE3103	No Account #	3103 NE 149TH ST	100
216SE2505	No Account #	2505 NE 150TH ST	100

Agreement on Public Right of Way Streetlights

Attachment "A"

216NE3002	No Account #	3002 NE 155TH ST	100
216SW 14502	01-173823-111135	14514 20TH AVE NE	400
216SW14701	01-111463-247986	14722 20TH AVE NE	100
216SW14801	01-433688-247987	14734 20TH AVE NE	100
216SW14501	01-1211460-111136	14517 22ND AVE NE	100
216SW14701	01-55117-111053	14716 22ND AVE NE	100
216SW14703	01-151445-111042	14729 22ND AVE NE	100
216SW14707	01-55113-110995	14752 22ND AVE NE	100
216SE14701	01-1249373-111307	14721 32ND AVE NE	100
216SE14703	01-80634-111295	14723 32ND AVE NE	100
216SE 14705	01-310690-111274	14733 32ND AVE NE	100
216SW 1702	01-433606-247902	1704 NE 148TH ST	100
216SW 1708	01-259419-111038	1747 NE 148TH ST	100
216SW 1701	01-19774-110976	1549 NE 150TH ST	100
209NE17508	Shoreline Add on		100
208NW17501	Shoreline Add on		100
208NW17601	Shoreline Add on		100
208SE17202	Shoreline Add on		100
210NW18011	Shoreline Add on		
214SE14506	01-7961-110150	14506 INTERLAKE AVE N	
213NE15606	01-980318-113573	15606 1ST AVE NW	100
209NE17508	Shoreline Add on		100
209NE18207	Shoreline Add on	18207 11TH AVE NE	100

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Authorize the City Manager to Execute an Agreement with LPK, Inc., dba Innovative Vacuum Services, in the Amount of \$429,303 for the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Project

DEPARTMENT: Public Works

PRESENTED BY: Daniel Sinkovich, Utility Operations Specialist
Uki Dele, Surface Water and Environmental Services Manager

ACTION: ☐ Ordinance ☐ Resolution ☒ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

The Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Project will complete the City's initial pipe condition assessment efforts that began in 2013 with the Basin Plans. This project will include closed circuit television (CCTV) pipe inspections, GIS mapping updates and a comprehensive condition assessment. This will inform the Surface Water Utility of recommendations for maintenance, repair, or replacement of stormwater pipes in the Thornton Creek drainage basin.

The Thornton Creek drainage basin, the largest in the City, contains 33% of the City-operated stormwater pipes. For this project, the basin is divided into priority areas and phases to work within budget appropriation. The first phase will focus on areas that inform on-going projects, including the Sound Transit light rail track and station areas and projects along the 175th and 145th Street corridors. This project is necessary to identify and correct deficiencies in the stormwater system, reducing the potential for unanticipated infrastructure failures and informing development activities.

Tonight, staff is recommending that Council authorize the City Manager to enter into a contract with LPK Innovative Vacuum Systems for Phase 1 of the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Project.

RESOURCE/FINANCIAL IMPACT:

Funding for this project will come from the Surface Water Capital Fund and the Surface Water Operations Fund. The total cost for the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment is \$1,933,630. The project is being phased to accommodate priority areas, budget and schedule. The total cost of Phase 1 of the project is \$450,000 and is scheduled to be completed in 2018. Phase 1 will be funded from the Surface Water Capital Fund and the Surface Water Operations Fund. Phase 2 is scheduled to begin in 2019 and funding for this phase will be evaluated in the 2019 Surface Water operations budget. The cost of the Phase 1 contract will be paid based on the following schedule:

EXPENDITURES	2017	2018	Total
Staff and other Direct Expenses	\$6,097	\$14,600	\$20,697
<i>Phase 1 Contract (LPK Inc.)</i>	<i>\$143,903</i>	<i>\$285,400</i>	<i>\$429,303</i>
<hr/>			
Total Project Cost	\$150,000	\$300,000	\$450,000
<hr/>			
REVENUE	2017	2018	Total
Surface Water Capital Fund	\$150,000		\$150,000
Surface Water Operations Fund		\$300,000	\$300,000
<hr/>			
Total Funding	\$150,000	\$300,000	\$450,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with LPK Innovative Vacuum Systems for \$429,303 to provide consultant services including a surface water infrastructure condition assessment for the Puget Sound Drainages Surface Water Basin Plan.

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

BACKGROUND

In 2009 the City completed its first basin plan, the *Thornton Creek Watershed Plan (TCWP)*. While the TCWP provided the City with a list of prioritized capital projects to address drainage issues, it did not incorporate stormwater pipe condition assessments as did subsequent basin plans. As part of the Stormwater Master Plan Update in 2011, the City Council approved an asset management plan carried out through the Basin Planning effort which included assessing the conditions of the stormwater pipes in the City.

The Thornton Creek drainage basin, the largest in the City, contains 33% of the City-operated stormwater pipes. The basin is divided into priority areas driven by other projects including the Sound Transit Lynnwood Link Extension Project, the 175th Street overlay, and the 145th Street corridor improvements (Attachment A). Phase 1, shown in Attachment B, will consist of areas where transit projects and the Shoreline South/145th Street light rail station design are underway. Phase 2 will encompass the Shoreline North/185th station and nearby track and the remaining basin area. This project is necessary to identify and correct deficiencies in the stormwater system, which will benefit the City by reducing the potential for unanticipated infrastructure failures and inform development activities. This condition assessment will complete the initial condition assessments in support of the City's drainage basin planning efforts.

DISCUSSION

In June, the City solicited consultants to provide their qualifications for the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Project. Three submittals were received from the following consultants:

Consultant Name
LPK Innovative Vacuum Services (Innovac)
Professional Pipe Services (ProPipe)
Interactive Pipe Inspections (IPI)

Staff reviewed the consultant submittals and selected Innovac as the most qualified for the condition assessment project. Innovac scored highest in both the technical approach and in related project experience. Innovac, and their sub-consultant (Osborne Consulting), have worked on previous condition assessments for the City (Puget Sound Basin Plan) as part of basin planning projects. The results have provided good quality products as well as good technical analysis of the City's drainage system. Staff is confident that the City will continue to receive similar service through this project.

LPK Innovative Vacuum Services' scope of work (Attachment C) consists of the following major tasks:

- Update the City's stormwater infrastructure GIS mapping.
- Perform CCTV inspections of stormwater drainage pipes.
- Obtain stormwater structure elevation data.

- Provide condition assessment of stormwater drainage pipes and identify condition-based maintenance and/or repair needs as prioritized using City-provided criteria.

COUNCIL GOAL ADDRESSED

This project supports Council Goal #2 to improve Shoreline's utility, transportation, and environmental infrastructure. This project will meet this goal by assessing the surface water piped conveyance system within basin boundaries, identifying deficiencies, assessing the probability and consequence of failure, and recommending the appropriate rehabilitation.

RESOURCE/FINANCIAL IMPACT

Funding for this project will come from the Surface Water Capital Fund and the Surface Water Operations Fund. The total cost for the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment is \$1,933,630. The project is being phased to accommodate priority areas, budget and schedule. The total cost of Phase 1 of the project is \$450,000 and is scheduled to be completed in 2018. Phase 1 will be funded from the Surface Water Capital Fund and the Surface Water Operations Fund. Phase 2 is scheduled to begin in 2019 and funding for this phase will be evaluated in the 2019 Surface Water operations budget. The cost of this Phase 1 contract will be paid based on the following schedule:

EXPENDITURES	2017	2018	Total
Staff and other Direct Expenses	\$6,097	\$14,600	\$20,697
<i>Phase 1 Contract (LPK Inc.)</i>	<i>\$143,903</i>	<i>\$285,400</i>	<i>\$429,303</i>
Total Project Cost	\$150,000	\$300,000	\$450,000
REVENUE	2017	2018	Total
Surface Water Capital Fund	\$150,000		\$150,000
Surface Water Operations Funds		\$300,000	\$300,000
Total Funding	\$150,000	\$300,000	\$450,000

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute an agreement with LPK Innovative Vacuum Systems for \$429,303 to provide consultant services including a surface water infrastructure condition assessment for the Puget Sound Drainages Surface Water Basin Plan.

ATTACHMENTS

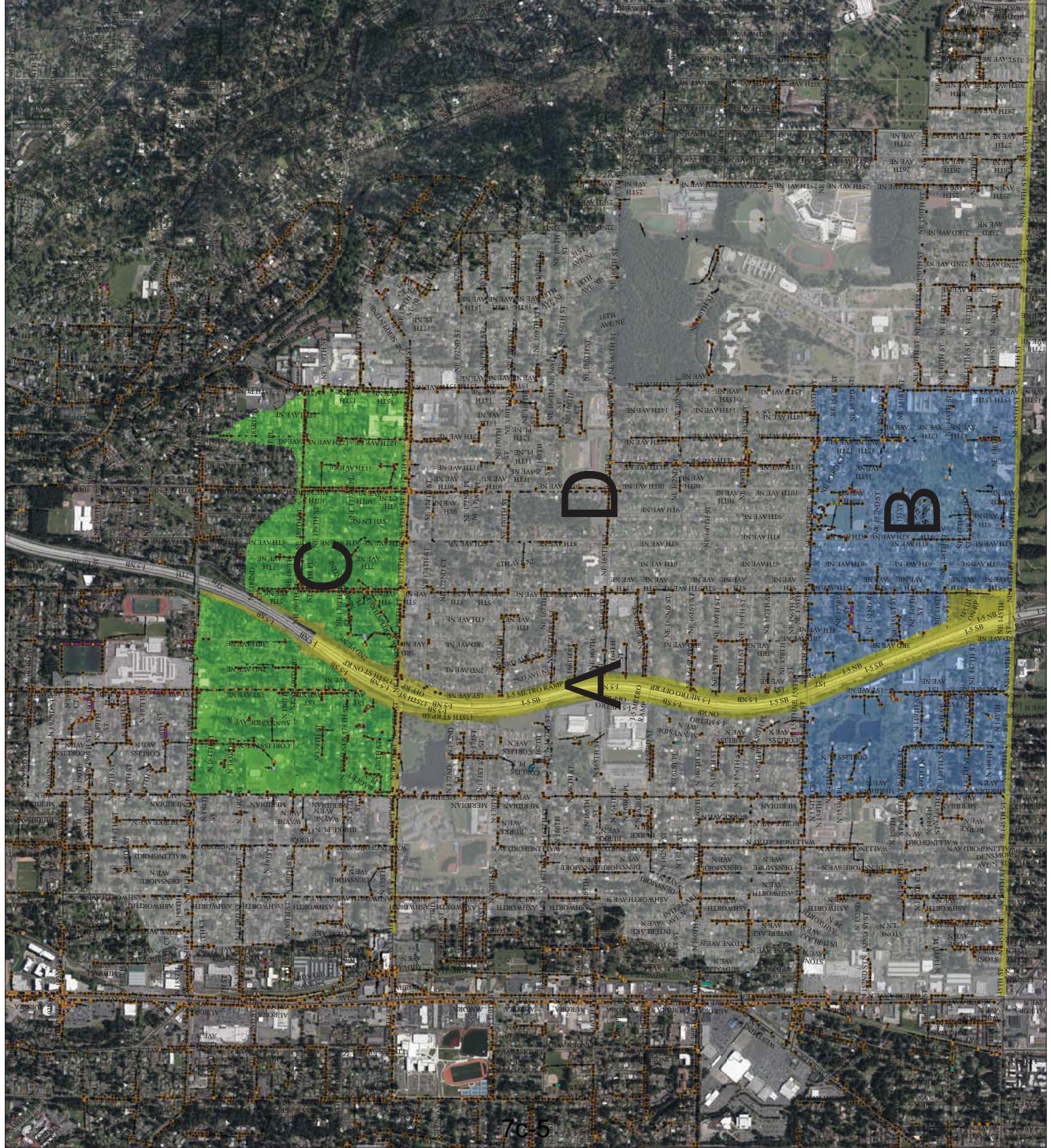
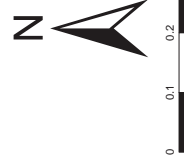
Attachment A: Thornton Creek Drainage Basin Areas
Attachment B: Phase 1 Thornton Creek Condition Assessment Areas
Attachment C: Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment - LPK Innovative Vacuum Systems Scope of Work

Attachment A

Thornton Creek Pipe Inspection and Condition Assessment Areas

Condition Assessment Areas



- Area A - 145th St, 175th St,
LRT Corridors
- Area B - 145th St LRT
Station
- Area C - 185th St LRT
Station
- Area D - Thornton Creek
(Outside of Areas A-C)



Attachment B

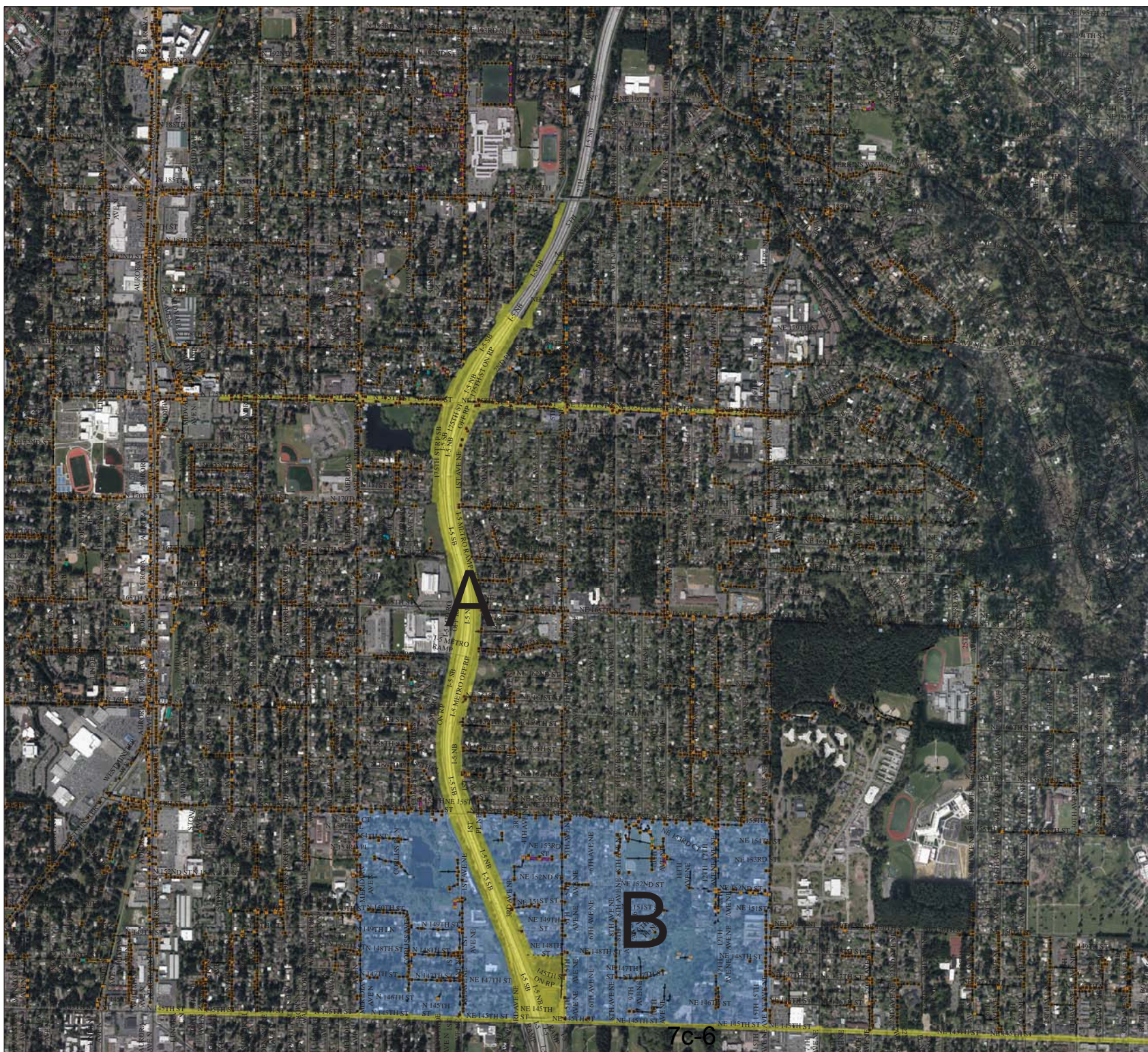
Thornton Creek Pipe Inspection and Condition Assessment Areas - Phase 1

Condition Assessment Areas

-  Area A - 145th St, 175th St,
LRT Corridors
-  Area B - 145th St LRT
Station



0 0.1 0.2 0.4 Miles



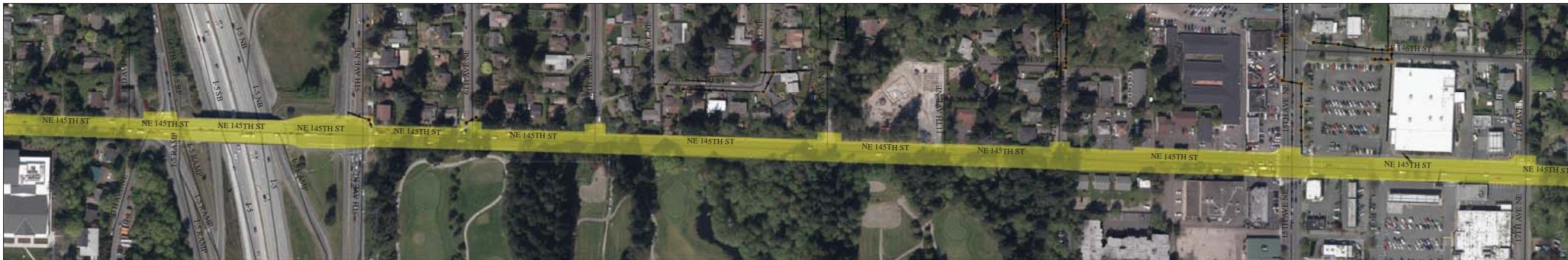
Attachment B

Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Area A - N/NE 145th St Corridor

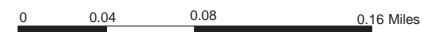
Aurora Ave N to 1st Ave NE



1st Ave NE to 17th Ave NE



17th Ave NE to 36th Ave NE



Attachment B

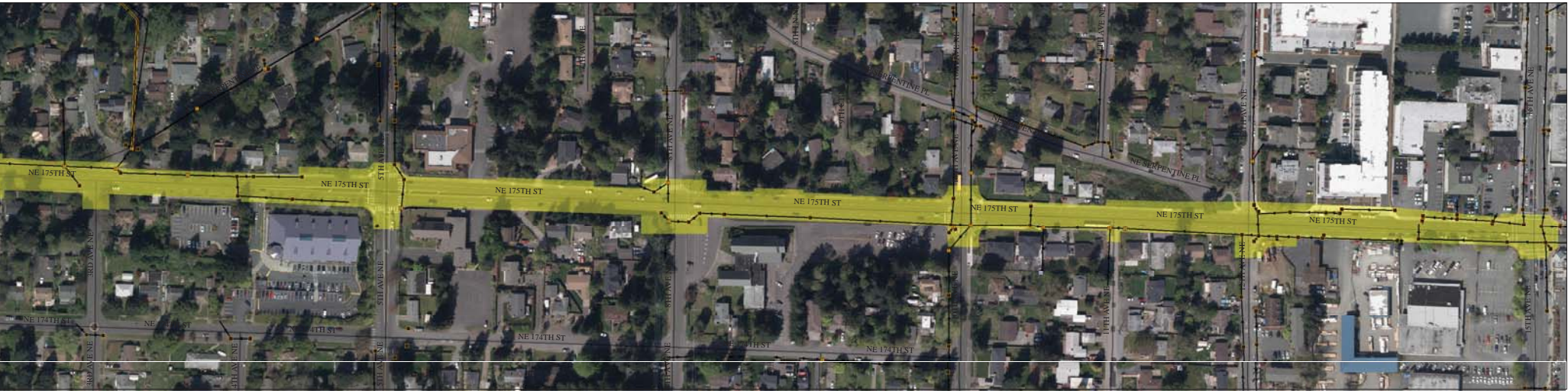
Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment

Area A - N/NE 175th St Corridor

Ashworth Ave N to 1st Ave NE



1st Ave NE to 15th Ave NE

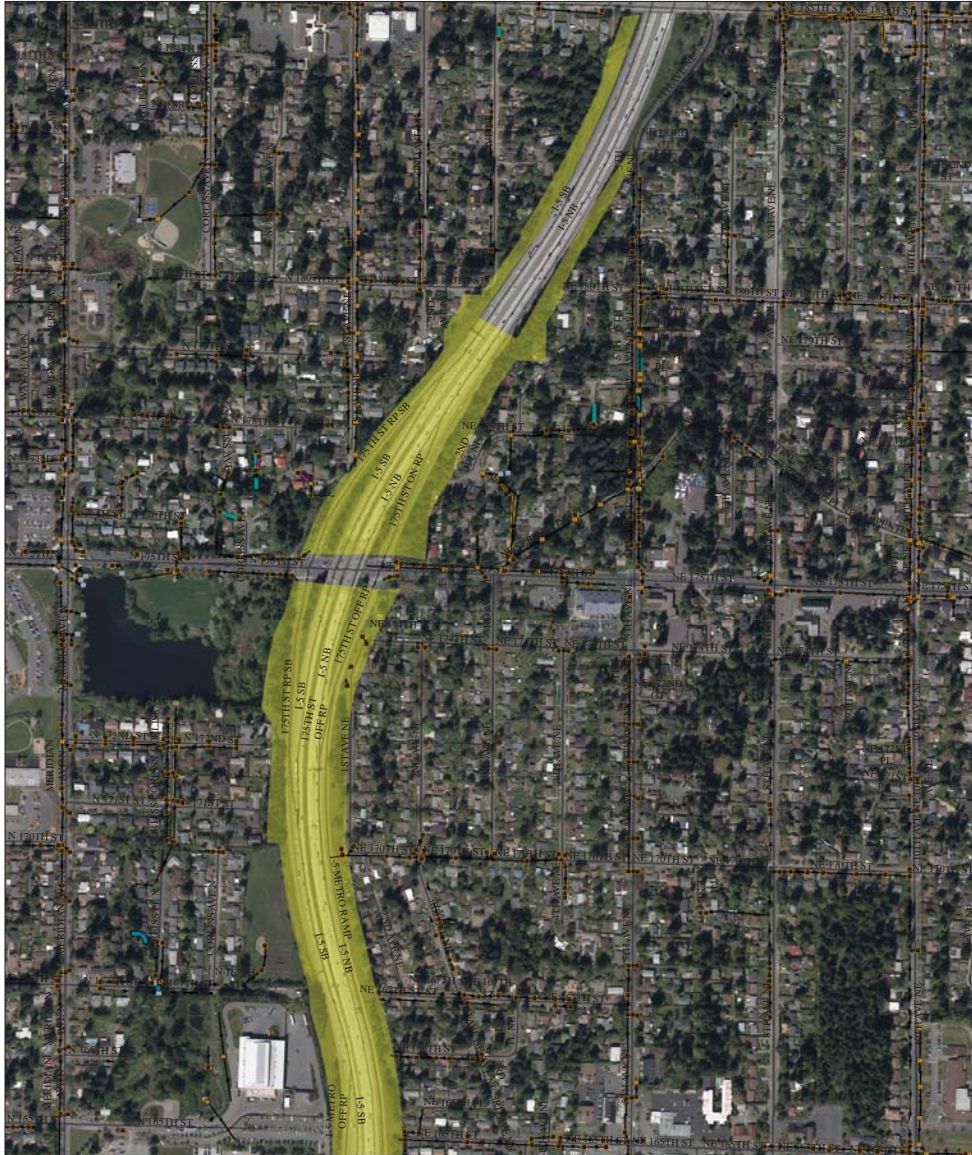


Attachment B

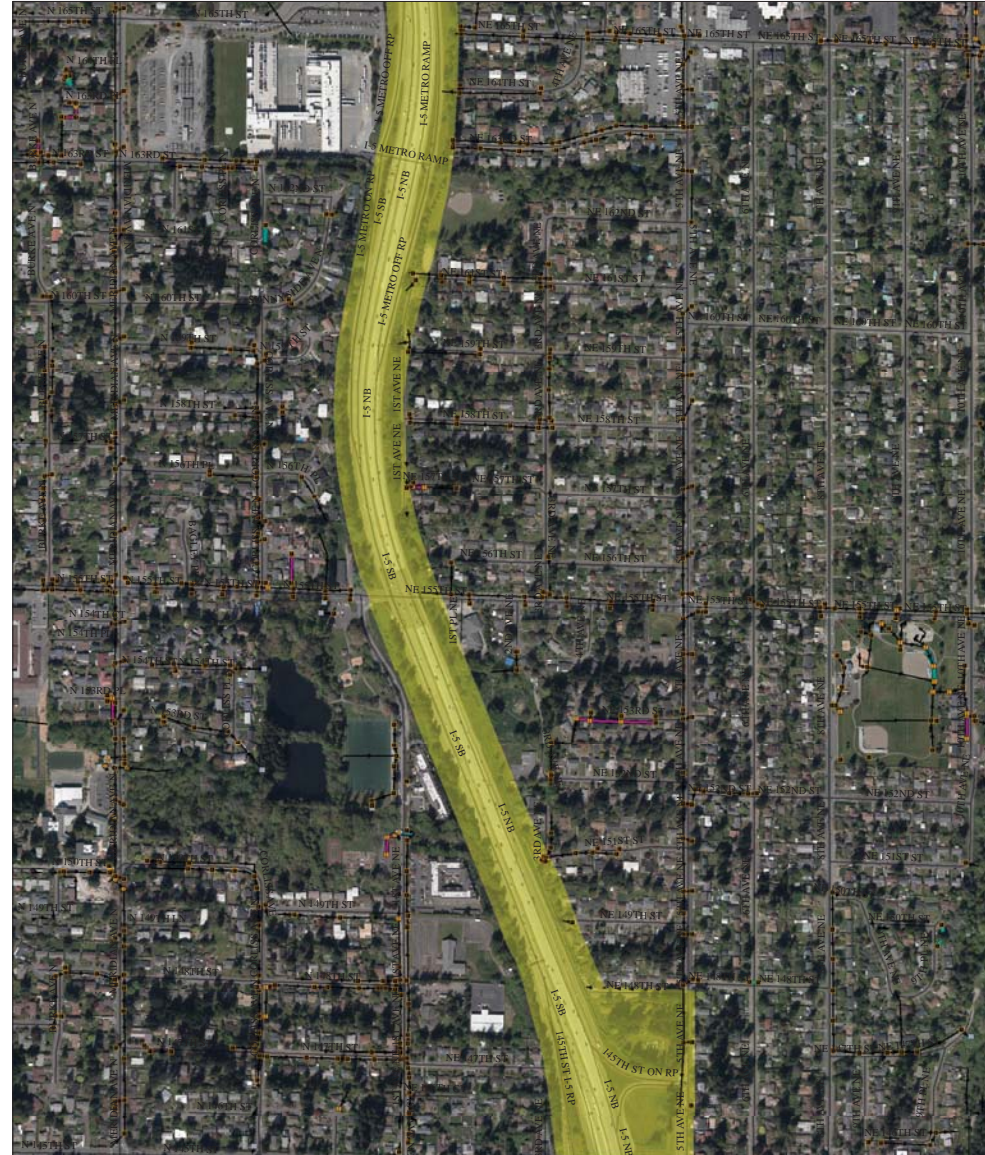
Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment

Area A - Sound Transit Light Rail Corridor

N 165th St to N 185th St



N 145th St to N 165th St



Attachment B

Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment

Area B - 145th St Light Rail Station Area



Attachment C

Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment Scope of Work

Introduction and Background

The City of Shoreline (City) is embarking on its final Condition Assessment basin. This Condition Assessment will encompass the Thornton Creek Drainage Basin located in the southeast corner of the City of Shoreline and will focus primarily on the pipe inspection, condition assessment, repair prioritization and GIS updates for the storm/surface water infrastructure. The City's intention is to utilize a Task Order type of contract to complete this project in a timely fashion.

Goals and Objectives

The primary objectives of the inspections and condition assessment are to:

- Update the City's stormwater infrastructure GIS mapping inventory
- Perform inspections of stormwater drainage pipes
- Obtain structure elevation data as directed by the City
- Provide condition assessment of stormwater drainage pipes and identify condition-based maintenance and/or repair needs as prioritized using City-provided criteria

Project Tasks & Project Duration

Thornton Creek Drainage Basin is a large basin with over 3,000 pipes. As a way to prioritize the data collection and provide the City with periodic submittals, the work will be broken down into geographic regions, and deliverables provided for each of the submittal packages described in the table below.

A written notice to proceed will be issued by the City for each submittal package prior to any work (beyond scoping and contracting) being performed. Project duration and number of submittals for each submittal package assumed for the scoping of this project are noted in the table below. Submittal package D will be broken into three separate submittal packages, and Submittal package E will be broken into two separate submittal packages.

Phase 1 includes areas A, B, and E1, and will last up to 12 months in duration. Phase 2 includes areas C, D, and E2, and will last up to 24 months in duration upon execution.

.

PHASE 1						
Areas	Title	Areas Included	Total LF of Pipe	Total Number of Pipes	Project Duration	Number of Submittals
A	Corridors	1. N/NE 175th St Corridor 2. N/NE 145th St Corridor 3. Light Rail Transit Corridor	11,202	179	November 2017 – November 2018	Up to 5
B	145 th Subarea	145 th Street Station Subarea	36,693	461	November 2017- November 2018	Up to 9
E1	Heavy Cleaning A-B	Pipes flagged for heavy cleaning in Submittal Packages A-B	Up to 3,831	Up to 51	November 2017- November 2018	Up to 2

PHASE 2						
Areas	Title	Areas Included	Total LF of Pipe	Total Number of Pipes	Project Duration	Number of Submittals
C	185 th Subarea	185 th Street Station Subarea	35,928	496	Up to 24 months	Up to 7
D	Thornton Creek Basin - Remaining	All City assets within the Thornton Creek basin outside Submittal Packages A-C.	154,632	2,138	Up to 24 months	Up to 21
E2	Heavy Cleaning C-D	Pipes flagged for heavy cleaning in Submittal Packages C-D	Up to 15,244	Up to 211	Up to 24 months	Up to 4

The tasks below describe the general work flow and elements that will be conducted to accomplish the project goals. Innovac and Osborn Consulting, Inc. (OCI) specific roles are described in each task.

Task 1- Project Management

Project management will include communications with the City of Shoreline project manager and the consultant team; project scheduling and oversight of the various project activities; budget tracking and oversight, including preparation of monthly invoices and progress reports, and project coordination. The primary consultant point of contact for this project will be Innovac's project manager, Nirpaul Kang.

Innovac will develop a Project Charter jointly with the City project manager, outlining scope, schedule, budget, responsibilities and communication for the project duration. The Project Charter will cover both phases of work.

Innovac will schedule project meetings, create the agendas, lead the meetings as well prepare and distribute the meeting minutes. Innovac will prepare monthly status reports, attend project kick-off, provide weekly progress update participate in weekly phone check-ins as necessary with the City project manager, and hold check-in meetings at City Hall as needed (no more than 6 per 6 month period along with a project closure meeting). OCI will assist Innovac in developing the Project Charter, and project coordination.

Assumptions:

The following assumptions are associated with this task for Phase 1

- Phase 1 will be up to 12 months in duration, from November 2017 through November 2018. Phase 2 will be up to 24 months in duration upon execution.
- Project kick-off and closure meetings will be held with key team members and City staff. The meetings will last no more than 2 hours each. Three staff from Innovac and three staff from OCI will attend the project kick-off and closure meetings. Innovac will prepare the agendas, lead the meetings, and prepare and distribute meeting minutes.
- The project kick-off meetings will be held at the beginning of each phase, and the project closure meetings will be held at the end of each phase.
- Innovac will provide monthly status reports to the City project manager by the end of the 5th day of each month, which will consist of but not be limited to:
 - Invoice for all work done (including City voucher – Exhibit B)
 - Invoices to be itemized based on task
 - Tracking of budget updates
- Conduct weekly phone check-in meetings between Innovac and OCI that will last no more than 30 minutes each.
- Check-in meetings will be held on an as-needed basis at City Hall (no more than 6 hours of meetings per 12-month period and include key team members and City Staff. One staff from OCI will attend the check-in meetings. Meeting duration will be as needed, typically assumed to be one hour. Innovac will coordinate with the City to prepare the agendas, lead the meetings, and prepare and distribute meeting minutes.
- OCI will assist Innovac in creating a Project Charter. The Project Charter will identify points of contact, roles and responsibilities, and priorities. It will include processes for sharing GIS data, CCTV data, cleaning protocol, database management standards, and the QA/QC process. It will also include the final scope, schedule, and budget. The Charter is required to be completed prior to the start of any field work.

- Project Coordination includes scheduling and oversight of project activities as well as budget tracking and oversight.

Innovac Deliverables:

- Weekly progress reports to reflect work performed including field notes, access/locate issues, light and heavy pipe cleanings, and a list of new or modified infrastructure.
- Project Charter.
- Kick-off meeting agendas and minutes.
- Closure meeting agendas and minutes.
- City check-in meeting agendas and minutes.
- Monthly status reports/invoices.

OCI Deliverables:

- Monthly status reports/invoices.

Task 2- Pipe Inspections

Stormwater infrastructure will be assessed through a video inspection survey of the City-operated owned and maintained piped conveyance system. This includes CCTV inspection of pipes or culverts eight inches in diameter and larger.

Innovac's tasks include:

- Schedule and perform pipe inspections, light cleaning, and traffic control, including traffic control plans where necessary.
- Track and verify CCTV inspections are performed as scheduled, and correct any data gaps in completed inspections. Provide videos and reports of the CCTV inspections.
- Prepare an initial PACP compliant MS Access database of inspection data in (NASSCO PACP version 6.0), including (but not limited to):
 - Measurement from upstream structure rim to outlet pipe invert
 - Measurement from downstream structure rim to inlet pipe invert
 - Measurements from upstream structure grade to outlet pipe invert
 - Measurement from downstream structure grade to inlet pipe invert
 - Measurements from upstream structure rim to grade
 - Measurement from downstream structure rim to grade

Assumptions:

- The City will build an ArcOnline Application to be used in conjuncture with the ESRI Collector App which will include maps files (database) which will be used by Innovac's field team for pipe identification and location.
- The City will coordinate with property owners to obtain Right of Entry (ROE), and update map files (database) to be used by Innovac's field team.
- Innovac's inspection teams will not be restoring access to any paved-over or buried structures; any such inaccessible structures encountered will be reported to the City in the weekly progress reports.
 - City will report to Innovac once the City has restored access to the structure, so that pipe inspections can be completed (if necessary). An exception to this assumption is if

Innovac requires access to a buried structure to recover a stranded tractor/camera unit.

In such situations, Innovac will uncover the access to retrieve a stranded camera unit.

- Pipe inspections, cleaning, and traffic control to be performed by Innovac.
- Traffic control plans to be prepared by Innovac and submitted to the City traffic control engineer.
- Pipe inspection videos, pictures and reports will be provided by Innovac.
- Initial pipe inspection data in NASSCO PACP compliant version 6.0 MS Access Database to be prepared by Innovac. The CCTV data files will be in the PACP (Pipeline Assessment and Certification Program) Export in Microsoft Access database format for input into the City's asset management program, Cityworks.
 - Monthly video and database submittals will include only pipes which have complete inspections and pipes where inspections were started, but were abandoned due to heavy cleaning, structural, or other obstructions.
- Pipes will be inspected when a pipe can be accessed from the ROW, but crosses over to private property:
 - If a pipe can be accessed from a structure in the ROW then the pipe should be inspected in its entirety, unless the survey is abandoned due to obstruction.
 - The City will identify and obtain Right of Entry from private property owners. The City will identify pipes which cross into private property in the GIS database. Prior to entering any property with ROE permission obtained, Innovac shall have a copy of that ROE on hand.
 - Right of Entry (ROE) permission shall be obtained from the resident/owners of the property where the pipe crosses over into private property, if there is no drainage easement. The need for ROE permission is not limited to crews entering a property; ROE is also required for the tractor/camera traveling through the pipe onto private property with no other property entry occurring.
 - Drainage Easements
 - Innovac shall consult City GIS drainage easement layer to determine if an easement exists for pipes on private property.
 - Where a drainage easement exists, the property owners should be notified at time of inspection if access to a pipe is through a structure on private property. Notification can consist of a "door knock" and leaving a door hanger printed notice if no one answers the door. ROE permission is not necessary to access the structure through the easement.
 - In the case where the pipe and structure are in a drainage easement, but access is through private property where an easement does not exist. ROE permission shall be obtained to access the structure and pipes.
 - For cases when pipe inspection requires entering private property with drainage easement access or ROE permission, entering private property shall occur at Innovac's risk. If conditions to enter private property seem unsafe or otherwise unadvisable, Innovac shall record these conditions as justification for not completing the inspection.
 - If the pipe is solely on private property with no access from the ROW and no known easement, ROE permission will not be requested, and the pipe will not be inspected.
- Pipes that cannot be inspected without heavy cleaning will be noted in the weekly progress report and may be incorporated in Task 5.

- Once 8 hours of cleaning is accumulated, light cleaning may commence (multiple submittal package areas that overlap can be completed in conjunction with one another to avoid additional crew mobilization).
- Light cleaning will be performed under the following definitions:
 - Limited to three passes per pipe in attempts to remove any material collected within the pipe preventing the completion of the camera inspection
 - Spot removal of fine hair-like roots only
 - Removal of all sediment collected within the structure's sump upon completion of pipe jetting.
 - Light cleaning will be performed for pipes where material is greater than 1 inch in depth but less than 4 inches.
- Once light cleaning has been completed, the inspection team will complete the inspection and submit only the post-cleaning videos and reports to OCI for condition assessment and prioritization in Task 4, and to the City for removal from the cleaning list.
- Upon completion of the light cleaning and inspection efforts, if two videos and reports are necessary, the video and report PDF files will be stitched together by Innovac, linked to PACP MDB file within WinCan software to make one complete inspection and then submitted to OCI for condition assessment and prioritization in Task 4.
- A finished inspection shall be defined as having made good faith attempts to complete the inspection from both U/S and D/S structures/pipe ends and only after it has been determined that light cleaning was unable to clear the line or if there is a structural reason due to the survey being abandoned then it would be determined to be a finished inspection. Only one finished (video inspection, light cleaning, and rim elevation data) inspection will be invoiced per pipe.
- The City will provide GIS support as needed by Innovac's field crews during the duration of the project.
- The City will generate two named user accounts for the City's ArcOnline Portal for use by Innovac and OCI. .
- The field crew will utilize ArcGIS Collector in the field to view and collect/update the maps & information. No physical maps will be provided.
- Video inspection in MP4 format and inspection data in PACP compliant Microsoft Access format for all City-owned structures and pipes 8 inches in diameter and larger within the Thornton Creek Basin to be provided by Innovac.
- OCI will not perform any work associated with this task.
- Deliverables listed below will be submitted to the City monthly.

Innovac Deliverables:

- Video in MP4 format and PDF format inspection reports for all City-operated pipes inspected 8 inches in diameter and larger.

Task 3- GIS Update

This task includes updating the City's stormwater GIS layers with newly identified assets and attribution data. This task also includes collection of elevation data at the rims of catch basins and manhole structures using a handheld GPS. The total number of structures for each area are listed in the table below:

PHASE 1			
Area	Title	Areas Included	Total Number of Structures
A	Corridors	1. N/NE 175th St Corridor 2. N/NE 145th St Corridor 3. Light Rail Transit Corridor	125 6 20
B	145 th Subarea	145 th Street Station Subarea	386

PHASE 2			
Area	Title	Areas Included	Total Number of Structures
C	185 th Subarea	185 th Street Station Subarea	369
D	Thornton Creek Basin - Remaining	All City assets within the Thornton Creek Basin outside Submittal Packages A-C.	1,566

Innovac's tasks include:

- Rim elevation field data collection and GIS update.
- Update the City's GIS layers using ArcCollector with new and modified infrastructure.
- Compile a summary of all new infrastructure added to the City's GIS and updates made to pipe diameters, pipe materials, etc. in MS Excel format.
- Verify field crews' GIS updates with CCTV video and PACP database information.

The City's tasks include:

- Coordinate with field crew to resolve any discrepancies between data sources.

Assumptions:

- Innovac will complete rim elevation data collection and update City's GIS.
 - Horizontal - Datum to be on is WA State Plane Coordinates, North Zone, NAD83 HARN GCS 4602 in Survey Feet (City to Confirm)
 - Vertical - NAVD 1988, feet (City to Confirm)

- The unit manufacture's specifications are +/- .10' maximum, using the WSRN and checking into a local monument has proven to be within +/- .03' to .05' depending on the overhead canopy and the GPS constellation availability at the time
- City will provide reserved asset IDs in blocks of 50 for the Consultant team to use when new infrastructure (pipe or structure) are identified. GIS layers will be updated with new infrastructure by the field team. Innovac will draw new infrastructure into the field maps and record relevant data.
 - Innovac will update and maintain the list of new infrastructure to avoid multiple uses of the same new asset ID's.
 - Updated new asset lists will be transferred from the Innovac field crew to OCI weekly via portable hard drives.
- The City will provide Consultant with two log-in accounts for City's ArcOnline Portal.
- The City will create and maintain a map service for the duration of this project. This map service will include three editable layers. These data sets will be versioned copies of the City's production data.
 - Pipe
 - Catch Basins
 - Manholes (surface water only)
- The City will build an ArcOnline Application to be used in conjuncture with the ESRI Collector App.
- The City will provide an additional map service that will be used to provide non-editable layers. This map service will also be configured in an ArcOnline application for use in the ESRI collector application. This map service will be used for base-map data such as:
 - Parcels
 - Additional utility layers as needed
 - The submittal Package boundaries for each of the 6 packages
 - The City's production Easement layer for Surface Water
 - Aerial imagery from 2015
 - Additional layers as needed/requested (Streets, Parks, City Limits, etc.)

*These data sets may generate large caches in offline mode. Where possible we will limit the coverage area to a minimum 100ft beyond the boundaries of the submittal packages.

- The City shall provide either an editable table accessible through the collector application that has two additional attributes as needed or will configure the layers themselves to have these additional attributes.
 - Field Notes
 - Right of Entry Status
 - Asset Modified. This field will be used to track if the asset is modified by Innovac field crews.
- With each submittal, the City will post and reconcile the editing version with our production data. The date of the post and reconcile will be agreed upon by both parties prior to posing each month. This will insure that the edited data is complete and ready for production.

- Innovac will verify field crews' GIS updates with CCTV video and PACP database information.
- New assets and modified assets will be tracked weekly and will be provided to the City.
- OCI will not perform any work associated with this task.
- Deliverables listed below will be submitted to the City monthly.

Innovac Deliverables:

- Updated structure rim elevation data in PACP MS Access database.
- Field data collected in ESRI's collector application will synced from mobile devices with the City's ArcOnline application.

Task 4- Pipe Condition Assessment and Prioritization

This task involves providing a technical analysis of pipe inspections and preparing lists of assets for maintenance, repair, and replacement prioritization, based on City provided Prioritization Tool.

Prior to beginning the condition assessments, a Prioritization Workshop will be held at City Hall. During this workshop, the City will provide the consultant team with the final prioritization matrix for use during this project. The City will also provide detailed instruction on how to assign a Condition Rating to each pipe and how to use the criticality data provided by the City. By the end of the Prioritization Workshop, the City will provide the Consultant Team with clear agreed upon definitions of each of the following lists:

- Priority Open Cut Replacement
- Second Tier Open Cut Replacement
- Priority Trenchless Repairs
- Second Tier Trenchless Repairs
- Utility Connections
- Storm Drain Connections
- O&M by City Crews
- Jetting

Steps to be completed by OCI for this task include:

- Work with the City to prepare the agenda for the Prioritization Workshop, attend and participate in the Prioritization Workshop, and prepare and distribute the minutes for the workshop.
- Import all pipe data into MS Excel Spreadsheet weekly.
 - CCTV video files, PDF reports, new and modified asset list, and weekly progress updates (list of pipes inspected, length inspected, and length cleaned) will be transferred from the Innovac field crew to OCI weekly via portable hard drives.
 - New and modified asset information and field crew notes will be downloaded from the City's ArcOnline Portal.
- Review CCTV inspection videos and reports to determine if inspection is complete and/or finished.
 - QC to resolve any data inconsistencies.

- Review notes taken by field crews.
- Import City provided Criticality Scores and Criticality Factors.
- Provide pipe condition assessment using video, field crew notes, and PACP information to:
 - Assign Condition Rating and Condition Rating Justification.
 - Record number and type of utility connections.
 - Record voids and possible damage from other utilities.
 - Denote new and modified assets
 - Identify maintenance and repair that can be performed by City Crews.
 - Identify pipes that require additional cleaning (both those that are completely blocked and camera cannot access or continue, and those which are camera passable but have sediment, gravel, debris, etc. obscuring the view of the bottom of the pipe.
 - Analyze City provided Criticality Scores on pipes with a Condition Score of 5.
 - Determine PVAL numbers and PSCORE ratings based on City provided criteria.
 - Determine optimal method of repair: trenchless or open cut
 - Using the PSCORE ratings and repair, replacement or maintenance type, create a list for each of the following categories:
 - Priority Open Cut Repair & Replacement
 - Second Tier Open Cut Repair & Replacement
 - Priority Trenchless Repairs
 - Second Tier Trenchless Repairs
 - Utility Connections
 - Storm Drain Connections
 - O&M by City Crews
 - Jetting

Steps to be completed by Innovac for this task include:

- Attendance at the Prioritization Workshop.
- Modify preliminary MS Access Database with post condition assessment changes to data as needed.

Assumptions:

- The Prioritization Workshop will be held at City Hall. The workshop will be 4 hours in duration, and attended by the City project manager, City Surface Water Utility and Environmental Services Manager, City Surface Water Engineer, Innovac's project manager, and three OCI team members. OCI will work with the City to prepare the agenda and OCI will prepare the minutes for the workshop. The workshop will be held prior to beginning the condition assessment for the first monthly submittal.
- By the end of the Prioritization Workshop, the City will provide the Consultant Team with clear agreed upon definitions of each of the following lists:
 - Priority Open Cut Repair & Replacement
 - Second Tier Open Cut Repair & Replacement
 - Priority Trenchless Repairs
 - Second Tier Trenchless Repairs
 - Utility Connections
 - Storm Drain Connections
 - O&M by City Crews

- Jetting
- Innovac will track pipes inspected to ensure that all pipes scoped to be inspected are inspected.
- CCTV video files, PDF reports, new and modified asset list, and weekly progress updates will be transferred from the Innovac field crew to OCI weekly via portable hard drives.
- Pipe inspections paused for light cleaning will not be provided to OCI or reviewed by OCI. After light cleaning attempts, pipes will be reinspected by Innovac and pre-cleaning noted in the report by Innovac, and only the post light cleaning attempt videos and reports will be provided to OCI for review and inclusion in prioritization. OCI will not record the percent blocked prior to cleaning.
- One CCTV video file and one pdf report, named per City of Shoreline standards, will be provided by Innovac per "finished" inspection
 - The exception to this is when an obstruction prohibits the camera from continuing through the pipe, the pipe is then inspected from the opposite end. In this case, two videos and two pdf reports, named per City of Shoreline standards, will be stitched together by Innovac prior to submittal to OCI.
- OCI to review all pipes inspected, or attempted to be inspected.
 - For example, a pipe that cannot be completely inspected due to a blockage in the middle that cannot be cleaned with three or less jetting attempts needs to be reviewed by OCI and added to a prioritized list for cleaning. If the pipe is completely blocked in the middle of the pipe, there is a significant defect that must be addressed by the City. For this example, all Tasks deliverables would be provided to City and billed accordingly.
- For the purposes of the Condition Assessment task,
 - A "complete inspection" refers to the inspection of a pipe when a CCTV camera can travel from one end to the other, even if sediment, gravel, debris, etc. is present and the bottom of the pipe is not visible.
 - An "incomplete inspection" is a finished inspection where entire pipe length cannot be inspected due to an obstruction or debris.
 - A "finished inspection" refers to the inspection of a pipe which has a "complete inspection" or has been inspected according to PACP standards, but is an "incomplete inspection" according to definition for this task. A "finished inspection" will be considered billable to the City
 - While the coding and reporting of observed defects will be PACP compliant, the inspection is not PACP compliant. For the inspection to be PACP compliant, the pipe would have to be completely clean and free from debris, which is not the intent of this condition assessment.
 - Only videos and reports prepared under the Thornton Creek Drainage Basin Pipe Inspection and Condition Assessment will be reviewed by OCI.
 - If the CCTV operator determines a pipe cannot be cleaned in three jetting attempts or less, it will not be attempted to be cleaned in Task 2, but will be flagged for heavy cleaning in Task 5. The videos and reports of this incomplete inspection will be provided to OCI by Innovac for review and inclusion in a prioritization list.

- City will provide the final prioritization matrix, based on the file, "Pipe Conditions Master_Thornton Creek_Assessment.rev1.xlsx" provided by Daniel Sinkovich via email on August 22, 2017.
- The City will provide a Criticality Score for each pipe, as well as the criticality components ART (Within 30' buffer of arterial), Cross (Within 5' buffer of railroad or Pavement), SLOPE ($\geq 23\%$), FSEArea (Within 5' buffer of slide, erode, or flood), SFLOW (Intersection of Stream, no buffer), INFRA (Critical Infrastructure Parcels within 20' buffer), and MISC (1 if SLOPE, FSEArea, SFLOW and INFR are 1, Max 1). No other criticality components will be reviewed.
- OCI will assess the City provided Criticality Score for pipes with a Condition Score of 5 by visually zooming in on the pipe in GIS with the City Provided Criticality Layers active. It is assumed that approximately 10% of the pipes inspected will have a Condition Score of 5.
- OCI will assign a Condition Score to each pipe based on criteria provided by the City at the Prioritization Workshop. Based on the Condition Score determined by OCI and the Criticality Score provided by the City, the pipes will be placed onto a list of the following categories:
 - Priority Open Cut Repair & Replacement
 - Second Tier Open Cut Repair & Replacement
 - Priority Trenchless Repairs
 - Second Tier Trenchless Repairs
 - Utility Connections
 - Storm Drain Connections
 - O&M by City Crews
 - Jetting
- Pipes may be placed onto one of the above lists. Pipes are not to be placed onto more than one list with the exception of jetting. In cases where the jetting only needs to be done to accomplish the structural repair, then those pipes should only live on the structural repair list. However, if pipe cleanings should be done regardless of the structural repair, then those pipes should be on both lists.
- The lists provided to the City with each submittal will not be ordered, ranked, or prioritized, but will be grouped according to the City's Condition Assessment Program manual.
- No cost estimates will be provided.
- Innovac QA/QC team to perform post condition assessment changes to data as needed for updating the MDB, video and picture files.
- Deliverables listed below will be submitted to the City monthly, as well as at the end of each submittal package.

Innovac Deliverables:

- Condition Assessment stormwater pipe inspection data in MS Access format.
 - NASSCO Validated PACP 6.0 MDB Export file for import into CityWorks.

OCI Deliverables:

- Stormwater pipe conditions assessment in MS Excel format.
- Prioritization Workshop agenda and minutes.

Task 5- Heavy Cleaning

This task involves cleaning, re-inspecting, performing a condition assessment, prioritizing, and updating the MS Access Database and GIS files for up to 3,832 LF, or 51 pipes (approximately 8% of the total in areas A & B) for Phase 1, and 15,244 LF, or 211 pipes (approximately 8% of the total in areas C & D) for Phase 2, which were flagged for heavy cleaning during Task 2. All lines shortlisted for heavy cleaning will need to be approved by the City prior to any cleaning being performed.

Assumptions:

- Up to 3,832 LF or 51 pipes (approximately 8% of the total in submittal packages A&B) will require heavy cleaning in Phase 1. Up to 15,244 LF or 211 pipes (approximately 8% of the total in areas C & D) will require heavy cleaning in Phase 2.
- Pipes that cannot be inspected without cleaning and pipes that cannot be cleaned with three jetting attempts or less (defined as light cleaning for this contract) will be flagged for heavy cleaning, and that list will be provided to the City for approval.
- All heavy cleaning efforts will be performed upon issuance of a written NTP from the City.
- Heavy Cleaning efforts will be performed under the definition of:
 - The amount of material to be removed is approx. 30% - 95% of the diameter of the pipe
 - The threshold limited to the cleaning of one pipe will be no longer than one hour of continuous pipe jetting efforts or two full tanks of water
 - Upon reaching that threshold, the operator then will candle the pipe (to the best of their ability given the conditions at that time) to assess if additional cleaning efforts will be required and contact the City PM and the Consultant PM to provide a status update and direction.
 - The City will provide direction on lines involving medium (1/2") to larger tap (1") roots and masses to be removed by the means of root cutting blades, brushes and other means while limiting any potential damage to the pipe through means of continuous PSI regulation during the cleaning efforts
 - Heavy amounts of fine sand, grit, gravel, pea rock and smaller quarry spalls (up to 6" diameter) will be removed as part of the heavy cleaning efforts.
- Once heavy cleaning has been completed then the inspection team will complete the inspection and submit the videos and reports to OCI.
- If new or modified assets are encountered during heavy cleaning, Innovac and the City will update GIS as described in Tasks 2 and 3.
- Deliverables listed below will be submitted to the City once at the end of each submittal package.

Innovac Deliverables:

- Post-cleaning video in MP4 format and PDF format inspection reports for each pipe cleaned in this task.
- Field data collected in ESRI's collector application synced from mobile devices with the City's ArcOnline application.
- Condition Assessment stormwater pipe inspection data in MS Access format.
 - NASSCO Validated PACP 6.0 MDB Export file for import into CityWorks.

OCI Deliverables:

- Stormwater pipe conditions assessment in MS Excel format.

Task 6- Management Reserve

This task includes a management reserve for additional tasks or out of scope items requested during this project.

Assumptions:

- The management Reserve will not be used without written authorization from the City's project manager.

Budget

The estimated budget for this project is \$1,844,530.45. See table below for summary.

PHASE 1			
Area	Task	Budget	Total
A	1A	\$34,351.47	\$123,498.52
	2A	\$30,774.70	
	3A	\$10,300.00	
	4A	\$48,072.35	
B	1B	\$52,251.93	\$265,244.13
	2B	\$96,268.55	
	3B	\$22,750.00	
	4B	\$93,973.65	
E1	5A	\$10,771.85	\$40,559.85
	5B	\$29,788.00	
TOTAL PHASE 1			\$429,302.50
PHASE 2			
Area	Task	Budget	Total
C	1C	\$40,185.73	\$252,617.63
	2C	\$92,380.80	
	3C	\$22,750.00	
	4C	\$97,301.10	
D	1D	\$114,363.18	\$972,251.98
	2D	\$407,785.20	
	3D	\$54,200.00	
	4D	\$395,903.60	
E2	5C	\$28,720.95	\$140,358.35
	5D1, 5D2, 5D3	\$111,637.40	
TOTAL PHASE 2			\$1,365,227.96
Management Reserve (MR)			\$50,000.00
TOTAL PHASE 1 + 2 + MR			\$1,844,530.46

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting the 2018 State Legislative Priorities
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Scott MacColl, Intergovernmental Relations Program Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The 2018 Washington State Legislative Session is quickly approaching, which is the mid-year of the 2017-2019 Biennium. This staff report previews the upcoming 2018 Legislative Session and discusses the City's draft 2018 Legislative Priorities. The draft priorities are attached for Council review and approval.

For 2018, staff proposes continuing the request for local government financial sustainability and flexibility; supporting dedicated state revenues for the human services safety net, including supporting affordable housing, homelessness, and the mental and behavioral health system; advocating passage of the Capital Budget; and restoring local infrastructure programs.

RESOURCES/FINANCIAL IMPACT:

This item has no direct financial impact.

RECOMMENDATION

Staff recommends that the City Council move to adopt the 2018 Legislative Priorities.

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

DISCUSSION

Staff proposes the attached draft 2018 State Legislative Priorities (Attachment A) for Council for review and potential approval. The priorities provide policy direction to guide staff in determining support or opposition to specific legislation. Staff utilizes these priorities to determine whether the City supports or opposes specific legislation and amendments in Olympia during the legislative session. The City actively monitors legislative proposals at the state level, as success in advancing the City's position in Olympia depends on providing accurate and timely information to Legislators and their staff that illustrates the impacts of pending legislation on Shoreline.

Key pieces of legislation that do not fall under the adopted Legislative Priorities will be presented to the Council for review. However, proposed State legislation can change very rapidly, sometimes within hours, and there usually is not time to review changes with the Council. The legislative priorities are therefore primarily drafted as general policy positions to provide staff and Council representatives the flexibility to respond quickly to requests for information or input. The City also continues to partner with the Association of Washington Cities (AWC), which provides a consistent voice and a strong presence for cities in Olympia.

2018 State Legislative Session Preview

2018 is the mid-year of the 2017-2019 biennium, or the 'short' session, which is scheduled to last 60 days. While the State Legislature managed to address the McLeary Decision as part of the 2017-2019 biennial budget, the 2017 session extended until almost July and nearly triggered a mandatory state government shutdown. Unfortunately, a byproduct of the lengthy budget negotiations was that the Legislature failed to pass a biennial Capital Budget due to not finding a solution to a municipal water rights issue that remains unresolved.

In addition to this, some legislators are not happy with the McLeary funding solution, which essentially moves state education funds from higher property-assessed valuation (AV) areas like the central Puget Sound region (including Shoreline) to lower-AV areas of the state to cover the state contribution of K-12 education funding. What an alternative could be and whether or not it is even a viable option is unclear.

However, with the State Senate majority flipped to the Democrats as of the election last month, the Capital Budget will likely be the first order of business in the new session. 2018 is also a legislative election year and legislators will want to finish the 2018 Legislative Session on time to allow for campaigning as soon as possible.

AWC Concerns

AWC notes that critical issues remain unsolved and need to be addressed in the 2018 Legislative Session, including adopting a Capital Budget and taking action on city priorities to help our communities thrive. AWC specific items include strengthening city tools to address housing conditions in our communities; directing funds to mental health, chemical dependency, and social safety net programs; preserving state shared revenue (liquor, marijuana) with cities; and enhancing economic development tools and programs that foster business development in cities and increasing law enforcement training funds.

Shoreline Concerns

Below are the proposed specific legislative priorities and a list of issues the City supports; however the majority of the focus would be on the specific priorities.

1. **Local Government Financial Sustainability and Flexibility** – building on the conversation started with legislators over the last couple of years, staff proposes advocating for a more self-sufficient model where the City can control its revenue streams. Cities need to be able to plan for funding from one year to the next; providing cities more local financial flexibility allows each jurisdiction to make their own choices of how to fund local services.
 - a. 1% Property tax limit - this existing limit does not keep pace with inflation and restricts cities' ability to maintain services. Setting a limit that is tied to a tangible number (e.g. Consumer Price Index) would allow cities to better maintain existing services.
 - b. Increased flexibility on existing revenues – many available revenue options are constricted, restricted or unpredictable, which makes it hard to maintain or increase city services such as public safety, infrastructure and human services programs.
2. **Support Human Services Safety Net** – enhance the provision of needed human services programs to address issues that drive increased homelessness and public safety costs. Council has previously heard several situations that affect our local agencies' ability to meet local needs including:
 - a. With the Affordable Care Act's passage there is a sense that everyone who signs up has full access to services. Funders are reacting by cutting support for basic agency operating costs which is taxing agencies' ability to keep their doors open. That, in turn, affects the provision of mental health and substance abuse treatment for youth and adults and youth development/Out of School Time services.
 - i. There is a broad shift away from support for services to seniors. This affects our local senior center operation as well as transportation services like the Hyde Shuttle.
 - ii. The rapid increase in the cost of housing is driving the demand for housing assistance for rent, move in/out support and utility assistance;
 - b. Increase Affordable Housing and Decrease Homelessness - homelessness is on the rise both in Shoreline and the region, increasing the need for implementing the All Home 4-year Strategic Plan. Shoreline, like many cities, struggles to address these problems with very limited resources. Solutions require community partners and new funding. Ideas include:
 - i. Document Recording Fee - Eliminate the sunset and increase the fee. This fee on real estate transactions provides the bulk of funding for homeless programs at the state and local levels, and faces a 60% reduction if allowed to sunset in 2019;
 - ii. Local options for funding affordable housing – create new local options to generate revenue for homeless services and for capital construction of affordable housing, and improve standing options to make implementation easier.

- iii. Support a local option preservation property tax exemption – authority for local jurisdictions to provide an exemption to maintain existing low-income housing.
 - c. Invest in Behavioral and Mental Health Services – provide additional resources, including coordinated treatment, increasing treatment beds, support for step-down services and programs for transient drug populations.
- 3. **Pass the Capital Budget** – as noted previously, the Capital Budget funds many critical community projects that cannot move forward without the funding, including:
 - a. Housing Trust Fund – invest \$200 million in the fund to spur new capital construction of affordable housing statewide;
- 4. **Infrastructure Funding** - infrastructure programs that benefit cities have been diverted to the state general fund over the past few years. These types of accounts allow cities to utilize low interest loans or grants to complete infrastructure projects at a significantly lower cost due to lower loan repayment rates than market value. This item would support any funding in infrastructure spending that cities can apply for to help fund important projects (e.g. Public Works Trust Fund).

Legislative Issues the City Supports

- 1. **Transit Communities** - advocate for city tools, such as funding and/or regulatory authority, to support communities centered around high capacity transit corridors.
- 2. **Excess Property at Fircrest** – as the discussions continue on the future of the property surrounding the Fircrest Campus, the City would like to look for opportunities to redevelop the property.
- 3. **Automatic Voter Registration** – The Mayor proposed this issue; if Council pursues this issue, staff would recommend asking our delegation to direct legislative staff to provide an analysis of options for whether/how this could work. Oregon adopted automatic voter registration in 2015 that automatically registers residents to vote when they either renew or first apply for an Oregon driver's license or state identification card. In Washington an individual can currently register to vote or update their voter registration whenever they complete a transaction at any driver licensing office.

WRIA 8 – Lake Washington/Cedar/Sammamish Watershed Partners

Councilmember Salomon represents the City Council on WRIA 8 and asked about potential legislative priorities that overlap with the City's priorities. Recently WRIA 8 adopted federal and state legislative priorities (Attachment B). WRIA 8 has several items within the State's proposed capital budget that they have listed on their legislative priorities. Given that the City's draft priorities include passage of the 2017-2019 State Capital Budget, those items within the budget for WRIA 8, would be supported by the City. WRIA 8's legislative policy priorities includes support for legislation that seeks to improve regulatory protections for areas that are important for salmon habitat. Council may want to consider adding this to the legislative issues that the City would support.

RESOURCES/FINANCIAL IMPACT

This item has no direct financial impact.

RECOMMENDATION

Staff recommends that the City Council move to adopt the 2018 Legislative Priorities.

ATTACHMENTS

Attachment A: Draft 2018 Legislative Priorities

Attachment B: 2018 Legislative Priorities for Puget Sound Watershed Heath and
Salmon Habitat Recovery



DRAFT 2018 Shoreline Legislative Priorities

1. Support Local Government Financial Sustainability and Flexibility:
 - a. Revise 1% Property Tax Limitation.
 - b. Increase flexibility on existing revenues.
2. Support increasing state revenue from non-regressive revenue sources to support the human services safety net and to maintain or increase levels of services.
 - a. Support and enhance actions to increase affordable housing and decrease homelessness.
 - b. Support direct funding for a strained mental and behavioral health system.
3. Advocate for passage of a 2017-2019 Capital Budget.
4. Restore funding infrastructure programs that support basic local infrastructure.

Legislative Issues the City Supports:

1. Advocate for city tools, such as funding and regulatory authority, to support Transit Communities.
2. Support opportunities for redevelopment on the excess property adjacent to the Fircrest Campus.
3. Support legislation that allows for automatic voter registration.



2018 Legislative Priorities for Puget Sound Watershed Health and Salmon Habitat Recovery

Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Partners

Updated: November 2017

Federal Priorities

- **Support a Fiscal Year 2018 appropriations request of \$65 million for the Pacific Coast Salmon Recovery Fund (PCSRF) in Departments of Commerce and Justice, Science, and Related Agencies Appropriations Bill.**

While annual funding for PCSRF has been over \$100 million in the past, a \$65 million funding level would maintain the funding level appropriated since 2012 to advance implementation of critical habitat protection and restoration projects. These funds allow NOAA to award grants to Washington State, tribes, and local watershed partners to implement salmon recovery priorities through the annual Salmon Recovery Funding Board grant round process. Habitat protection and restoration projects enabled by PCSRF are consistent with the Action Agenda for Puget Sound recovery and tribal habitat priorities. The President's proposed FY 2017 budget includes \$65 million for PCSRF, which is equal to the FY 2016 appropriation. Federal PCSRF funds are matched by state funds in the Recreation and Conservation Office budget.

***Request:** Support \$65 million FY 2018 appropriation for PCSRF in communications with the Congressional delegation and NOAA leadership.*

- **Support the “Promoting United Government Efforts to Save Our Sound Act” (PUGET SOS Act; H.R. 3630).**

Introduced in 2015, this bill would establish a Puget Sound Recovery National Program Office in the Environmental Protection Agency (EPA) to provide for the coordination of federal Puget Sound recovery efforts with state, local and tribal recovery efforts. The bill enhances the federal government's role and investment in Puget Sound by amending the Clean

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)
jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

Water Act to add a new section dedicated to Puget Sound recovery, providing lasting and structural recognition of the Puget Sound as a waterbody of national significance on par with the Chesapeake Bay and the Great Lakes. The bill, which was introduced by Congressmen Denny Heck and Derek Kilmer (co-chairs of the Puget Sound Recovery Caucus), would ultimately result in greater levels of federal funding for Puget Sound recovery.

***Request:** In communications with the Congressional delegation and EPA leadership, support the Puget SOS Act or a revised version of this bill.*

➤ **Support funding for the Army Corps of Engineers (Corps) to implement critical prioritized infrastructure repairs and updates to the Hiram M. Chittenden (Ballard) Locks.**

Repairs and updates are immediately necessary for continued safe operation of the Locks for navigation, maintaining lake levels (needed for the SR-520 and I-90 floating bridges), and providing safe passage for ESA-listed Chinook salmon. To date, Locks managers have been slowly implementing improvements as limited annual funding allows.

The summer of 2017 marked the Locks Centennial. Much of machinery and facilities are original, have not been upgraded, and are past their design life with some beginning to fail. A 2017 economic impact study of the Locks completed on behalf of a consortium of maritime industry groups documented that the Locks support over \$1.2 billion in annual economic activity. The study describes the benefits of reliable operation of the Locks, the potential losses in the event of a failure, and steps needed to repair the 100-year-old facility. While the study helps document a portion of the economic benefits of the Locks, a comprehensive assessment of benefits, including support for transportation and water supply infrastructure, environmental health, and public safety, would likely be orders of magnitude greater. The Corps needs to allocate and reserve \$60 million, beginning in 2018, to immediately accelerate critical repairs that ensure safe facility operation and reduce risks from a potential failure.

WRIA 8 encourages the Washington State Congressional delegation and other regional leaders to share their concern about the Locks' condition with Corps leadership in Washington, D.C. and request the Corps to allocate and reserve \$60 million for critical Locks infrastructure

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)

jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

improvements, and fund a comprehensive regional assessment of Locks benefits and impacts from a potential failure.

***Request:** Request Corps Headquarters to allocate and reserve \$60 million, beginning in FY 2018, to accelerate identified prioritized projects on the Corps' list of Locks infrastructure improvements developed in 2012.*

State Priorities

Capital Budget

Support the Puget Sound Partnership's original PSAR funding request of \$80 million for the 2017 – 2019 biennium (contained in the Recreation and Conservation Office budget). PSAR funds support implementation of the highest priority habitat protection and restoration projects throughout Puget Sound. The program includes: 1) base funding allocated among Puget Sound watersheds for a list of grant round habitat projects, and 2) funding for a prioritized list of specific, large-scale, high-priority capital projects submitted by Puget Sound watersheds. Funds are derived from State general obligation bonds (RCW 77.85). A small portion of this funding also supports local watershed development of priority projects.

➤ **Support the Recreation and Conservation Office's (RCO) original state capital funding request for the Salmon Recovery Funding Board of \$55.3 million for the 2017 – 2019 biennium.**

SRFB funds consist of federal PCSRF dollars and state capital funds that serve as the required match to federal funds. Together, these dollars support annual grant rounds for salmon habitat protection and restoration projects in watersheds around the state. This funding is a cornerstone of WRIA 8's annual grant round, yet the funding from the state has been in decline for several years. For 2017 – 2019, the Salmon Recovery Funding Board intends to use a portion of the state funding to support Lead Entities' cultivation and development of priority projects, which is intended to increase Washington's competitiveness for federal PCSRF funds.

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)

jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

➤ **Support the Washington Department of Ecology's (Ecology) original Floodplains by Design agency funding request of \$70 million for the 2017 – 2019 biennium.**

In the past two biennial legislative sessions, the legislature allocated funding to Ecology to support a list of multiple benefit floodplain restoration and management projects, including the following WRIA 8 priorities:

- In the 2013-2015 biennium, King County received a \$4.1 million grant to support completion of the Cedar River Rainbow Bend floodplain restoration project and assist with relocating residents of a mobile home park as part of the Riverbend floodplain restoration project.
- In the 2015-2017 biennium, King County and Seattle Public Utilities received a grant to acquire floodplain properties in priority reaches of the Cedar River and develop final design of the Riverbend floodplain restoration project.
- For the 2017 – 2019 biennium, King County applied for funding to construct the Riverbend Floodplain Reconnection Project on the Cedar River.

➤ **Support Washington Department of Ecology's original funding request of \$105.5 million for the Stormwater Financial Assistance Program in the 2017-2019 biennium.**

The Stormwater Financial Assistance Program provides funding to local communities to prevent pollution of water bodies from stormwater and run-off from urbanized areas. These grants have come through various grant programs including the Capacity Grants, Grants of Regional or Statewide Significance, and capital construction grants. Stormwater funding comes from a combination of state bond and hazardous substance tax dollars.

➤ **Support the Puget Sound Partnership's (PSP) legislative funding strategy for capital actions supporting implementation of the Action Agenda for Puget Sound.**

The overall intent of PSP's funding strategy is to protect Puget Sound, and funding will support the Partnership's ability to implement the Action Agenda for Puget Sound, which directly and indirectly benefits salmon recovery. PSP's salmon recovery habitat restoration priorities may fall more directly under the PSAR program, but the strategic initiatives are an avenue to support stormwater reduction priorities; multi-objective habitat

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)

jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

enhancement projects; and integrated water infrastructure projects that address a mix of stormwater, habitat, water supply, and flood protection.

Operating Budget

- **Support the Recreation and Conservation Office's (RCO's) request of \$907,000 in state general funds to support Lead Entity project development.**

RCO requests state general funds to support the ability of Lead Entities to cultivate and develop projects, and these funds combine with federal PCSRF dollars to support annual Lead Entity grants for project development, grant round coordination, and project tracking. This is the same amount requested in the 2015 – 2017 biennium. For over 10 years, the grant award to WRIA 8 was \$60,000, but for the 2016 – 2017 state fiscal year, the award will be \$45,658 due to declining state contributions and a commensurate decline in Washington's PCSRF award. The decline in federal PCSRF funds has been linked directly to the amount of project development funds included in Washington's PCSRF application relative to the other four west coast states, which has increased due to the decline in state appropriations. As a result, the state contribution is necessary to improve Washington's competitiveness for PCSRF, which affects capital and non-capital funding.

Policy Legislation

- **Support legislation that seeks to improve regulatory protections for areas that are important for salmon habitat.**

During the legislative session various proposals are made to improve aspects of various regulations that protect important salmon habitat areas, including riparian areas, lake and marine shorelines, etc. WRIA 8 partners should consider support for proposed legislation that improves regulatory protections that seek to benefit salmon habitat.

- **Support and explore opportunities to engage in developing legislation that seeks to provide immunity from liability for entities that implement habitat restoration projects involving the placement of large wood.**

WRIA 8 has a goal to increase wood in the watershed's rivers and streams as a vital component of improving habitat conditions that support Chinook salmon. Concerns about liability associated with public safety related to

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)

jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

placing large wood as part of habitat restoration projects can delay and/or limit restoration actions. Identify existing state law, such as the recreational use immunity statute that provides immunity to public and private landowners from liability for unintentional injuries, which could be amended to clearly provide immunity from liability for entities that implement habitat restoration projects.

➤ **Track and consider support for greater restrictions or a complete ban of net pen aquaculture in Puget Sound.**

The State of Washington is investigating the recent release of Atlantic salmon from net pens near Cypress Island, and a moratorium on new aquaculture facilities is in place until a report is complete. King County will be considering how to address aquaculture provisions in their Shoreline Master Program update. WRIA 8 should track this issue and consider engaging if there is a clear nexus to Chinook salmon recovery efforts.

➤ **Track and participate in continued efforts to explore new watershed-based funding authorities to support multiple-benefit projects that address salmon habitat protection and restoration, water quality, stormwater management, and flood management.**

Since 2011, recognizing the limited funding available to implement salmon recovery, WRIA 8 supported and participated in cross-watershed discussions to identify alternative funding mechanisms to implement multiple-benefit watershed priorities, including but not limited to salmon recovery habitat restoration, stormwater management, and flood management. These efforts and discussions are on-going and may result in future legislation.

FOR INFORMATION ABOUT THESE PRIORITIES PLEASE CONTACT:

Jason Mulvihill-Kuntz, Salmon Recovery Manager, Lake Washington/Cedar/Sammamish Watershed (WRIA 8)
jason.mulvihill-kuntz@kingcounty.gov • (206) 477-4780 • <http://www.govlink.org/watersheds/8/>

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adopting Ordinance No. 808 – Business and Occupation Tax
DEPARTMENT: Administrative Services
PRESENTED BY: Sara Lane, Administrative Services Director
 Rick Kirkwood, Budget Supervisor
ACTION: ☒ Ordinance ☐ Resolution ☐ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

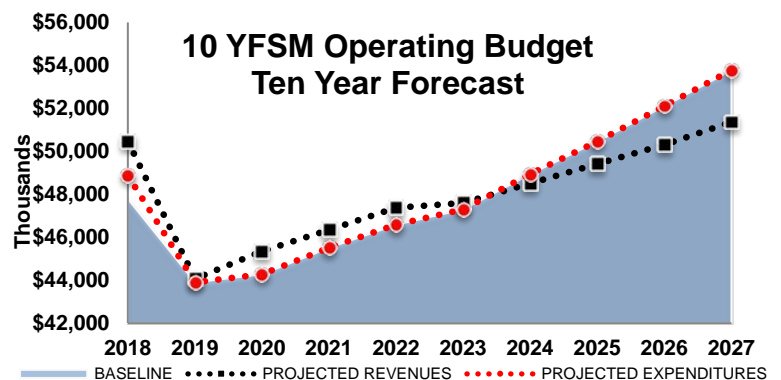
The 10 Year Financial Sustainability Plan (10 YFSP), accepted by the City Council on June 16, 2014, prioritized seven target strategies to reduce projected future revenue and expenditure gaps. The 10 YFSP recognized that the City must be sensitive to the balance between the need for services and the City's ability to raise fees, charges, and taxes to support those services. To that end, staff was directed to study a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability. The City strives to keep a total revenue mix that encourages growth and keeps Shoreline economically competitive and a city of choice for people to live and do business.

With that in mind, the 10 YFSP seeks to implement a balanced revenue structure designed to support economic growth and provide long term financial stability for City operations. Council Goal No. 1, Action Step No. 3 directs staff to continue to implement the 10 YFSP including Strategy 6 – engaging the business community in a discussion regarding the potential implementation of a Business and Occupation (B&O) Tax.

Proposed Ordinance No. 808, as amended, would provide for a B&O Tax in the City of Shoreline, by creating two new Chapters in the Shoreline Municipal Code: Chapter 3.22, Business & Occupation Tax and Chapter 3.23, Tax Administrative Code. Tonight, Council is scheduled to further discuss and adopt proposed Ordinance No. 808.

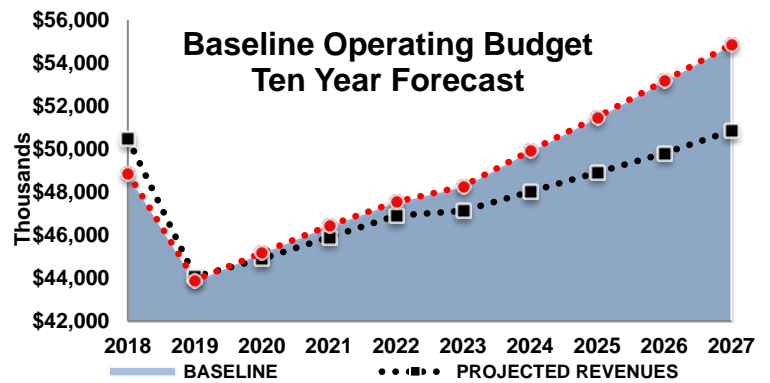
RESOURCE/FINANCIAL IMPACT:

Assuming no new revenues or changes in service levels, the 10 Year Financial Sustainability Model Operating Budget forecast projects potential gaps between revenues and expenses to occur beginning in 2022 with a cumulative gap totaling \$5.696 million over the 10-year forecast. This forecast projects revenues and expenditures in 2018 and 2019 at



100%, or the budgetary amount, and for 2020 and beyond with revenues at 101% and expenditures at 98%, which is representative of how the City historically ends each year. Additionally, while there is “surplus” revenue projected in several years of the 10 YFSM Operating Budget forecast, the amount of “surplus” as a percent of operating revenues is very small, totaling about \$1.070 million, or 2% of projected expenditures in 2020 and significantly less in the other years prior to 2023.

The Baseline Operating Budget forecast projects potential gaps between revenues and expenses to occur beginning in 2020 with a cumulative gap totaling \$14.465 million over the 10-year forecast. This forecast projects revenues and expenditures at 100%, or the budgetary amount, for all years of the 10-year forecast.



These potential budget gaps will be addressed as the City of Shoreline is required to pass a balanced budget and does so each year within the following policies:

- Current revenues will be sufficient to support current expenditures.
- Resources (fund balance) greater than budget estimates in any fund shall be considered “One-time” and shall not be used to fund ongoing service delivery.

As noted above, the 10-year forecast assumes no changes in service levels, and does not address currently un- or underfunded operating needs such as Public Safety, facility staffing, landscape maintenance in the right of way, janitorial services in parks, code enforcement, tree maintenance, business relationship development, human and senior services. Additionally, the 10-year forecast does not include any capital costs, a category that is also significantly underfunded. The ongoing unreliability of state-shared revenues further supports the need for a stable City revenue source.

There is no immediate financial impact associated with tonight’s action. However, the implementation of a B&O Tax has been identified as a potential revenue source to narrow the gap throughout the 10-year forecast, bringing in an estimated \$1.033 million annually. One-time and ongoing costs associated with the implementation of the tax are estimated at \$315,000 and \$245,000 per year respectively.

As discussed with the City Council previously, no single strategy in the 10 YSFP will solve the forecasts potential budget gaps. It will take a combination of all seven strategies to provide financial sustainability of the City’s existing services and create capacity to begin to address currently un- or underfunded needs.

RECOMMENDATION

Staff recommends that the City Council adopt Ordinance No. 808, providing for a Business & Occupation Tax in the City of Shoreline by creating two new Chapters in the

Shoreline Municipal Code: Chapter 3.22, Business & Occupation Tax and Chapter 3.23, Tax Administrative Code.

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

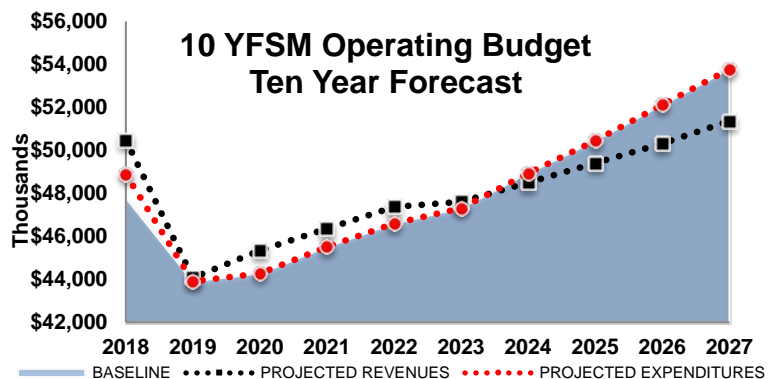
INTRODUCTION

In 2014, the City Council formed a subcommittee to develop a 10 Year Financial Sustainability Plan (10 YFSP). The purpose of the 10 YFSP is to strengthen Shoreline's economic base by identifying seven strategies for the City to maintain financial resiliency and financially sustain existing services, recognizing that the City must be sensitive to the balance between the need for services and the City's ability to raise fees, charges, and taxes to support those services. To that end, staff was directed to study a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability. The City strives to keep a total revenue mix that encourages growth and keeps Shoreline economically competitive and a city of choice for people to live and do business. The 10 YFSP was accepted by the City Council on June 16, 2014; the staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport061614-8a.pdf>.

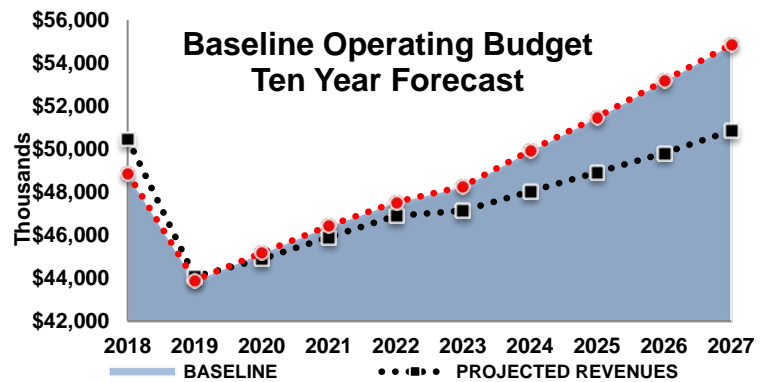
The 10 YFSP seeks to implement a balanced revenue structure designed to encourage economic growth and provide long term financial stability for City operations. The City has successfully implemented, and continues to utilize, five of the seven strategies since acceptance of the 10 YFSP, with two strategies remaining to be implemented: Strategy 5 – replacing the General Fund contribution to the Roads Capital Fund with another dedicated funding source and Strategy 6 – engaging the business community in a discussion regarding the possible future implementation of a Business and Occupation (B&O) Tax.

Since inception, it was understood that long term financial sustainability required implementation of all seven of the identified strategies. Thus, even with the implementation of these strategies, the 10-year forecast for the City's operating budget projects that, assuming no new revenues or changes in service levels, expenditures will exceed revenues beginning in 2022 with a cumulative

gap totaling \$5.696 million over the 10-year forecast. This forecast projects revenues and expenditures in 2018 and 2019 at 100%, or the budgetary amount, and for 2020 and beyond with revenues at 101% and expenditures at 98%, which is representative of how the City historically ends each year. Additionally, while there is "surplus" revenue projected in several years of the 10 YFSM Operating Budget forecast, the amount of "surplus" as a percentage of operating revenues is very small, totaling about \$1.070 million, or 2% of projected expenditures in 2020 and significantly less in the other years prior to 2023.



The Baseline Operating Budget forecast projects potential gaps between revenues and expenses to occur beginning in 2020 with a cumulative gap totaling \$14.465 million over the 10-year forecast. This forecast projects revenues and expenditures at 100%, or the budgetary amount, for all years of the 10-year forecast.



The 10-year forecast assumption does not consider currently un- or underfunded operating needs, such as:

- **Public Safety** –The City’s target has been to have f police staffing at one police officer per 1,000 residents. Even with the addition of one police officer (K9 Unit) in 2018, Shoreline’s staffing will be slightly under the goal. It will take an additional two uniformed officers to meet meet this target.
- **Fleet & Facility Staffing** – with the expansion of the City’s Police Department and the addition of vehicles and facilities with the transition of Wastewater operations, Fleet and Facilities staff have identified the need for an additional 0.5 full time equivalent (FTE) staff person. This request was not included in the 2018 proposed budget.
- **Tree Maintenance and Implementation of the Urban Forest Strategic Plan** – The City’s publicly owned trees in parks and in the rights-of-way are assets that need ongoing maintenance to stay healthy and safe. The City fell behind in addressing hazardous trees and was not able to do any regular maintenance on right-of-way trees. In 2016 one-time funding was allocated to catch up with hazardous tree backlog and in 2017 funding was transferred from irrigation in parks to keep up with hazardous tree removal and begin a small maintenance program for right-of-way trees. This funding is not adequate to keep up with the maintenance needs of trees and has resulted in a reduction in the level of service for maintaining the City’s grass areas in parks.
- **Landscape Maintenance in the Right of Way** – Significant cost increases in Landscape Maintenance bids in 2016 resulted in adjustments to maintenance tasks, and schedules in order to minimize the budgetary impact. The completion of the final segment of Aurora Avenue and maturation of the installed landscaping will continue to put upward price pressure on this service, as will the rehabilitation and replacement of streetscape infrastructure installed in the earlier Aurora Avenue phases.
- **Janitorial Services in Parks** – Janitorial services are currently performed daily in Shorelines parks. During the summer busy season, this level of service is inadequate to ensure that supplies are available for patrons and the facilities are safe and sanitary. While some one-time savings have been allocated to increase the service to two times per day in Richmond Beach Saltwater Park during the 2018 summer season, the rest of Shoreline’s parks will continue to be serviced just once daily and an ongoing funding source for increased service at Saltwater Park hasn’t been identified.

- **Council Priority Areas for Increased Focus -**
 - Code enforcement – increasing staffing to improve enforcement efforts.
 - Business relationship development – additional staffing to build stronger relationships with Shoreline’s business community.
 - Human and Senior Services - Council and residents consistently support increased funding for both Human and Senior services in Shoreline. Current funding is being incrementally increased to achieve a target of 1% of ongoing general revenues.
 - Maintenance of the City’s street and signage assets is underfunded given the stagnant fuel tax collections and need to allocate general revenues to fill the gap.

Additionally the 10-year forecast does not include any capital costs, a category that is also significantly underfunded and includes the following unfunded projects:

- Parks, Recreation and Open Space (PROS) Plan Identified Projects:
 - Property acquisition and development
 - Maintenance of newly added park property
 - Development and operation of a community and aquatics center
- Sidewalks (Maintenance, repair and construction of new facilities)
- Americans with Disability Act (ADA) Transition Plan
- City Maintenance Facility
- Transportation Projects:
 - Westminster Way and N 155th Street
 - N. 185th Street Corridor
 - N. 160th Street and Greenwood Avenue N.
 - Trail along the Rail
 - N. 148th Street Non-motorized bridge
 - Ballinger Way – NEW project
 - Linden and 185th Intersection
 - Traffic Signal Rehabilitation

BACKGROUND

RCW 35A.82.020 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.82.020>) provides cities the authority to impose a B&O Tax on businesses that operate in their cities. Cities may impose a B&O Tax primarily measured on gross proceeds of sales or gross income. For purposes of calculating the B&O Tax, businesses may be divided into several classifications (e.g., retailing, manufacturing, services, or wholesale) and those conducting multiple activities will report in more than one classification. The implementation of a B&O Tax, up to a rate of 0.002 does not require a public vote; however, the ordinance imposing the tax must include a provision for a referendum procedure.

During the City Council’s 2017 Strategic Planning Workshop held earlier this year, the Council reviewed the plan to support implementation of the remaining 10 YFSP strategies and directed staff to provide an update of Strategy 6 in the summer. Since that time staff procured the support of BERK, a local consulting firm, to engage the business community in a discussion about the potential implementation of a B&O Tax in

Shoreline. The results of this outreach were shared with the City Council at Council's August 14, 2017 meeting. At this discussion, Council directed staff to bring back a draft B&O Tax ordinance for Council consideration.

Proposed Ordinance No. 808 (Attachment A) was brought to Council for discussion on November 13, 2017. This ordinance creates two new chapters in the Shoreline Municipal Code (SMC): Chapter 3.22, Business and Occupation Tax (Exhibit A) and Chapter 3.23, Tax Administrative Code (Exhibit B). Both chapters are based on the Association of Washington Cities' 2012 B&O Tax Model Ordinance (Attachment B) with some modifications. These include the City Council's guidance provided during the Council's August 14, 2017 discussion. The staff report for the November 13th Council discussion is available at the following link:
<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport111317-9a.pdf>.

ALTERNATIVE ANALYSIS

Tonight, Council is scheduled to further discuss and adopt proposed Ordinance No. 808. The following options are available to Council:

1. Adopt proposed Ordinance No. 808 as drafted and described below. This option fulfills Strategy 6 of the 10 YFSP.
2. Adopt proposed Ordinance No. 808 with some or all of the potential amendments, or other Council identified amendments, described below. This option fulfills Strategy 6 of the 10 YFSP.
3. Not adopt or take no action and provide staff with alternate guidance on accomplishing Strategy 6 of the 10 YFSP.

Basis and Rate of the Tax

Gross Receipts: Single Rate vs. Varying Rates per Classification

The City can set a single rate for all tax classifications or a varying rate at its discretion. A flat rate provides consistency and simplicity while a varying rate provides some recognition that certain business classifications tend to have higher or lower overhead. It also can provide the opportunity to accomplish certain economic development goals by setting rates lower for tax classifications that the City may be interested in attracting. Currently, 44 cities in Washington State impose a B&O Tax and 16 of those have set at least one varying rate. The State has varying rates for each classification. Cities with varying rates charge services at a higher rate than retail at a factor ranging from 125% to 364%, with a mean of 200%. For the three King County cities (Issaquah, Kent, and Seattle) that have varying rates between services and retail, the factor range is 125-33%.

Staff recommends that the City set the service rate two times the retail rate. This maintains simplicity but does recognize that the profit margin for service revenue is generally higher than for other categories, a concern that was mentioned frequently in the survey and interviews. The primary source of data available for staff's evaluation was received from the State and relates to sales tax. Based upon that information, all businesses reporting service revenue would appear to fall under a \$200,000, exemption

threshold, making it difficult to reliably estimate the revenue related to a higher service rate at this time.

Gross Receipt Rate Setting

As part of the 10 YFSP, a rate of .001 was used for modeling the impact of this revenue source to support current service levels. The City Council could set the rate at a higher level of up to .002 to generate additional revenue to meet other unfunded needs discussed earlier in this report. Assuming an exemption threshold of \$200,000, each additional .0005 increase in rate (i.e. going from a rate of .001 to .0015) will generate approximately \$500,000 in additional revenue.

Proposed Ordinance No. 808 is drafted to implement the B&O Tax at a minimum rate of .001 for all classifications other than services and .002 for services to support current service levels in the 10 YFSP and consider what additional City Council priorities could be addressed by a higher services rate.

Potential Amendment:

The City Council has received a request from the Washington Healthcare Association (WHCA) on behalf of residential care facilities in Shoreline. The WHCA is recommending two changes. First that Residential Care Facilities be provided a unique reporting classification that would be taxed at the lower .001 rate, and a deduction for State Medicaid Revenue. At this time, staff is not recommending the creation of a unique classification for Residential Care Facilities. The deduction for State Medicaid Revenue will be discussed under exemptions and deductions later in this report.

Use of Other Factors such as Number of Employees and Square Footage

Some cities will use multiple factors to determine the total tax due. While these other factors are considered a license for revenue they can be collected in combination with the gross receipts tax. Generally, additional factors are utilized to help ensure that the tax is more equitable for businesses that may have a business location in the City but for varying reasons a significant portion of gross receipts would not be taxable by the City. This is especially prevalent in warehousing where the gross receipts would be reported to the location where goods are delivered to, not from where they are delivered from. This type of option adds a significant amount of complexity both for the businesses filing the tax and for the City collecting the tax.

Proposed Ordinance No. 808 is drafted to rely solely on gross receipts as the basis for its B&O Tax due to the complexity that is created for businesses to accurately calculate tax based on multiple factors.

Exemption Threshold

The State's Model Ordinance for a B&O Tax requires cities to adopt an exemption threshold of at least \$20,000, where a business grossing less than the threshold would not be subject to the tax. The City is able to set the exemption thresholds at any level. The exemption thresholds vary from the minimum of \$20,000 up to a high of \$1.5 million. The value of the exemption threshold is to exempt small business from the tax and ease the administrative burden associated with collecting smaller tax due amounts.

Proposed Ordinance No. 808 sets the exemption threshold at \$200,000 to minimize impact to small business and the administrative burden of collecting a small tax from a larger number of businesses.

Potential Amendment:

The City Council has received a suggestion from a business owner suggesting that the \$200,000 exemption threshold was arbitrary and not large enough to protect small businesses, particularly restaurants, that already operate on a small profit margin. Another business suggested that the exemption threshold should be set at \$400,000. The City Council could choose to set the exemption threshold at a higher or lower level, as long as it is at least \$20,000 per year as required by the model ordinance.

Tax Exemptions and Deductions

Exemptions

Section .090 of proposed Ordinance No. 808 identifies the following mandatory and standard exemptions from B&O Tax:

1. Public utilities where a Utility Tax is imposed.
2. Investments - dividends from subsidiary corporations.
3. Insurance business.
4. Employees.
5. Amounts derived from sale of real estate.
6. Mortgage brokers' third-party provider services trust accounts.
7. Amounts derived from manufacturing, selling or distributing motor vehicle fuel (Mandatory).
8. Amounts derived from liquor, and the sale or distribution of liquor (Mandatory).
9. Casual and isolated sales.
10. Accommodation sales.
11. Taxes collected as trust funds.

The City is required to include the mandatory exemptions and encouraged to include the standard exemptions to provide consistency for businesses that need to comply with multiple local tax codes.

While the City has the authority to identify additional exemptions to help address unique situations and accomplish operational objectives, staff recommend, and proposed Ordinance No. 808 includes, only the mandatory and standard exemptions identified in the Model Ordinance and two common exemptions:

- Revenue subject to another gross receipts tax imposed by the City. For example, the City currently levies gross receipt taxes on utility revenue at 6%, card room revenue at 10%, and pull tab revenue at 5%. The intent would be to exempt these revenues from the B&O Tax; however other types of revenue generated by those businesses (like service or retail) would still be subject to the City's B&O Tax.
- Non-Profit (501(C)(3)) business revenue. As drafted, proposed Ordinance No. 808 exempts all revenue generated by a Non-Profit (501(C)(3), (4), (7)), except for retail sales.

Deductions, Credits, and Allocation

Section .070-.078 of proposed Ordinance No. 808 conforms with the Model Ordinance to provide a system of deductions, credits and allocation methodology that ensures that businesses are not taxed on the same revenue by multiple jurisdictions.

Section .100 of proposed Ordinance No. 808 defines some additional mandatory and standard deductions from the model ordinance:

1. Receipts from tangible personal property delivered outside the State (Mandatory).
2. Cash discount taken by purchaser.
3. Credit losses of accrual basis taxpayers.
4. Constitutional prohibitions (Mandatory).
5. Receipts from the sale of tangible personal property and retail services delivered outside the City but within Washington.
6. Professional employer services.
7. Interest on investments or loans secured by mortgages or deeds of trust.

While some cities have retained unique deductions, outside the standard and mandatory deductions, most would be better addressed as an exemption. Therefore, as drafted, proposed Ordinance No. 808 limits the deductions to mandatory and standard deductions from the Model Ordinance.

Potential Amendments:

As mentioned earlier, the City Council has received a request from the WHCA on behalf of residential care facilities in Shoreline. The WHCA requested that the City provide a deduction for State Medicaid Revenue. WHCA has noted that facilities that accept State Medicaid residents are of the lowest income level and that the Medicaid rate paid by the State is already lower than the cost of providing services to these clients. While, staff were not able to find any other cities that currently allow this deduction, the State does provide for this deduction and has also moved to taxing these facilities at a lower rate.

Following discussions between staff and the WHCA, staff recommends that an exemption be included in the ordinance for State Medicaid payments, given that these are pass-through payments from the State, for the lowest income residents. Many Residential Care Facilities won't even accept Medicaid patients because of the financial burden in covering costs. It is staff's understanding that if such an exemption is not provided the facility would have to spread this cost to other payers of facility services to close the facility's "revenue" gap. Additionally, in discussions with the WHCA, this exemption seemed to be the highest priority concern to allow their members to continue to service Medicaid residents. This exemption would apply to all facilities that receive such payments which primarily includes residential care facilities and adult family homes.

Staff recommends the inclusion of a deduction for State medicaid payments received by Residential Care Facilities.

Licensing and Tax Administration

The Model Ordinance provides specific guidance on many aspects of tax administration. These provisions are included in proposed Ordinance No. 808 through the creation of SMC Chapter 3.23. The only deviation in this proposed code from the Model Administrative Provisions is the creation of an Active Nonreporting filing status. This approach will allow the City to limit tax filing for small businesses that are likely under the tax threshold. It does not alleviate the requirement for them to file should they exceed the threshold. All other provisions are included in the Model Provisions.

As part of the implementation of a B&O Tax, there are several practical considerations and options for tax administration, particularly relating to business licensing and collection of the tax. If proposed Ordinance No. 808 is adopted, staff will analyze costs and benefits of each option as part of the implementation process. At a high level staff anticipate the implementation and ongoing administration needs with associated costs as follows:

System of Record

The City would need to maintain all filing history, accounts receivables, delinquencies, and audit information for each taxpayer account. Generally, the City's financial system is not able to fulfill the requirements for tax administration so a separate tax administration system would need to be procured, implemented and integrated to the licensing and collection systems.

Tax Collection

The City will need provision for collecting taxes. While most cities offer an online filing option, either independently or through FileLocal, no City currently mandates online filing. Therefore the City would likely need to plan for costs associated with online filing via FileLocal as well as a printing, mailing, and lockbox service, similar to wastewater utility payments.

Staffing for Implementation/Administration/Audit

In order to implement and administer the collection, maintenance, and auditing of the tax, ongoing staffing in the City's Administrative Services Department (1.00 FTE Financial/Tax Analyst would need to be added). During implementation, some additional consulting and/or limited term staffing will also be necessary to assist with outreach, education and system implementation. Additionally, in order to ensure the tax is being correctly collected, the City will need to develop an audit program. This would likely be performed by hiring independent auditors.

One-time and ongoing costs for each component are estimated as follows:

	One-Time	Ongoing	2018 Total
System of Record	\$ 200,000	\$ 50,000	\$ 250,000
Tax Collection:			
FileLocal	\$ 35,000	\$ 15,000	\$ 50,000
Retail Lockbox/ Printing	\$ 30,000	\$ 25,000	\$ 55,000
Staffing:	\$ 50,000	\$ 155,000	\$ 205,000
Total	\$ 315,000	\$ 245,000	\$ 560,000

If proposed Ordinance No.808 is adopted by the City Council tonight, staff will bring a budget amendment to the 2018 Budget in early 2018 for the expenses associated with the administrative costs and the addition of the 1.00 FTE Financial/Tax Analyst.

Implementation Steps

The following are the major steps that would need to be completed in order to implement a B&O Tax in Shoreline:

1. Adopt proposed Ordinance No. 808, subject to referendum (*tonight*)
2. Develop an administration plan, evaluating options including:
 - a. Contract with the State for administration
 - b. Implement a system and partner with *FileLocal* to provide joint filing
 - c. Communication Plan
3. Budget amendment for implementation costs – early 2018
4. Implement administration plan, including staff training – 2nd - 3rd Quarter 2018
5. Business communication and education – 2018 and ongoing

As drafted, proposed Ordinance No. 808 has an effective date of January 1, 2019. This date provides staff with adequate time to implement systems and processes necessary to collect the tax and provide adequate business education and outreach. Alternatively, Council could choose to make the tax effective January 1, 2018. In this scenario, staff would assign all taxpayers an annual filing status, with first returns being due 1/31/2019 to provide time for communication and system and process implementation.

Councilmember Scully also suggested considering an effective date based on timing of a projected budget gap. Staff would not recommend this option given the unpredictability to both businesses and the City, and the associated costs and time necessary to implement processes and systems and educate taxpayers to collect the tax.

While staff will be continually tracking implementation of the B&O Tax, a review of the program is planned for 2020, which will include a full year of tax collection and administration based on qualifying businesses' 2019 filings. The review will include a look at collecting on a quarterly versus an annual basis depending on business size. Any changes from the review in 2020 will be incorporated in the following budget cycle.

Potential Amendment:

Councilmember McGlashan and Councilmember Salomon indicated concern with the effective date of January 1, 2019. There was interest in a later effective date

that was either linked to the timing of the first potential forecast gap or was set at January 1, 2020 to align with the first projected potential forecast “gap” between revenues and expenditures in the Baseline Operating Budget forecast model. Should Council choose to move and adopt an amendment to the ordinance, staff would recommend choosing a date certain, such as January 1, 2020 to allow for adequate time for implementation and reduce the risk associated with an unanticipated economic downturn. Staff would additionally recommend some funding for system selection and implementation in 2018 to provide opportunity to partner with other cities for a system solution.

SUMMARY

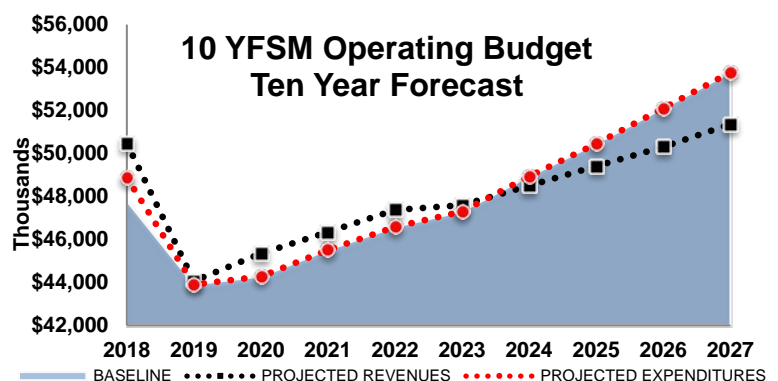
The 10 YFSP, which was accepted by the City Council on June 16, 2014, prioritized seven target strategies to reduce projected future revenue and expenditure gaps. Council Goal No. 1 directs staff to continue to implement the 10 YFSP including Strategy 6 – engaging the business community in a discussion regarding the potential implementation of a B&O Tax. The City continues to face a structural imbalance in operating revenues where, even with diligent care and effort, costs are growing faster than revenues, and State shared revenues and Federal subsidies continue to be vulnerable. The City has limited revenue options for stable revenue sources to address this structural challenge. A B&O Tax is one of those few options.

COUNCIL GOALS ADDRESSED

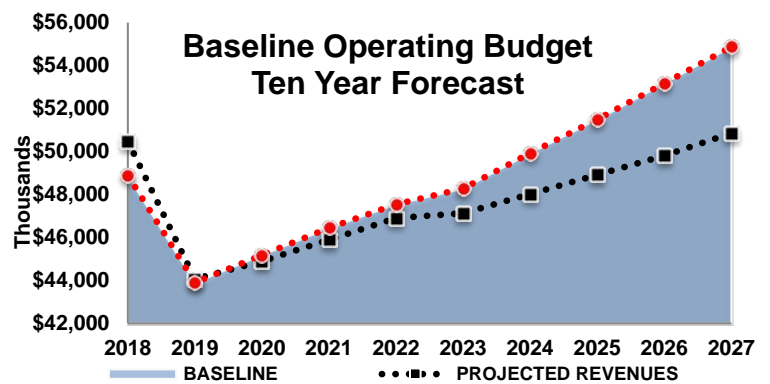
This item addresses Council Goal 1, “Strengthen Shoreline's economic base to maintain the public services that the community expects”, and specifically, Action Step #3 of that Goal: “Continue to implement the 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure”, with a specific focus on Strategy 1 – encouraging a greater level of economic development, Strategy 5 seeking to replace the General Fund support of the Roads Capital Fund with another dedicated funding source, and Strategy 6 – engaging the business community in a discussion regarding the potential implementation of a B&O tax.

RESOURCE/FINANCIAL IMPACT

Assuming no new revenues or changes in service levels, the 10 Year Financial Sustainability Model Operating Budget forecast projects potential gaps between revenues and expenses to occur beginning in 2022 with a cumulative gap totaling \$5.696 million over the 10-year forecast. This forecast projects revenues and expenditures in 2018 and 2019 at 100%, or the budgetary amount, and for 2020 and beyond with revenues at 101% and expenditures at 98%, which is representative of how the City historically ends each year.



The Baseline Operating Budget forecast projects potential gaps between revenues and expenses to occur beginning in 2020 with a cumulative gap totaling \$14.465 million over the 10-year forecast. This forecast projects revenues and expenditures at 100%, or the budgetary amount, for all years of the 10-year forecast.



These potential budget gaps will be addressed as the City of Shoreline is required to pass a balanced budget and does so each year within the following policies:

- Current revenues will be sufficient to support current expenditures.
- Resources (fund balance) greater than budget estimates in any fund shall be considered “One-time” and shall not be used to fund ongoing service delivery.

As noted above, the 10-year forecast assumes no changes in service levels, and does not address currently un- or underfunded operating needs such as Public Safety, facility staffing, landscape maintenance in the right of way, janitorial services in parks, code enforcement, tree maintenance, business relationship development, human and senior services. Additionally, the 10-year forecast does not include any capital costs, a category that is also significantly underfunded. The ongoing unreliability of state-shared revenues further supports the need for a stable City revenue source.

There is no immediate financial impact associated with tonight’s action. However, the implementation of a B&O Tax has been identified as a potential revenue source to narrow the gap throughout the 10-year forecast, bringing in an estimated \$1.033 million annually. One-time and ongoing costs associated with the implementation of the tax are estimated at \$315,000 and \$245,000 per year respectively.

As discussed with the City Council previously, no single strategy in the 10 YSFP will solve the forecasts potential budget gaps. It will take a combination of all seven strategies to provide financial sustainability of the City’s existing services and create capacity to begin to address currently un- or underfunded needs.

RECOMMENDATION

Staff recommends that the City Council adopt Ordinance No. 808, providing for a Business & Occupation Tax in the City of Shoreline by creating two new Chapters in the Shoreline Municipal Code: Chapter 3.22, Business & Occupation Tax and Chapter 3.23, Tax Administrative Code.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 808
 Attachment A, Exhibit A: SMC Chapter 3.22 – Business and Occupation Tax
 Attachment A, Exhibit B: SMC Chapter 3.23 – Tax Administrative Code

Attachment B: Model B&O Tax Ordinance

ORDINANCE NO. 808

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING SHORELINE MUNICIPAL CODE TITLE 3, REVENUE AND FINANCE, BY ADDING A NEW CHAPTER 3.22, BUSINESS AND OCCUPATION TAX, AND A NEW CHAPTER 3.23, TAX ADMINISTRATIVE CODE; PROVIDING FOR A REFERENDUM PROCESS; AND PROVIDING A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington; and

WHEREAS, Washington Constitution Article XI, Section 12 and RCW 35A.82.020 and 35A.11.020 grants the City the authority to license for revenue and to define taxation categories in order to respond to the unique concerns and responsibilities of the City; and

WHEREAS, these provisions of the law grant the City authority to impose a business and occupation tax on businesses operating within the City; and

WHEREAS, in order to preserve the City's financial sustainability, the need for additional revenue sources has been considered and the City Council has included the potential imposition of a business and occupation tax for revenue purposes in its Strategic Plans and in the City's 10 Year Financial Sustainability Plan; and

WHEREAS, to involve the community in the decision process, the City convened a Long-Range Financial Planning Citizens Advisory Committee and also engaged the business community through a variety of methods to receive input about various options available to the City for implementing a business and occupation tax; and

WHEREAS, the City Council has considered the entire public record, public comments, written and oral, and considered the proposed amendments at its regularly scheduled meetings on August 14, 2017 and November 13, 2017; and

WHEREAS, RCW 35.102.040 requires the City utilize the mandatory provisions of the model ordinances developed by Washington cities when imposing a business and occupation tax and adopting administrative provisions related to the imposition and collection of such a tax, but also allows for flexibility to customize the ordinances based on local goals and policies; and

WHEREAS, the model ordinance gives the City the ability to set a single, flat tax rate for all businesses or a varying rate based on a business's classification; and

WHEREAS, the City Council has determined that establishing two classifications – service and retail – will maintain significant simplicity while recognizing varying profit margins; and

WHEREAS, RCW 35.21.710 authorizes the City to set the business and occupation tax rate at no more than .002 based on solely on annual gross receipts or in combination with other factors; and

WHEREAS, the City Council has determined that the business and occupation tax rate should be based only on annual gross receipts and be set at .001 for all classifications except services, which should have a rate of .002; and

WHEREAS, the model ordinance provides mandatory and standard exemptions for potential inclusion but also gives the City the ability to create a certain exemptions from business and occupation tax including an annual gross receipts exemption threshold for small businesses to meet the City's own objections, exemptions to set economic policy, and exemptions to maintain local control; and

WHEREAS, the City Council has determined that adoption all of the mandatory and standard exemptions is within the City's interest and that setting an annual gross receipt exemption threshold of \$200,000 would minimize impact on small business as well as reducing the administrative burden of collecting a small tax from a large number of businesses; exempting all revenue subject to another gross receipts tax imposed by the City on business so as not to overburden these businesses; and exempting 501(C)(3) non-profit business revenue given their non-profit status; and

WHEREAS, the model ordinance provides mandatory and standard deductions for potential inclusion that ensures businesses are not taxed on the same revenue by multiple jurisdictions; and

WHEREAS, the City Council has determined that all mandatory and standard deductions identified in the model ordinance should be adopted; and

WHEREAS, the City Council has determined that imposition of a business and occupation tax (B&O Tax) and providing for uniform administration of the City's tax codes will be in the best interest of the public health, safety, and welfare;

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

Section 1. Amendment to Title 3 Revenue and Finance. A new chapter, Chapter 3.22 *Business and Occupation Tax*, is added to Title 3 as set forth in Exhibit A to this Ordinance.

Section 2. Amendment to Title 3 Revenue and Finance. A new chapter, Chapter 3.23 *Tax Administrative Code*, is added to Title 3 as set forth in Exhibit B to this Ordinance.

Section 3. Referendum. This ordinance is subject to referendum as set for in RCW 35.21.706. A referendum petition to repeal this ordinance may be filed with the City Clerk within seven (7) days of adoption of this ordinance. Within ten (10) days of such filing, the City Clerk shall confer with the petition concerning form and style of the petition, issue the petition and identifications number, and secure and accurate, concise, and positive ballot title from the

City Attorney. The petitioner shall then have thirty (30) days in which to secure the signatures of not less than fifteen (15) percent of the City's registered voters as of the last municipal general election upon petition forms which contain the ballot title and the full text of the measures to be referred. The City Clerk shall verify the sufficiency of the signatures on the petition and, if sufficient valid signatures are properly submitted, shall certify the referendum measure to the next election ballot within the City or at a special election ballot as providing pursuant to RCW 35.17.260(2).

Section 4. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 5. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 6. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. In the event that no referendum petition is filed, this Ordinance shall take effect at 12:01 am on January 1, 2019.

PASSED BY THE CITY COUNCIL ON DECEMBER 4, 2017

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2017

Effective Date: , 2017

**ORDINANCE NO. 808
EXHIBIT A**

**Shoreline Municipal Code
CHAPTER 3.22 Business and Occupation Tax**

SMC 3.22.010 Purpose. The purpose of this chapter is to provide for the City’s authority to license for revenue as authorized by the Washington State Constitution, Article XI, Section 12, and RCW 35A.11.020 and RCW 35A.82.020.

SMC 3.22.020 Exercise of revenue license power. The provisions of this chapter shall be deemed an exercise of the power of the City to license for revenue. The provisions of this chapter are subject to periodic statutory or administrative rule changes or judicial interpretations of the ordinances or rules. The responsibility rests with the licensee or taxpayer to reconfirm tax computation procedures and remain in compliance with the Shoreline Municipal Code.

SMC 3.22.025 Adoption by reference. Where provisions of the Revised Code of Washington (RCW) are adopted or incorporated by reference in this chapter, the adoption or incorporation shall be deemed to refer to the provision as it now exists or as it may be hereafter amended.

SMC 3.22.028 Administrative Provisions. The administrative provisions contained in chapter 3.23 shall be fully applicable to the provisions of this chapter except as expressly stated to the contrary herein.

SMC 3.22.030 Definitions. In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

A. “A” Definitions

1. Advance – Reimbursement.

- a. “Advance” means money or credits received by a taxpayer from a customer or client with which the taxpayer is to pay costs or fees on behalf of the customer or client.
- b. “Reimbursement” means money or credits received from a customer or client to repay the taxpayer for money or credits expended by the taxpayer in payment of costs or fees of the customer or client.

2. Agricultural Product – Farmer.

- a. “Agricultural product” means any product of plant cultivation or animal husbandry including, but not limited to, a product of horticulture, grain cultivation, vermiculture, viticulture, or aquaculture as defined in RCW 15.85.020; plantation Christmas trees; turf; or any animal including but not limited to an animal that is a private sector cultured aquatic product as defined in RCW 15.85.020, or a bird, or insect, or the substances obtained from such an animal. For the limited purposes of this chapter, “agricultural

product” does not include animals intended to be pets or marijuana, useable marijuana, marijuana concentrates, marijuana-infused products, or any other marijuana product included in RCW 69.50.101 as now enacted or hereafter amended.

b. “Farmer” means any person engaged in the business of growing or producing, upon the person’s own lands or upon the lands in which the person has a present right of possession, any agricultural product whatsoever for sale. “Farmer” shall not include a person using such products as ingredients in a manufacturing process, or a person growing or producing such products for the person’s own consumption. “Farmer” shall not include a person selling any animal or substance obtained therefrom in connection with the person’s business of operating a stockyard or a slaughter or packing house. “Farmer” shall not include any person in respect to the business of taking, cultivating, or raising timber. For the limited purposes of this chapter, “farmer” shall not include any person engaged in the business of growing or producing marijuana as defined by RCW 69.50.101(t) as now enacted or hereafter amended.

B. “B” Definitions

1. "Business" includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.
2. “Business and occupation tax” means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business.

C. “C” Definitions

1. “Chapter” means Chapter 3.22 SMC, as it may be amended or replaced from time to time.
2. “City” means the City of Shoreline.
3. “Competitive telephone service” means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made.
4. "Commercial or industrial use" means the following uses of products, including by-products, by the extractor or manufacturer thereof:
 - a. Any use as a consumer; and
 - b. The manufacturing of articles, substances or commodities.
5. “Consumer” means the following:
 - a. Any person who purchases, acquires, owns, holds, or uses any tangible or intangible personal property irrespective of the nature of the person’s business and including,

among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for a consumer other than for the purpose of:

- i. Resale as tangible or intangible personal property in the regular course of business;
 - ii. Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;
 - iii. Incorporating such property as an ingredient or component of a new product or as a chemical used in processing a new product when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new product; or
 - iv. Consuming the property in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon;
- b. Any person engaged in any business activity taxable under SMC 3.22.050(A)(7);
- c. Any person who purchases, acquires, or uses any competitive telephone service as herein defined, other than for resale in the regular course of business;
- d. Any person who purchases, acquires, or uses any personal, business, or professional service defined as a retail sale or retail service in this subsection other than for resale in the regular course of business;
- e. Any person who is an end user of software;
- f. Any person engaged in the business of “public road construction” in respect to tangible personal property when that person incorporates the tangible personal property as an ingredient or component of a publicly owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle by installing, placing or spreading the property in or upon the right-of-way of a publicly owned street, place, road, highway, easement, bridge, tunnel, or trestle or in or upon the site of a publicly owned mass public transportation terminal or parking facility;
- g. Any person who is an owner, lessee or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved, or otherwise altered by a person engaged in business;
- h. Any person who is an owner, lessee, or has the right of possession to personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business;

- i. Any person engaged in “government contracting.” Any such person shall be a consumer within the meaning of this subsection in respect to tangible personal property incorporated into, installed in, or attached to such building or other structure by such person.

Nothing contained in this or any other subsection of this section shall be construed to modify any other definition of “consumer.”

D. “D” Definitions

1. “Day” means, unless otherwise provided, a calendar day.
2. “Director” means the finance director of the City or any officer, agent or employee of the City designated to act on the director’s behalf. The finance director is also known as the Administrative Services Director.
3. “Delivery” means the transfer of possession of tangible personal property between the seller and the buyer or the buyer's representative. Delivery to an employee of a buyer is considered delivery to the buyer. Transfer of possession of tangible personal property occurs when the buyer or the buyer's representative first takes physical control of the property or exercises dominion and control over the property. Dominion and control means the buyer has the ability to put the property to the buyer's own purposes. It means the buyer or the buyer’s representative has made the final decision to accept or reject the property, and the seller has no further right to possession of the property and the buyer has no right to return the property to the seller, other than under a warranty contract. A buyer does not exercise dominion and control over tangible personal property merely by arranging for shipment of the property from the seller to itself. A buyer's representative is a person, other than an employee of the buyer, who is authorized in writing by the buyer to receive tangible personal property and take dominion and control by making the final decision to accept or reject the property. Neither a shipping company nor a seller can serve as a buyer's representative. It is immaterial where the contract of sale is negotiated or where the buyer obtains title to the property. Delivery terms and other provisions of the Uniform Commercial Code (Title 62A RCW) do not determine when or where delivery of tangible personal property occurs for purposes of taxation.
4. "Digital automated service," "digital code," and "digital goods" have the same meaning as in RCW 82.04.192.
5. "Digital products" means digital goods, digital codes, digital automated services, and the services described in RCW 82.040.050(2)(g) and 82.04.050(6)(b).

E. “E” Definitions

1. "Eligible gross receipts tax" means a tax which:
 - a. Is imposed on the act or privilege of engaging in business activities within SMC 3.22.050; and

- b. Is measured by the gross volume of business, in terms of gross receipts and is not an income tax or value added tax; and
 - c. Is not, pursuant to law or custom, separately stated from the sales price; and
 - d. Is not a sales or use tax, business license fee, franchise fee, royalty or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right or a privilege; and
 - e. Is a tax imposed by a local jurisdiction, whether within or without the State of Washington, and not by a Country, State, Province, or any other non-local jurisdiction above the County level.
2. "Engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.
- a. The City expressly intends that "engaging in business" include any activity sufficient to establish nexus for purposes of applying the tax under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts.
 - b. This subsection sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to register and obtain a business license pursuant to SMC Title 5 or pay City business and occupation taxes. The activities listed in this subsection are illustrative only and are not intended to narrow the definition of "engaging in business" in this subsection. If an activity is not listed, whether it constitutes "engaging in business" in the City shall be determined by considering all the facts and circumstances and applicable law.
 - c. Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes "engaging in business" and requires a person to register and obtain a business license pursuant to SMC Title 5:
 - i. Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City;
 - ii. Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City;
 - iii. Soliciting sales;
 - iv. Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance;
 - v. Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf;

- vi. Installing, constructing, or supervising installation or construction of, real or tangible personal property;
 - vii. Soliciting, negotiating, or approving franchise, license, or other similar agreements;
 - viii. Collecting current or delinquent accounts;
 - ix. Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials;
 - x. Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property;
 - xi. Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians;
 - xii. Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings;
 - xiii. Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers;
 - xiv. Investigating, resolving, or otherwise assisting in resolving customer complaints;
 - xv. In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place;
 - xvi. Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf; or
 - xvii. Accepting or executing a contract with the City, irrespective of whether goods or services are delivered within or without the City, or whether the person's office or place of business is within or without the City.
- d. If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a business license pursuant to SMC Title and pay tax. Activities which shall not constitute "engaging in business" include:
- i. Meeting with suppliers of goods and services as a customer;
 - ii. Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions;
 - iii. Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting;

- iv. Renting tangible or intangible property as a customer when the property is not used in the City;
 - v. Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances;
 - vi. Conducting advertising through the mail; or
 - vii. Soliciting sales by phone from a location outside the City.
 - e. A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a business license pursuant to SMC Title 5, provided that it engages in no other business activities in the City. Such activities do not include those in SMC 3.22.030(E)(d).
3. "Extracting" is the activity engaged in by an extractor and is reportable under the extracting classification.
4. "Extractor" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for commercial or industrial use, mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product; or fells, cuts or takes timber, Christmas trees, other than plantation Christmas trees, or other natural products; or takes fish, shellfish, or other sea or inland water foods or products. "Extractor" shall not include persons performing under contract the necessary labor or mechanical services for others; or persons meeting the definition of farmer.
5. "Extractor for Hire" means a person who performs under contract necessary labor or mechanical services for an extractor.

F. "F" Definitions (Reserved)

G. "G" Definitions

1. "Government contracting" means a contract for the provision of labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation.
2. "Gross income of the business" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees,

commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

3. "Gross proceeds of sales" means the value proceeding or accruing from the sale of tangible personal property, digital goods, digital codes, digital automated services or for other services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.
4. "Gross receipts tax" - see Business & Occupation Tax

H. "H" Definitions (Reserved)

I. "I" Definitions

1. "In the [this] city" or "within the [this] city" includes areas within the corporate city limits of the city of Shoreline.

J. "J" Definitions (Reserved)

K. "K" Definitions (Reserved)

L. "L" Definitions (Reserved)

M. "M" Definitions

1. "Manufacturing" means the activity conducted by a manufacturer and is reported under the manufacturing classification.
2. "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from the person's own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to less than twenty percent (20%) of the total value of all materials or ingredients that become a part of the finished product, the owner of the equipment or facilities will be deemed to be a processor for hire, and not a manufacturer. A business not located in the city that is the owner of materials or ingredients processed for it in the city by a processor for hire shall be deemed to be engaged in business as a manufacturer in the city
3. "Manufacture" means all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials or ingredients so that as a result thereof a new, different or useful product is produced for sale or commercial or industrial use, and shall include:

- a. The production of special made or custom made articles;
- b. The production of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician;
- c. Crushing and/or blending of rock, sand, stone, gravel, or ore; or
- d. The producing of articles for sale, or for commercial or industrial use from raw materials or prepared materials by giving such materials, articles, and substances of trade or commerce new forms, qualities, properties or combinations including, but not limited to, such activities as making, fabricating, processing, refining, mixing, slaughtering, packing, aging, curing, mild curing, preserving, canning, and the preparing and freezing of fresh fruits and vegetables.

“To manufacture” shall not include the production of digital goods or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

N. “N” Definitions

1. Newspaper – Magazine – Periodical.
 - a. “Newspaper” means a publication offered for sale regularly at stated intervals at least once a week and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind.
 - b. “Magazine” or “periodical” means any printed publication, other than a newspaper, issued and offered for sale regularly at stated intervals at least once every three months, including any supplement or special edition of the publication. Any publication meeting this definition qualifies regardless of its content.
2. “Nonprofit organization” means an organization exempt from federal income tax under Section 501(c)(3), (4), or (7) of the Internal Revenue Code, or as hereafter amended.

O. “O” Definitions

1. “Office” or “place of business” means a fixed location or permanent facility where the regular business of the person is conducted and which is either owned by the person or over which the person exercises legal dominion and control. The regular business of the person is presumed conducted at a location:
 - a. Whose address the person uses as its business mailing address; and
 - b. Where the place of primary use is shown on a telephone billing or a location containing a telephone line listed in a public telephone directory or other similar publication under the business name; and
 - c. Where the person holds itself out to the general public as conducting its regular business through signage or other means; and

- d. Where the person is required to obtain any appropriate state and local business license or registration unless they are exempted by law from such requirement.

A vehicle such as a pick-up, van, truck, boat or other motor vehicle is not an office or place of business. A post office box is not an office or place of business. If a person has an office or place of business, the person's home is not an office or place of business unless it meets the criteria for office or place of business above. If a person has no office or place of business, the person's home or apartment within the city will be deemed the place of business.

P. "P" Definitions

1. "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the State of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, non-profit, or otherwise and the United States or any instrumentality thereof.
2. "Processing for hire" means the performance of labor and mechanical services upon materials or ingredients belonging to others so that as a result a new, different or useful product is produced for sale, or commercial or industrial use. A processor for hire is any person who would be a manufacturer if that person were performing the labor and mechanical services upon that person's own materials or ingredients. If a person furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to 20 percent or more of the total value of all materials or ingredients that become a part of the finished product the person will be deemed to be a manufacturer and not a processor for hire.
3. "Product – Byproduct."
 - a. "Product" means tangible personal property, including articles, substances, or commodities created, brought forth, extracted, or manufactured by human or mechanical effort.
 - b. "Byproduct" means any additional product, other than the principal or intended product, which results from extracting or manufacturing activities and which has a market value, without regard to whether or not such additional product was an expected or intended result of the extracting or manufacturing activities.

Q. "Q" Definitions (Reserved)

R. "R" Definitions

1. "Retailing" means the activity of engaging in making sales at retail and is reported under the retailing classification.

2. "Retail Service" means the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

- a. Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquet ball, handball, squash, tennis, batting cages, day trips for sightseeing purposes, and others, when provided to consumers. "Amusement and recreation services" also include the provision of related facilities such as basketball courts, tennis courts, handball courts, swimming pools, and charges made for providing the opportunity to dance. The term "amusement and recreation services" shall not include instructional lessons to learn a particular activity such as tennis lessons, swimming lessons, or archery lessons;
 - b. Abstract, title insurance, and escrow services;
 - c. Credit bureau services;
 - d. Automobile parking and storage garage services;
 - e. Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;
 - f. Service charges associated with tickets to professional sporting events;
 - g. The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services; or
 - h. The renting or leasing of tangible personal property to consumers and the rental of equipment with an operator.
3. "Royalties" means compensation for the use of intangible property, such as copyrights, patents, licenses, franchises, trademarks, tradenames, and similar items.

S. "S" Definitions

1. "Sale," "casual or isolated sale."
 - a. "Sale" means any transfer of the ownership of, title to, or possession of, property for a valuable consideration and includes any activity classified as a "sale at retail," "retail sale," or "retail service." It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.
 - b. "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved on a routine or continuous basis.
2. "Sale at retail," "Retail sale."

- a. "Sale at retail" or "Retail Sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:
- i. Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or
 - ii. Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or
 - iii. Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or
 - iv. Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or
 - v. Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (i) through (v) this subsection, SMC 3.22.030(S)(2)(a), following such use.
 - vi. Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in SMC 3.22.030(S)(2)(b)(vi) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.
- b. "Sale at retail" or "retail sale" also means:
- i. Every sale of tangible personal property to persons engaged in any business activity which is taxable under SMC 3.22.050(A)(7).
 - ii. The sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:
 - 1) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made

for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

- 2) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;
- 3) The charge for labor and services rendered in respect to constructing, repairing, or improving any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;
- 4) The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" shall not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;
- 5) The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;
- 6) The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

- 7) The installing, repairing, altering, or improving of digital goods for consumers; or
- 8) The sale of or charge made for tangible personal property, labor and services to persons taxable under SMC 3.22.030(S)(2)(b)(ii)(1) through (b)(ii)(7) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption.

Nothing contained in this subsection shall be construed to modify subsection SMC 3.22.030(S)(2)(a) of this section and nothing contained subsection SMC 3.22.030(S)(2)(a) of this section shall be construed to modify this subsection.

- iii. The provision of competitive telephone service to consumers.
- iv. The sale of prewritten software other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user. For purposes of subsection SMC 3.22.030(S)(2)(c), the sale of the 'sale of prewritten computer software' includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

The service described in this subsection includes the right to access and use prewritten software to perform data processing. For purposes of this subsection, "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

The term "sale at retail" or "retail sale" shall not include the sale of or charge made for:

- 1) Custom software; or
- 2) The customization of prewritten software.

- v. The sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state, the State of Washington, or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind. ("Public road construction")
- vi. The sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" shall not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.
- vii. The sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation ("government contracting").
- viii. The following sales to consumers of digital goods, digital codes, and digital automated services:
 - 1) Sales in which the seller has granted the purchaser the right of permanent use;
 - 2) Sales in which the seller has granted the purchaser a right of use that is less than permanent;
 - 3) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and
 - 4) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

A retail sale of digital goods, digital codes, or digital automated services under this subsection includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services. For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or

- the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.
- ix. The installing, repairing, altering, or improving of digital goods for consumers.
 - x. “Sale at retail” or “Retail Sale” shall not include:
 - 1) The sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other byproducts of weapons production and nuclear research and development.
 - 2) The sale of or charge made for labor and services rendered for environmental remedial action.
- c. "Sale at wholesale," "wholesale sale" means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, or services described in subsection SMC 3.22.030(S)(2)(b)(iv) which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property and retail services, if such charge is expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715.
- d. “Services” means professional or personal services and refers generally to the activity of rendering services as distinct from making sales of tangible personal property or of services which have been defined in RCW 82.04.040 and 82.04.050 and WAC 458-20-138.
- i. Services include, but are not limited to: accountants, aerial surveyors, agents, ambulances, appraisers, architects, assayers, attorneys, automobile brokers, barbers, baseball clubs, beauty shop operators, brokers, chemists, chiropractors, collection agents, community television antenna owners, court reporters, dentists, detectives, doctors, employment agents, engineers, financiers, funeral directors, refuse collectors, hospital owners, janitors, kennel operators, laboratory operators, landscape architects, lawyers, loan agents, map makers, music teachers, oculists, orchestra or band leaders contracting to provide musical services, osteopathic physicians, physicians, public accountants, public stenographers, real estate agents, school bus operators, school operators, sewer services other than collection, warehouse operators who are not subject to other specific statutory tax classifications, teachers, theater operators, undertakers and veterinarians, and other persons engaging in the business of serving persons.

- ii. Persons performing “services” do not include persons engaged in the business of cleaning, repairing, improving, etc., the personal property of others, such as automobile, house, jewelry, radio, refrigerator and machinery repairmen, laundry or dry cleaners. Also not included are certain personal and professional services specifically included within the definition of the term “sale at retail” in this section.
 - iii. Not included are persons who render services to others in the capacity of employees as distinguished from independent contractors. Persons engaged in the business of rendering services to others are taxable under the sales of retail services classification upon the gross income of such business under Section 3.22.050(A)(7). There must be included within gross amounts reported for tax all fees for services rendered and all charges recovered for expenses incurred in connection therewith, such as transportation costs, hotel, restaurant, telephone, copy, printing, computer time and other expenses charged in providing the services.
- e. Software – Prewritten Software – Custom Software – Customization of Canned Software – Master Copies – Retained Rights.
- i. “Prewritten software” or “canned software” means computer software, including prewritten upgrades, which is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the combination to be other than prewritten computer software. Prewritten computer software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than such purchaser. Where a person modifies or enhances computer software of which such person is not the author or creator, the person shall be deemed to be the author or creator only of the person’s modifications or enhancements. Prewritten computer software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software; however where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for the modification or enhancement, the modification or enhancement shall not constitute prewritten computer software.
 - ii. “Custom software” means software created for a single person.
 - iii. “Customization of canned software” means any alteration, modification, or development of applications using or incorporating canned software to specific individualized requirements of a single person. Customization of canned software includes individualized configuration of software to work with other software and computer hardware but does not include routine installation. Customization of canned software does not change the underlying character or taxability of the original canned software.
 - iv. “Master copies” of software means copies of software from which a software developer, author, inventor, publisher, licensor, sublicensor, or distributor

makes copies for sale or license. The software encoded on a master copy and the media upon which the software resides are both ingredients of the master copy.

- v. “Retained rights” means any and all rights, including intellectual property rights such as those rights arising from copyrights, patents, and trade secret laws, that are owned or are held under contract or license by a software developer, author, inventor, publisher, licensor, sublicensor, or distributor.

“Software” means any information, program, or routine, or any set of one or more programs, routines, or collections of information used, or intended for use, to convey information that causes one or more computers or pieces of computer-related peripheral equipment, or any combination thereof, to perform a task or set of tasks. “Software” includes the associated documentation, materials, or ingredients regardless of the media upon which that documentation is provided, that describes the code and its use, operation, and maintenance and that typically is delivered with the code to the consumer. All software is classified as either canned or custom.

- 3. “SMC” means Shoreline Municipal Code.

T. “T” Definitions

- 1. “Tax” - see Business & Occupation Tax.
- 2. “Taxpayer” means any “person”, as herein defined, required to have a business license pursuant to SMC Title 5 or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.
- 3. “Tuition fee” includes library, laboratory, health service and other special fees, and amounts charged for room and board by an educational institution when the property or service for which such charges are made is furnished exclusively to the students or faculty of such institution. “Educational institution,” as used in this section, means only those institutions created or generally accredited as such by the state and includes educational programs that such educational institution cosponsors with a nonprofit organization, as defined by the Internal Revenue Code Section 501(c)(3), as hereafter amended, if such educational institution grants college credit for coursework successfully completed through the educational program, or an approved branch campus of a foreign degree-granting institution in compliance with Chapter 28B.90 RCW, and in accordance with RCW 82.04.4332 or defined as a degree-granting institution under RCW 28B.85.010(3) and accredited by an accrediting association recognized by the United States Secretary of Education, and offering to students an educational program of a general academic nature or those institutions which are not operated for profit and which are privately endowed under a deed of trust to offer instruction in trade, industry, and agriculture, but not including specialty schools, business colleges, other trade schools, or similar institutions.

U. “U” Definitions (Reserved)

V. "V" Definitions

1. "Value proceeding or accruing" means the consideration, whether money, credits, rights, or other property expressed in terms of money, a person is entitled to receive or which is actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer.
2. "Value of products."
 - a. The value of products, including by-products, extracted or manufactured, shall be determined by the gross proceeds derived from the sale thereof whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the purchaser or from any other person with respect to the extraction, manufacture, or sale of such products or by-products by the seller.
 - b. Where such products, including by-products, are extracted or manufactured for commercial or industrial use; and where such products, including by-products, are shipped, transported or transferred out of the City, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sale are not indicative of the true value of the subject matter of the sale; the value shall correspond as nearly as possible to the gross proceeds from sales in this state of similar products of like quality and character, and in similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. In the absence of sales of similar products as a guide to value, such value may be determined upon a cost basis. In such cases, there shall be included every item of cost attributable to the particular article or article extracted or manufactured, including direct and indirect overhead costs. The Director may prescribe rules for the purpose of ascertaining such values.
 - c. Notwithstanding subsection (b) above, the value of a product manufactured or produced for purposes of serving as a prototype for the development of a new or improved product shall correspond to;
 - i. the retail selling price of such new or improved product when first offered for sale; or
 - ii. the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

W. "W" Definitions

1. "Wholesaling" means engaging in the activity of making sales at wholesale, and is reported under the wholesaling classification.

X. "X, Y, and Z" Definitions (Reserved)

SMC 3.22.040 Agency – Sales and services by agent, consignee, bailee, factor or auctioneer.

A. Sales in Own Name – Sales or Purchases as Agent. Every person, including agents, consignees, bailees, factors or auctioneers having either actual or constructive possession of tangible personal property or having possession of the documents of title thereto, with power to sell such tangible personal property in the person's own name and actually so selling shall be deemed the seller of such tangible personal property within the meaning of this chapter.

The burden shall be upon the taxpayer in every case to establish the fact that such taxpayer is not engaged in the business of selling tangible personal property but is acting merely as broker or agent in promoting sales or making purchases for a principal. Such claim will be recognized only when the contract or agreement between such persons clearly establishes the relationship of principal and agent and when the following conditions are complied with:

1. The books and records of the broker or agent show the transactions were made in the name and for the account of the principal, and show the name of the actual owner of the property for whom the sale was made, or the actual buyer for whom the purchase was made.
2. The books and records show the amount of the principal's gross sales, the amount of commissions and any other incidental income derived by the broker or agent from such sales. The principal's gross sales must not be reflected as the agent's income on any of the agent's books and records. Commissions must be computed according to a set percentage or amount, which is agreed upon in the agency agreement.
3. No ownership rights may be conferred to the agent unless the principal refuses to pay, or refuses to abide by the agency agreement. Sales or purchases of any goods by a person who has any ownership rights in such goods shall be taxed as retail or wholesale sales.
4. Bulk goods sold or purchased on behalf of a principal must not be co-mingled with goods belonging to another principal or lose their identity as belonging to the particular principal. Sales or purchases of any goods which have been co-mingled or lost their identity as belonging to the principal shall be taxed as retail or wholesale sales.

B. If the above requirements are not met the consignor, bailor, principal or other shall be deemed a seller of such property to the agent, consignee, bailee, factor or auctioneer.

C. Services in Own Name – Procuring Services as Agent. For purposes of this subsection, an agent is a person who acts under the direction and control of the principal in procuring services on behalf of the principal that the person could not itself render or supply. Amounts received by an agent for the account of its principal as advances or reimbursements are exempted from the measure of the tax only when the agent is not primarily or secondarily liable to pay for the services procured.

Any person who claims to be acting merely as agent in obtaining services for a principal will have such claim recognized only when the contract or agreement between such persons clearly establishes the relationship of principal and agent and when the following conditions are complied with:

1. The books and records of the agent show that the services were obtained in the name and for the account of the principal, and show the actual principal for whom the purchase was made.
2. The books and records show the amount of the service that was obtained for the principal, the amount of commissions and any other income derived by the agent for acting as such. Amounts received from the principal as advances and reimbursements must not be reflected as the agent's income on any of the agent's books and records. Commissions must be computed according to a set percentage or amount, which is agreed upon in the agency agreement.

SMC 3.22.050 Imposition of the tax - tax or fee levied.

- A. Except as provided in subsection (B) of this section, there is hereby levied upon and shall be collected from every person a tax for the act or privilege of engaging in business activities within the City, whether the person's office or place of business be within or without the City. The tax shall be in amounts to be determined by application of rates against gross proceeds of sale, gross income of business, or value of products, including by-products, as the case may be, as follows:
 1. Upon every person engaging within the City in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, extracted within the City for sale or for commercial or industrial use, multiplied by the rate of .1 of one percent (.001). The measure of the tax is the value of the products, including by-products, so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the City.
 2. Upon every person engaging within the City in business as a manufacturer, as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured within the City, multiplied by the rate of .1 of one percent (.001). The measure of the tax is the value of the products, including by-products, so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the City.
 3. Upon every person engaging within the City in the business of making sales at wholesale, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of .1 of one percent (.001).
 4. Upon every person engaging within the City in the business of making sales at retail, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business, without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate .1 of one percent (.001)

5. Upon every person engaging within the City in the business of (i) printing, (ii) both printing and publishing newspapers, magazines, periodicals, books, music, and other printed items, (iii) publishing newspapers, magazines and periodicals, (iv) extracting for hire, and (v) processing for hire; as to such persons, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of .1 of one percent (.001).
6. Upon every person engaging within the City in the business of making sales of retail services; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales multiplied by the rate of .1 of one percent (.001).
7. Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in the above subsections; as to such persons, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of .2 of one percent (.002).

This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, merger or other than by outright sale), persons engaged in the business of developing, or producing custom software or of customizing canned software, producing royalties or commissions, and persons engaged in the business of rendering any type of service which shall not constitute a sale at retail, a sale at wholesale, or a retail service.

- B. The gross receipts tax imposed in this section shall not apply to any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the City during any calendar year is equal to or less than US\$200,000, or is equal to or less than US\$50,000 during any quarter if on a quarterly reporting basis.

SMC 3.22.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.

- A. Persons who engage in business activities that are within the purview of two (2) or more subsections of SMC 3.22.050(A) shall be taxable under each applicable subsection.
- B. Notwithstanding anything to the contrary herein, if imposition of the City's Business and Occupation Tax would place an undue burden upon interstate commerce or violate constitutional requirements, a taxpayer shall be allowed a credit to the extent necessary to preserve the validity of the City's Tax, and still apply the City's Tax to as much of the taxpayer's activities as may be subject to the City's taxing authority.
- C. To take the credit authorized by this section, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied.

- D. Credit for persons that sell in the City products that they extract or manufacture. Persons taxable under the retailing or wholesaling classification with respect to selling products in the City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid:

1. With respect to the manufacturing of the products sold in the City, and
2. With respect to the extracting of the products, or the ingredients used in the products, sold in the City.

The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

- E. Credit for persons that manufacture products in the City using ingredients they extract. Persons taxable under the manufacturing classification with respect to manufacturing products in the City shall be allowed a credit against those taxes for any eligible gross receipts tax paid with respect to extracting the ingredients of the products manufactured in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the manufacturing of those products.

- F. Credit for persons that sell within the City products that they print, or publish and print. Persons taxable under the retailing or wholesaling classification with respect to selling products in the City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid with respect to the printing, or the printing and publishing, of the products sold within the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

SMC 3.22.075 Deductions to prevent multiple taxation of manufacturing activities. A person manufacturing products within the City using products manufactured by the same person outside the City may deduct from the measure of the manufacturing tax the value of products manufactured outside the City and included in the measure of an eligible gross receipts tax paid to the other jurisdiction with respect to manufacturing such products

SMC 3.22.076 Assignment of gross income derived from intangibles.

Gross income derived from the sale of intangibles such as royalties, trademarks, patents, or goodwill shall be assigned to the jurisdiction where the person is domiciled. Domiciled shall mean the location of a person's headquarters.

SMC 3.22.077 Allocation and apportionment of income when activities take place in more than one jurisdiction.

Gross income, other than persons subject to the provisions of chapter 82.14A RCW, shall be allocated and apportioned as follows:

- A. Gross income derived from all activities other than those taxed as service or royalties under SMC 3.22.050(A)(7) shall be allocated to the location where the activity takes place.
- B. In the case of sales of tangible personal property, the activity takes place where delivery to the buyer occurs.

- C. In the case of sales of digital products, the activity takes place where delivery to the buyer occurs. The delivery of digital products will be deemed to occur at:
1. The seller's place of business if the purchaser receives the digital product at the seller's place of business;
 2. If not received at the seller's place of business, the location where the purchaser or the purchaser's donee, designated as such by the purchaser, receives the digital product, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller;
 3. If the location where the purchaser or the purchaser's donee receives the digital product is not known, the purchaser's address maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;
 4. If no address for the purchaser is maintained in the ordinary course of the seller's business, the purchaser's address obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and
 5. If no address for the purchaser is obtained during the consummation of the sale, the address where the digital good or digital code is first made available for transmission by the seller or the address from which the digital automated service or service described in RCW 82.04.050(2)(g) or 82.04.050(6)(b) was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.
- D. If none of the methods in subsection C of this section for determining where the delivery of digital products occurs are available after a good faith effort by the taxpayer to apply the methods provided in subsections SMC 3.22.077(C)(1) through .077(C)(5) of this section, then the City and the taxpayer may mutually agree to employ any other method to effectuate an equitable allocation of income from the sale of digital products. The taxpayer will be responsible for petitioning the City to use an alternative method under this subsection, SMC 3.22.077(D). The City may employ an alternative method for allocating the income from the sale of digital products if the methods provided in subsections SMC 3.22.077(C)(1) through .077(C)(5) are not available and the taxpayer and the City are unable to mutually agree on an alternative method to effectuate an equitable allocation of income from the sale of digital products.
- E. For purposes of subsections SMC 3.22.077(C)(1) through .077(C)(5), "Receive" has the same meaning as in RCW 82.32.730.
- F. Gross income derived from activities taxed as services and other activities taxed under SMC 3.22.050(A)(7) shall be apportioned to the City by multiplying apportionable income by a fraction, the numerator of which is the payroll factor plus the service-income factor and the denominator of which is two.
1. The payroll factor is a fraction, the numerator of which is the total amount paid in the City during the tax period by the taxpayer for compensation and the

denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the City if:

- a. The individual is primarily assigned within the City;
 - b. The individual is not primarily assigned to any place of business for the tax period and the employee performs fifty percent or more of his or her service for the tax period in the City; or
 - c. The individual is not primarily assigned to any place of business for the tax period, the individual does not perform fifty percent or more of his or her service in any City and the employee resides in the City.
2. The service income factor is a fraction, the numerator of which is the total service income of the taxpayer in the City during the tax period, and the denominator of which is the total service income of the taxpayer everywhere during the tax period. Service income is in the City if:
 - a. The customer location is in the City; or
 - b. The income-producing activity is performed in more than one location and a greater proportion of the service-income-producing activity is performed in the City than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or
 - c. The service-income-producing activity is performed within the City, and the taxpayer is not taxable in the customer location.
3. If the allocation and apportionment provisions of this subsection do not fairly represent the extent of the taxpayer's business activity in the City or cities in which the taxpayer does business, the taxpayer may petition for or the tax administrators may jointly require, in respect to all or any part of the taxpayer's business activity, that one of the following methods be used jointly by the cities to allocate or apportion gross income, if reasonable:
 - a. Separate accounting;
 - b. The use of a single factor;
 - c. The inclusion of one or more additional factors that will fairly represent the taxpayer's business activity in the City; or
 - d. The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

G. The definitions in this subsection apply throughout this section:

1. "Apportionable income" means the gross income of the business taxable under the service classifications of a City's gross receipts tax, including income received from activities outside the City if the income would be taxable under the service classification if received from activities within the City, less any exemptions or deductions available.

2. "Compensation" means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual's gross income under the federal internal revenue code.
 3. "Customer location" means the city or unincorporated area of a county where the majority of the contacts between the taxpayer and the customer take place.
 4. "Individual" means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.
 5. "Primarily assigned" means the business location of the taxpayer where the individual performs his or her duties.
 6. "Service-taxable income" or "service income" means gross income of the business subject to tax under either the service or royalty classification.
 7. "Tax period" means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than once per year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.
 8. "Taxable in the customer location" means either that a taxpayer is subject to a gross receipts tax in the customer location for the privilege of doing business, or that the government where the customer is located has the authority to subject the taxpayer to gross receipts tax regardless of whether, in fact, the government does so.
- H. Assignment or apportionment of revenue under this Section shall be made in accordance with and in full compliance with the provisions of the interstate commerce clause of the United States Constitution where applicable.

SMC 3.22.078 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction.

Notwithstanding RCW 35.102.130, gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, shall be allocated to the principal place in this state from which the taxpayer's business is directed or managed. As used in this section, the activities of printing, and of publishing newspapers, periodicals, or magazines, have the same meanings as attributed to those terms in RCW 82.04.280(1) by the department of revenue.

SMC 3.22.080 Reserved

SMC 3.22.090 Exemptions.

- A. Tax Exemption Thresholds. This chapter shall not apply to any person engaged in any one or more business activities which are otherwise taxable pursuant to SMC 3.22.050, when the value of products, gross proceeds of sale, or gross income of business, less applicable deductions and exemptions, is less than or equal to US\$200,000 for an annual reporting period, regardless of assigned reporting frequency. The annual exemption amount may be divided by the assigned filing frequency and applied to each return due and payable during the year. It is the taxpayer's responsibility to reconcile the exemption taken during the year to the allowable annual deduction. The administrative provisions in

SMC 3.23.090 and 3.23.100 apply to any underpayment or overpayment of tax resulting from such reconciliation.

- B. City Taxes. This chapter shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of:
 - 1. SMC Chapter 3.32 Utility Tax
 - 2. SMC Chapter 3.30 Gambling Tax
- C. Investments - dividends from subsidiary corporations. This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.
- D. Insurance business. This chapter shall not apply to amounts received by any person who is an insurer or their appointed insurance producer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020, and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor.
- E. Employees.
 - 1. This chapter shall not apply to any person in respect to the person's employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined in the Internal Revenue Code, as hereafter amended.
 - 2. A booth renter is an independent contractor for purposes of this chapter.
- F. Amounts derived from sale of real estate. This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of thirty (30) calendar days or longer.
- G. Mortgage brokers' third-party provider services trust accounts. This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.
- H. Amounts derived from manufacturing, selling or distributing motor vehicle fuel. This chapter shall not apply to the manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW

82.36.440, provided that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

- I. Amounts derived from liquor, and the sale or distribution of liquor. This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempt in RCW 66.08.120.
- J. Casual and isolated sales. This chapter shall not apply to the gross proceeds derived from casual or isolated sales.
- K. Accommodation sales. This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail sales of the type of property so sold to other persons similarly engaged in the business of selling such property where:
 - 1. The amount paid by the buyer shall not exceed the amount paid by the seller to the vendor in the acquisition of the article, and
 - 2. The sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within fourteen (14) calendar days to reimburse in kind a previous accommodation sale by the buyer to the seller.
- L. Taxes collected as trust funds. This chapter shall not apply to amounts collected by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax, and admission tax.
- M. Nonprofit Corporations or Nonprofit Organizations. This chapter shall not apply to nonprofit organizations exempt from federal income tax under Section 501(c)(3), (4), or (7) of the Internal Revenue Code, as hereafter amended, except with respect to retail sales of such persons.
- N. City of Shoreline. The city of Shoreline is exempt from the tax levied by this chapter

SMC 3.22.100 Deductions. In computing the license fee or tax, there may be deducted from the measure of tax the following items:

- A. Receipts from tangible personal property delivered outside the State. In computing tax, there may be deducted from the measure of tax under retailing or wholesaling amounts derived from the sale of tangible personal property that is delivered by the seller to the buyer or the buyer's representative at a location outside the State of Washington.
- B. Cash discount taken by purchaser. In computing tax, there may be deducted from the measure of tax the cash discount amounts actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extracting or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the "value of product" provisions.

- C. Credit losses of accrual basis taxpayers. In computing tax, there may be deducted from the measure of tax the amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.
- D. Constitutional prohibitions. In computing tax, there may be deducted from the measure of the tax amounts derived from business which the City is prohibited from taxing under the Constitution of the State of Washington or the Constitution of the United States.
- E. Receipts From the Sale of Tangible Personal Property and Retail Services Delivered Outside the City but Within Washington. Amounts included in the gross receipts reported on the tax return derived from the sale of tangible personal property delivered to the buyer or the buyer's representative outside the City but within the State of Washington may be deducted from the measure of tax under the retailing, retail services, or wholesaling classification.
- F. Professional employer services. In computing the tax, a professional employer organization may deduct from the calculation of gross income the gross income of the business derived from performing professional employer services that is equal to the portion of the fee charged to a client that represents the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer agreement.
- G. Interest on investments or loans secured by mortgages or deeds of trust. In computing tax, to the extent permitted by Chapter 82.14A RCW, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on non-transient residential properties.

SMC 3.22.120 Tax part of overhead.

It is not the intention of this chapter that the taxes or fees herein levied upon persons engaging in business be construed as taxes or fees upon the purchasers or customer, but that such taxes or fees shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes or fees shall constitute a part of the cost of doing business of such persons.

3.22.130 Severability Clause.

If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

Ordinance No. 808
Exhibit B

Chapter 3.23 Tax Administrative Code

SMC 3.23.010 Purpose. The purpose of this chapter is to provide administrative guidelines and provisions to implement, administer, and enforce taxes imposed by the City of Shoreline.

SMC 3.23.015 Application of chapter stated. The provisions of this chapter shall apply with respect to the taxes imposed under chapter 3.22 SMC Business and Occupation Tax, chapter 3.30 SMC Gambling Tax; chapter 3.32 Utility Tax; and to such other chapters and sections of the Shoreline Municipal Code in such manner and to such extent as expressly indicated in each such chapter or section.

SMC 3.23.020 Definitions.

- A. For purposes of this chapter, the definitions contained in chapter 3.22 SMC shall apply equally to the provisions of this chapter unless the term is defined otherwise in this chapter. In addition, the following definitions will apply.
1. "Active nonreporter" means a person who has been assigned a status by the Director that permits the person not to file a Return unless the person's gross receipts exceed the exemption threshold establish in chapter 3.22 SMC.
 2. "Day" means, unless otherwise provided, a calendar day.
 3. "Department" means, unless otherwise provided, the Administrative Services Department of the City of Shoreline. Where provisions of Chapter 82.32 RCW are incorporated in SMC 3.23.090 of this chapter, "Department" as used in the RCW shall refer to the "Director."
 4. "Director" means the finance director of the City of Shoreline or any officer, agent or employee of the City designated to act on the director's behalf. The finance director is also known as the Administrative Services Director.
 5. "Reporting period" means:
 - a. A one-month period beginning the first day of each calendar month (monthly); or
 - b. A three-month period beginning the first day of January, April, July or October of each year (quarterly); or
 - c. A twelve-month period beginning the first day of January of each year (annual).
 6. "Return" means any document a person is required by the City to file to satisfy or establish a tax or fee obligation that is administered or collected by the City and that has a statutorily defined due date.
 7. "Successor" means any person to whom a taxpayer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys, directly or indirectly, in bulk and not in the ordinary course of the taxpayer's business, any part of the materials, supplies, merchandise, inventory, fixtures, or equipment of the taxpayer. Any person obligated to fulfill the terms of a contract shall be deemed a successor to any contractor defaulting in the performance of any contract as to which such person is a surety or guarantor.
 8. "Tax year," "taxable year" " means the calendar year.

- B. Where provisions of Chapter 82.32 RCW are incorporated in SMC 3.23.090 of this chapter, "warrant" as used in the RCW shall mean "citation or criminal complaint."

SMC 3.23.030 Registration certificate requirements.

- A. Any person who engages in any business or performs any act that is subject to the provisions of SMC Title 5 and any other applicable chapters or sections of the SMC, even if that person is not subject to any tax imposed pursuant to the SMC, shall apply obtain a license from the City pursuant to SMC Title 5.
- B. No person shall engage in any business without first having obtained a license pursuant to SMC Title 5.
- C. The City business license shall serve as the certificate for this chapter.

SMC 3.23.040 When due and payable - Reporting periods - Monthly, quarterly, and annual returns - Threshold provisions or Relief from filing requirements - Computing time periods - Failure to file returns.

- A. Other than any annual license fee pursuant to SMC Title 5, the tax imposed by chapters 3.22 SMC, 3.30 SMC, and 3.32 SMC, and any other applicable chapters or sections, shall be due and payable in quarterly installments. At the Director's discretion, businesses may be assigned to a monthly, annual, or active nonreporter reporting period depending on the tax amount owing or type of tax. Tax payments are due on or before the last day of the next month following the end of the assigned reporting period covered by the return.
- B. Taxes shall be paid as provided in this chapter and accompanied by a return on forms as prescribed by the Director. The return shall be signed by the taxpayer personally or by a responsible officer or agent of the taxpayer. The individual signing the return shall swear or affirm that the information in the return is complete and true.
- C. Tax returns must be filed and returned by the due date whether or not any tax is owed.
- D. For purposes of the tax imposed by chapters 3.22 SMC, any person, not placed on an active nonreporter status by the Director, whose value of products, gross proceeds of sales, or gross income of the business, subject to tax after all allowable deductions, is equal to or less than Two Hundred Thousand Dollars (US\$200,000) in the current calendar year shall file a return, declare no tax due on their return, and submit the return to the Director. The gross receipts and deduction amounts shall be entered on the tax return even though no tax may be due.
- E. A taxpayer that commences to engage in business activity shall file a return and pay the tax or fee for the portion of the reporting period during which the taxpayer is engaged in business activity.
- F. Except as otherwise specifically provided by any other provision of this chapter, in computing any period of days prescribed by this chapter the day of the act or event from which the designated period of time runs shall not be included. The last day of the period shall be included unless it is a Saturday, Sunday, or City or Federal legal holiday, in which case the last day of such period shall be the next succeeding day which is neither a Saturday, Sunday, or City or Federal legal holiday.
- G. If any taxpayer fails, neglects or refuses to make a return as and when required in this chapter, the Director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the Director's estimate of the tax or fees due. Such assessment shall be deemed prima facie correct and shall be the amount of tax owed to the City by the taxpayer. The Director shall notify the taxpayer by mail of the amount of tax so determined, together with any penalty, interest, and fees due; the total of such amounts shall thereupon become immediately due and payable.

SMC 3.23.050 Payment methods - Mailing returns or remittances - Time extension - Deposits - Recording payments - Payment must accompany return - NSF checks.

- A. Taxes shall be paid to the City of Shoreline in United States currency by bank draft, certified check, cashier's check, personal check, money order, cash, or by wire transfer or electronic payment if such wire transfer or electronic payment is authorized by the Director. If payment so received is not paid by the bank on which it is drawn, the taxpayer, by whom such payment is tendered, shall remain liable for payment of the tax and for all legal penalties, the same as if such payment had not been tendered.

Acceptance of any sum by the Director shall not discharge the tax or fee due unless the amount paid is the full amount due.

- B. A return or remittance that is transmitted to the City by United States mail shall be deemed filed or received on the date shown by the cancellation mark stamped by the U.S. Post Office upon the envelope containing it. The Director may allow electronic filing of returns or remittances from any taxpayer. A return or remittance which is transmitted to the City electronically shall be deemed filed or received according to procedures set forth by the Director.
- C. If a written request is received prior to the due date, the Director, for good cause, may grant, in writing, additional time within which to make and file returns.
- D. The Director shall keep full and accurate records of all funds received or refunded. The Director shall apply payments first against all penalties and interest owing, and then upon the tax, without regard to any direction of the taxpayer.
- E. For any return not accompanied by a remittance of the tax shown to be due thereon, the taxpayer shall be deemed to have failed or refused to file a return and shall be subject to the penalties and interest provided in this chapter.
- F. Any payment made that is returned for lack of sufficient funds or for any other reason will not be considered received until payment by certified check, money order, or cash of the original amount due, plus a "non-sufficient funds" (NSF) charge of twenty dollars (US\$20.00) is received by the Director. Any license issued upon payment with a NSF check will be considered void, and shall be returned to the Director. No license shall be reissued until payment (including the twenty dollars (US\$20.00) NSF fee) is received.
- G. The Director is authorized, but not required, to mail tax return forms to taxpayers, but failure of the taxpayer to receive any such forms shall not excuse the taxpayer from filing returns and making payment of the taxes or fees, when and as due under this chapter.

SMC 3.23.060 Records to be preserved - Examination - Estoppel to question assessment.

- A. Every person liable for any fee or tax imposed by the applicable chapters of the SMC shall keep and preserve, for a period of five (5) years after filing a tax return, such records as may be necessary to determine the amount of any fee or tax for which the person may be liable; which records shall include copies of all federal income tax and state tax returns and reports made by the person. All books, records, papers, invoices, vendor lists, inventories, stocks of merchandise, and other data including federal income tax and state tax returns and reports shall be open for examination at any time by the Director or its duly authorized agent. Every person's business premises shall be open for inspection or examination by the Director or a duly authorized agent.
- B. If a person does not keep the necessary books and records within the City, it shall be sufficient if such person:
 - 1. Produces within the City such books and records as may be required by the Director, or
 - 2. Bears the cost of examination by the Director's agent at the place where such books and records are kept; provided that the person electing to bear such cost shall pay in advance to the Director the estimated amount thereof including round-trip fare, lodging, meals and incidental expenses, subject to adjustment upon completion of the examination.
 - 3. Any person who fails, or refuses a request by the Department or the Director, to provide or make available records, or to allow inspection or examination of the business premises, shall be forever barred from questioning in any court action, the correctness of any assessment of taxes made by the City for any period for which such records have not been provided, made available or kept and preserved, or in respect of which inspection or examination of the business premises has been denied. The Director is authorized to determine the amount of the tax or fees payable by obtaining facts and information upon which to base the estimate of the tax or fees due. Such fee or tax assessment shall be deemed prima facie correct and shall be the amount of tax owing the City by the taxpayer. The Director shall notify the taxpayer by mail the amount of tax so

determined, together with any penalty, interest, and fees due; the total of such amounts shall thereupon become immediately due and payable.

SMC 3.23.070 Accounting methods.

- A. A taxpayer may file tax returns in each reporting period with amounts based upon cash receipts only if the taxpayer's books of account are kept on a cash receipts basis. A taxpayer that does not regularly keep books of account on a cash receipts basis must file returns with amounts based on the accrual method.
- B. The taxes imposed and the returns required hereunder shall be upon a calendar year basis.

SMC 3.23.080 Public work contracts - Payment of fee and tax before final payment for work.

The Director may, before issuing any final payment to any person performing any public work contract for the City, require such person to pay in full all license fees or taxes due under the applicable chapters of the SMC from such person on account of such contract or otherwise, and may require such taxpayer to file with the Director a verified list of all subcontractors supplying labor and/or materials to the person in connection with said public work.

SMC 3.23.090 Underpayment of tax, interest, or penalty – Interest.

- A. If, upon examination of any returns, or from other information obtained by the Director, it appears that a tax or penalty less than that properly due has been paid, the Director shall assess the additional amount found to be due and shall add thereto interest on the tax only. The Director shall notify the person by mail of the additional amount, which shall become due and shall be paid within thirty (30) days from the date of the notice, or within such time as the Director may provide in writing.
- B. The Director shall compute interest in accordance with RCW 82.32.050 as it now exists or as it may be amended. If this provision is held to be invalid, then the provisions of RCW 82.32.050 existing at the effective date of this ordinance shall apply.

SMC 3.23.095 Time in which assessment may be made.

The Director shall not assess, or correct an assessment for, additional taxes, penalties, or interest due more than four (4) years after the close of the calendar year in which they were incurred, except that the Director may issue an assessment:

- A. Against a person who is not currently registered or licensed or has not filed a tax return as required by this chapter for taxes due within the period commencing 10 years prior to the close of the calendar year in which the person was contacted in writing by the Director;
- B. Against a person that has committed fraud or who misrepresented a material fact; or
- C. Against a person that has executed a written waiver of such limitations.

SMC 3.23.100 Over payment of tax, penalty, or interest - Credit or refund - Interest rate - Statute of limitations.

- A. If, upon receipt of an application for a refund, or during an audit or examination of the taxpayer's records and tax returns, the Director determines that the amount of tax, penalty, or interest paid is in excess of that properly due, the excess amount shall be credited to the taxpayer's account or shall be refunded to the taxpayer. Except as provided in subsection (B) of this section, no refund or credit shall be made for taxes, penalties, or interest paid more than four (4) years prior to the beginning of the calendar year in which the refund application is made or examination of records is completed.
- B. The execution of a written waiver shall extend the time for applying for, or making a refund or credit of any taxes paid during, or attributable to, the years covered by the waiver if, prior to the expiration of the waiver period, an application for refund of such taxes is made by the taxpayer or the Director discovers that a refund or credit is due.
- C. Refunds shall be made by means of vouchers approved by the Director and by the issuance of a City check or warrants drawn upon and payable from such funds as the City may provide.

- D. Any final judgment for which a recovery is granted by any court of competent jurisdiction for tax, penalties, interest, or costs paid by any person shall be paid in the same manner, as provided in subsection (C) of this section, upon the filing with the Director a certified copy of the order or judgment of the court.
- E. The Director shall compute interest on refunds or credits of amounts paid or other recovery allowed a taxpayer in accordance with RCW 82.32.060 as it now exists or as it may be amended. If this provision is held to be invalid, then the provisions of RCW 82.32.060 existing at the effective date of this ordinance shall apply

SMC 3.23.110 Late payment - Disregard of written instructions - Evasion - Penalties.

- A. If payment of any tax due on a return to be filed by a taxpayer is not received by the Director by the due date, the Director shall add a penalty in accordance with RCW 82.32.090(1), as it now exists or as it may be amended.
- B. If the Director determines that any tax has been substantially underpaid as defined in RCW 82.32.090(2), there shall be added a penalty in accordance with RCW 82.32.090(2), as it now exists or as it may be amended.
- C. If a citation or criminal complaint is issued by the Director for the collection of taxes, fees, assessments, interest or penalties, there shall be added thereto a penalty in accordance with RCW 82.32.090(3), as it now exists or as it may be amended.
- D. If the Director finds that a person has engaged in any business or performed any act upon which a tax is imposed under this title and that person has not obtained from the Director a license as required by Title SMC 5, the Director shall impose a penalty in accordance with RCW 82.32.090(4), as it now exists or as it may be Amended. No penalty shall be imposed under this provision if the person who has engaged in business without a license obtains a license prior to being notified by the Director of the need to be licensed.
- E. If the Director determines that all or any part of a deficiency resulted from the taxpayer's failure to follow specific written tax reporting instructions, there shall be assessed a penalty in accordance with RCW 82.32.090(5), as it now exists or as it may be amended
- F. If the Director finds that all or any part of the deficiency resulted from an intent to evade the tax payable, the Director shall assess a penalty in accordance with RCW 82.32.090(6), as it now exists or as it may be amended.
- G. The penalties imposed under subsections (A) through (E) above of this section can each be imposed on the same tax found to be due. This provision does not prohibit or restrict the application of other penalties authorized by law.
- H. The Director shall not impose both the evasion penalty and the penalty for disregarding specific written instructions on the same tax found to be due.
- I. For the purposes of this section, "return" means any document a person is required by the City of Shoreline to file to satisfy or establish a tax or fee obligation that is administered or collected by the City, and that has a statutorily defined due date.
- J. If incorporation into the City of Shoreline Municipal Code of future changes to RCW 82.32.090 is deemed invalid, then the provisions of RCW 82.32.090 existing at the time this ordinance is effective shall apply.

SMC 3.23.120 Cancellation of penalties.

- A. The Director may cancel any penalties imposed under SMC 3.23.110(A) if the taxpayer shows that its failure to timely file or pay the tax was due to reasonable cause and not willful neglect. Willful neglect is presumed unless the taxpayer shows that it exercised ordinary business care and prudence in making arrangements to file the return and pay the tax but was, nevertheless, due to circumstances beyond the taxpayer's control, unable to file or pay by the due date. The Director has no authority to cancel any other penalties or to cancel penalties for any other reason except as provided in subsection (C) of this section.

- B. A request for cancellation of penalties must be received by the Director within thirty (30) calendar days after the date the Department mails the notice that the penalties are due. The request must be in writing and contain competent proof of all pertinent facts supporting a reasonable cause determination. In all cases the burden of proving the facts rests upon the taxpayer.
- C. The Director may cancel the penalties imposed under SMC 3.23.110(A) one time if a person:
 - 1. Is not currently licensed and filing returns,
 - 2. Was unaware of its responsibility to file and pay tax, and
 - 3. Obtained business licenses and filed past due tax returns within thirty (30) calendar days after being notified by the Department.
- D. The Director shall not cancel any interest charged upon amounts due.

SMC 3.23.130 Taxpayer quitting business - Liability of successor.

- A. Whenever any taxpayer quits business, sells out, exchanges, or otherwise disposes of his business or his stock of goods, any tax payable hereunder shall become immediately due and payable. Such taxpayer shall, within ten (10) calendar days thereafter, make a return and pay the tax due.
- B. Any person who becomes a successor shall become liable for the full amount of any tax owing. The successor shall withhold from the purchase price a sum sufficient to pay any tax due to the city from the taxpayer until such time as:
 - 1. The taxpayer shall produce a receipt from the City showing payment in full of any tax due or a certificate that no tax is due, or
 - 2. More than six (6) months has passed since the successor notified the Director of the acquisition and the Director has not issued and notified the successor of an assessment.
- A. Payment of the tax by the successor shall, to the extent thereof, be deemed a payment upon the purchase price. If such payment is greater in amount than the purchase price, the amount of the difference shall become a debt due such successor from the taxpayer.
- B. Notwithstanding the above, if a successor gives written notice to the Director of the acquisition, and the Department does not within six (6) months of the date it received the notice issue an assessment against the taxpayer and mail a copy of that assessment to the successor, the successor shall not be liable for the tax.

SMC 3.23.140 Administrative Appeal.

- A. Any person, except one who has failed to comply with SMC 3.23.060, having been issued a notice of additional taxes, delinquent taxes, interest, or penalties assessed by the Director may, within thirty (30) calendar days after the issuance of such notice or within the period covered by any extension of the due date granted by the Director, request a correction of the amount of the assessment and a conference with the Director for review of the assessment. Interest and penalties assessed shall continue to accrue during the Director's review of a request for a correction, except and to the extent that the Director later determines that a tax assessment was too high or the delay in issuing a determination is due to unreasonable delays caused by the Director. The Director shall make a final determination regarding the assessment and shall notify the taxpayer of the Director's determination within sixty (60) calendar days after the conference, unless otherwise notified in writing by the Director. Such determination shall be subject to appeal pursuant to subsection (B) of this section. If no request for correction is filed within the time period provided herein, the assessment covered by such notice shall become final and immediately due and payable, and no appeal to the hearing examiner shall be allowed.
- B. Any person aggrieved by the amount of any fee, tax, interest or penalty determined by the Department to be due under the provisions of this chapter, Chapter 3.22 SMC, Business and Occupation Tax; Chapter 3.32 SMC, Utility Tax; or Chapter 3.30 SMC, Gambling Tax, may appeal such determination pursuant to the following procedures:

1. *Form of appeal.* It must be in writing and must contain the following:
 - a. The name and address of the taxpayer;
 - b. A statement identifying the determination of the Director from which the appeal is taken;
 - c. A statement setting forth the grounds upon which the appeal is taken and identifying specific errors the Director is alleged to have made in making the determination; and
 - d. A statement identifying the requested relief from the determination being appealed.
2. *Time and place to appeal.* Any appeal shall be filed with the office of the city clerk with a copy to the Director no later than thirty (30) calendar days following the date on which the determination of the Director was mailed to the taxpayer. A US\$500 filing fee shall be submitted with the appeal, which filing fee is required to process the appeal. If no appeal is filed within the time period provided herein, the assessment covered by such notice shall become final and immediately due and payable. No refund request may be made for the audit period covered in that assessment. Failure to follow the appeal procedures in this section shall preclude the taxpayer's right to appeal.
3. *Appeal hearing.* The city's hearing examiner shall, as soon as practical, fix a time and place for the hearing of such appeal, and shall cause a notice of the time and place thereof to be delivered or mailed to the parties. The hearing examiner shall conduct the appeal hearing in accordance with this chapter and procedures developed by the hearing examiner, at which time the appellant taxpayer and the Director shall have the opportunity to be heard and to introduce evidence relevant to the subject of the appeal
4. *Burden of proof.* The appellant taxpayer shall have the burden of proving by a preponderance of the evidence that the determination of the Director is erroneous.
5. *Hearing record.* The hearing examiner shall make an electronic sound recording of each appeal unless the hearing is conducted solely in writing. The hearing examiner may, by subpoena, require the attendance of any person at the hearing, and may also require him or her to produce pertinent books and records. Any person served with such a subpoena shall appear at the time and place therein stated and produce the books and records required, if any, and shall testify truthfully under oath administered by the hearing examiner as to any matter required of him or her pertinent to the appeal; and it shall be unlawful for him or her to fail or refuse to do so. The city attorney shall seek enforcement of a hearing examiner subpoena in an appropriate court.
6. *Decision of the hearing examiner.* Following the hearing, the hearing examiner shall enter a written decision on the appeal, supported by findings and conclusions in support thereof, within fourteen (14) working days of the hearing. A copy of the findings, conclusions, and decision shall be mailed to the appellant taxpayer and to the Director. The written decision shall state the correct amount of the fee, tax, interest or penalty owing.
7. *Interest accrual or payment.* Interest and/or penalties shall continue to accrue on all unpaid amounts, in accordance with SMC 3.23.090 and SMC 3.23.110, notwithstanding the fact that an appeal has been filed. If the hearing examiner determines that the taxpayer is owed a refund, such refund amount shall be paid to the taxpayer in accordance with SMC 3.23.100.

SMC 3.23.150 Judicial Review of Director's Determination.

Any person, except one who has failed to comply with SMC 3.23.060, having paid any tax as required and feeling aggrieved by the amount of the tax assessed, and after first exhausting the right of administrative appeal set forth in this chapter, may seek judicial review in the King County Superior Court within twenty-one (21)

calendar days of the date of the decision of the Hearing Examiner. The taxpayer shall set forth the amount of the tax imposed upon the taxpayer that the taxpayer concedes to be the correct amount of tax and the reason why the tax imposed should be reduced or abated. The trial in the Superior Court shall be de novo in accordance with the laws of the State of Washington. The burden shall rest upon the taxpayer to prove that the tax paid by the taxpayer is incorrect, either in whole or in part, and to establish the correct amount of the tax.

SMC 3.23.160 Director to make rules.

The Director shall have the power, from time to time, to adopt, publish and enforce rules and regulations not inconsistent with this chapter or with law for the purpose of carrying out the provisions of this chapter and it shall be unlawful to violate or fail to comply with, any such rule or regulation.

SMC 3.23.170 Ancillary allocation authority of Director.

The Director is authorized to enter into agreements with other Washington cities which impose an "eligible gross receipts tax":

- A. To conduct an audit or joint audit of a taxpayer by using an auditor employed by the City of Shoreline, another city, or a contract auditor, provided, that such contract auditor's pay is not in any way based upon the amount of tax assessed;
- B. To allocate or apportion in a manner that fairly reflects the gross receipts earned from activities conducted within the respective cities the gross proceeds of sales, gross receipts, or gross income of the business, or taxes due from any person that is required to pay an eligible gross receipts tax to more than one Washington city; and
- C. To apply the City's tax prospectively where a taxpayer has no office or place of business within the City and has paid tax on all gross income to another Washington city where the taxpayer is located; provided that the other city maintains an eligible gross receipts tax, and the income was not derived from contracts with the City.

SMC 3.23.180 Mailing of Notices.

Any notice required by this chapter to be mailed to any taxpayer or licensee shall be sent by ordinary U.S. mail, addressed to the address of the taxpayer or licensee as shown by the records of the City. Failure of the taxpayer or licensee to receive any such mailed notice shall not release the taxpayer or licensee from any tax, fee, interest, or any penalties thereon, nor shall such failure operate to extend any time limit set by the provisions of this chapter. It is the responsibility of the taxpayer to inform the Director in writing about a change in the taxpayer's address.

SMC 3.23.190 Tax declared additional.

The license fee and tax herein levied shall be additional to any license fee or tax imposed or levied under any law or any other ordinance of the City of Shoreline except as herein otherwise expressly provided.

SMC 3.23.200 Public disclosure - Confidentiality - Information sharing.

- A. For purposes of this section, in addition to the following, defined terms shall be as set forth in SMC 1.05.050, SMC 3.22.030, and SMC 3.23.020:

1. "Disclose" means to make known to any person in any manner whatever a return or tax information.
2. "Tax information" means:
 - a. A taxpayer's identity;
 - b. The nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemption, credits, assets, liability, net worth, tax liability deficiencies, over assessments, or tax payments, whether taken from the taxpayer's books and records or any other source;

- c. Whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing; or
 - d. Other data received by, recorded by, prepared by, or provided to the City with respect to the determination or the existence, or possible existence, of liability, or the amount thereof, of a person under Chapter 3.22 SMC for a tax, penalty, interest, fine, forfeiture, or other imposition, or offense. However, data, material, or documents that do not disclose information related to a specific or identifiable taxpayer do not constitute tax information under this section. Nothing in this chapter requires any person possessing data, material, or documents made confidential and privileged by this section to delete information from such data, material or documents so as to permit its disclosure.
- 3. "City agency" means every city office, Department, division, bureau, board, commission, or other city agency.
- 4. "Taxpayer identity" means the taxpayer's name, address, telephone number, registration number, or any combination thereof, or any other information disclosing the identity of the taxpayer.
- B. Returns and tax information are confidential and privileged, and except as authorized by this section, neither the Director nor any other person may disclose any return or tax information.
- C. This section does not prohibit the Director from:
 - 1. Disclosing such return or tax information in a civil or criminal judicial proceeding or an administrative proceeding:
 - a. In respect of any tax imposed under any applicable chapter of the SMC if the taxpayer or its officer or other person liable under this title is a party in the proceeding; or
 - b. In which the taxpayer about whom such return or tax information is sought and another state agency are adverse parties in the proceeding.
 - 2. Disclosing, subject to such requirements and conditions as the Director prescribes by rules adopted pursuant to SMC 3.23.160, such return or tax information regarding a taxpayer to such taxpayer or to such person or persons as that taxpayer may designate in a request for, or consent to, such disclosure, or to any other person, at the taxpayer's request, to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. However, tax information not received from the taxpayer must not be so disclosed if the Director determines that such disclosure would compromise any investigation or litigation by any federal, state, or local government agency in connection with the civil or criminal liability of the taxpayer or another person, or that such disclosure would identify a confidential informant, or that such disclosure is contrary to any agreement entered into by the Department that provides for the reciprocal exchange of information with other government agencies which agreement requires confidentiality with respect to such information unless such information is required to be disclosed to the taxpayer by the order of any court;
 - 3. Publishing statistics so classified as to prevent the identification of particular returns or reports or items thereof;
 - 4. Disclosing such return or tax information, for official purposes only, to the mayor or city attorney, or to any City agency, or to any member of the city council or their authorized

designees dealing with matters of taxation, revenue, trade, commerce, the control of industry or the professions;

5. Permitting the City's records to be audited and examined by the proper state officer, his or her agents and employees;
6. Disclosing any such return or tax information to a peace officer as defined in RCW 9A.04.110 or county prosecuting attorney, for official purposes. The disclosure may be made only in response to a search warrant, subpoena, or other court order, unless the disclosure is for the purpose of criminal tax enforcement. A peace officer or county prosecuting attorney who receives the return or tax information may disclose that return or tax information only for use in the investigation and a related court proceeding, or in the court proceeding for which the return or tax information originally was sought or where otherwise allowed to be disclosed under this section;
7. Disclosing any such return or tax information to the proper officer of the internal revenue service of the United States, the Canadian government or provincial governments of Canada, or to the proper officer of the tax Department of any state or city or town or county, for official purposes, but only if the statutes of the United States, Canada or its provincial governments, or of such other state or city or town or county, as the case may be, grants substantially similar privileges to the proper officers of the City;
8. Disclosing any such return or tax information to the United States Department of justice, including the bureau of alcohol, tobacco, firearms and explosives, the Department of defense, the immigration and customs enforcement and the customs and border protection agencies of the United States Department of homeland security, the United States coast guard, the alcohol and tobacco tax and trade bureau of the United States Department of treasury, and the United States Department of transportation, or any authorized representative of these federal agencies or their successors, for official purposes;
9. Publishing or otherwise disclosing the text of a written determination designated by the Director as a precedent pursuant to RCW 82.32.410;
10. Disclosing, in a manner that is not associated with other tax information, the taxpayer name, entity type, business address, mailing address, revenue tax registration numbers and the active/closed status of such registrations, state or local business license registration identification and the active/closed status and effective dates of such licenses, reseller permit numbers and the expiration date and status of such permits, North American industry classification system or standard industrial classification code of a taxpayer, and the dates of opening and closing of business. Except that this subsection may not be construed as giving authority to the City or any recipient to give, sell, or provide access to any list of taxpayers for any commercial purpose;
11. Disclosing such return or tax information that is also maintained by another Washington state or local governmental agency as a public record available for inspection and copying under the provisions of chapter 42.56 RCW, the Public Records Act, or is a document maintained by a court of record and is not otherwise prohibited from disclosure;
12. Disclosing such return or tax information to the United States Department of agriculture, or successor Department or agency, for the limited purpose of investigating food stamp fraud by retailers;

13. Disclosing to a financial institution, escrow company, or title company, in connection with specific real property that is the subject of a real estate transaction, current amounts due the City for a filed tax warrant, judgment, or lien against the real property;
 14. Disclosing to a person against whom the Department has asserted liability as a successor under SMC 3.23.130 return or tax information pertaining to the specific business of the taxpayer to which the person has succeeded;
 15. Disclosing real estate excise tax affidavit forms filed under Chapter 3.20 SMC in the possession of the City, including real estate excise tax affidavit forms for transactions exempt or otherwise not subject to tax;
 16. Disclosing such return or tax information to the court or hearing examiner in respect to the City's application for a subpoena if there is probable cause to believe that the records in possession of a third party will aid the Director in connection with its official duties under this title or a civil or criminal investigation.
- D. The Director may disclose return or taxpayer information to a person under investigation or during any court or administrative proceeding against a person under investigation as provided in this subsection.
1. The disclosure must be in connection with the Department's official duties under SMC Title 3, or a civil or criminal investigation. The disclosure may occur only when the person under investigation and the person in possession of data, materials, or documents are parties to the return or tax information to be disclosed. The Department may disclose return or tax information such as invoices, contracts, bills, statements, resale or exemption certificates, or checks. However, the Department may not disclose general ledgers, sales or cash receipt journals, check registers, accounts receivable/payable ledgers, general journals, financial statements, expert's workpapers, income tax returns, state tax returns, tax return workpapers, or other similar data, materials, or documents.
 2. Before disclosure of any tax return or tax information under this subsection, the Director must, through written correspondence, inform the person in possession of the data, materials, or documents to be disclosed. The correspondence must clearly identify the data, materials, or documents to be disclosed. The Director may not disclose any tax return or tax information under this subsection until the time period allowed in subsection (D)(3) of this section has expired or until the court has ruled on any challenge brought under subsection (D)(3) of this section.
 3. The person in possession of the data, materials, or documents to be disclosed by the Department has twenty (20) calendars days from the receipt of the written request required under subsection (D)(2) of this section to petition the superior court of the county in which the petitioner resides for injunctive relief. The court must limit or deny the request of the Director if the court determines that:
 - a. The data, materials, or documents sought for disclosure are cumulative or duplicative, or are obtainable from some other source that is more convenient, less burdensome, or less expensive;
 - b. The production of the data, materials, or documents sought would be unduly burdensome or expensive, taking into account the needs of the Department, the amount in controversy, limitations on the petitioner's resources, and the importance of the issues at stake; or

- c. The data, materials, or documents sought for disclosure contain trade secret information that, if disclosed, could harm the petitioner.
 - 4. The Director must reimburse reasonable expenses for the production of data, materials, or documents incurred by the person in possession of the data, materials, or documents to be disclosed.
 - 5. Requesting information under subsection (D)(3) of this section that may indicate that a taxpayer is under investigation does not constitute a disclosure of tax return or tax information under this section.
- E. Service of a subpoena issued by the court or by the hearing examiner pursuant to SMC 3.23.140 or other related authority does not constitute a disclosure of return or tax information under this section. Notwithstanding anything else to the contrary in this section, a person served with a subpoena issued by the court or the hearing examiner may disclose the existence or content of the subpoena to that person's legal counsel.
- F. Any person acquiring knowledge of any return or tax information in the course of his or her employment with the City and any person acquiring knowledge of any return or tax information as provided under subsections (C)(4) through (C)(8) and subsection (C)(11) of this section, who discloses any such return or tax information to another person not entitled to knowledge of such return or tax information under the provisions of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee of the city, such person must forfeit such office or employment and is incapable of holding any public office or employment in this city for a period of two (2) years thereafter.

SMC 3.23.210 Tax constitutes debt.

Any applicable fee or tax due and unpaid under this chapter, and all interest and penalties thereon, shall constitute a debt to the City of Shoreline and may be collected in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

SMC 3.23.220 Unlawful actions - Violation - Penalties.

- A. It shall be unlawful for any person liable for fees under this chapter; Chapter 3.22 SMC, Business and Occupation Tax; Chapter 3.32 SMC, Utility Tax; Chapter 3.30 SMC, Gambling Tax; or SMC Title 5 Business Licenses:
 - 1. To violate or fail to comply with any of the provisions of this chapter or SMC Chapters 3.22, 3.32, 3.30, or SMC Title 5, or any lawful rule or regulation adopted by the Director;
 - 2. To make any false statement on any license application or tax return;
 - 3. To aid or abet any person in any attempt to evade payment of a license fee or tax;
 - 4. To fail to appear or testify in response to a subpoena;
 - 5. To testify falsely in any investigation, audit, or proceeding conducted pursuant to this Chapter.
- B. Violation of any of the provisions of this chapter is a gross misdemeanor. Any person convicted of a violation of this chapter may be punished by a fine not to exceed US\$1,000, imprisonment not to exceed one year, or both fine and imprisonment. Penalties or punishments provided in this chapter shall be in addition to all other penalties provided by law.
- C. Any person, or officer of a corporation, convicted of continuing to engage in business after the revocation of a license shall be guilty of a gross misdemeanor and may be punished by a fine not to exceed US\$5,000, or imprisonment not to exceed one year, or both fine and imprisonment.

SMC 3.23.230 Suspension or Revocation of Business License.

- A. The Director, or designee, shall have the power and authority to suspend or revoke any license issued under the provisions of SMC Title 5 Business and to such other chapters and sections of the Shoreline Municipal Code in such manner and to such extent as expressly indicated in each such chapter or section for failure to pay an applicable tax. The Director, or designee, shall notify such licensee/registrant in writing by certified mail of the intended suspension or revocation of his or her license and the grounds therefor. Any license issued under this chapter may be suspended or revoked based on one or more of the following grounds:
1. The license was procured by fraud or false representation of fact.
 2. The licensee has failed to comply with any provisions of SMC Title 3.
 3. The licensee has failed to comply with any provisions of the Shoreline Municipal Code.
 4. The licensee is in default in any payment of any license fee or tax under SMC Title 3.
 5. The licensee or employee has been convicted of a crime involving the business.
- B. Any licensee may, within thirty (30) calendar days from the date that the suspension or revocation notice was mailed to the licensee, appeal from such suspension or revocation by filing a written notice of appeal (“petition”) setting forth the grounds therefor with the hearing examiner. A copy of the petition must be provided by the licensee to the Director and the city attorney on or before the date the petition is filed with the hearing examiner. The hearing examiner shall set a date for hearing said appeal and notify the licensee by mail of the time and place of the hearing. After the hearing thereon the hearing examiner shall, after appropriate findings of fact, and conclusions of law, affirm, modify, or overrule the suspension or revocation and reinstate the license, and may impose any terms upon the continuance of the license.
- C. No suspension or revocation of a license issued pursuant to the provisions of this subchapter shall take effect until thirty (30) calendar days after the mailing of the notice thereof by the Director, and if appeal is taken as herein prescribed the suspension or revocation shall be stayed pending final action by the hearing examiner. All licenses which are suspended or revoked shall be surrendered to the city on the effective date of such suspension or revocation.
- D. The decision of the hearing examiner shall be final. The licensee and/or the Director may seek review of the decision by the superior court of Washington in and for King County within thirty (30) calendar days from the date of the decision. If review is sought as herein prescribed the suspension or revocation shall be stayed pending final action by the superior court.
- E. Upon revocation of any license as provided in this section no portion of the license fee shall be returned to the licensee.

SMC 3.23.240 Closing agreement provisions.

The Director may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax imposed by any of the chapters within this title and administered by this chapter for any taxable period(s). Upon approval of such agreement, evidenced by execution thereof by the Director and the person so agreeing, the agreement shall be final and conclusive as to the tax liability or tax immunity covered thereby, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact:

- A. The case shall not be reopened as to the matters agreed upon, or the agreement modified, by the Director or the taxpayer, and
- B. In any suit, action or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded.

SMC 3.23.250 Charge-off of uncollectible taxes.

The Director may charge off any tax, penalty, or interest that is owed by a taxpayer, if the Director reasonably ascertains that the cost of collecting such amounts would be greater than the total amount that is owed or likely

to be collected from the taxpayer and otherwise within the Director's authority. Charge-offs in excess of \$5,000 require City Council approval.

SMC 3.23.260 Collection of tax.

Nothing in this chapter precludes the City from pursuing the collection of any fee, tax, interest or penalty due and unpaid to the fullest extent and in any manner authorized by law, including but not limited to the filing of a civil action against the taxpayer for the payment of such debt or the use by the city of a collection agency for such purposes.

SMC 3.23.270 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

Model Ordinance

Final revised version of the City model ordinance for business license tax. Dated October 2012.

The legislative intent information contained in the boxes indicates the intent of the ordinance and provide guidance for courts and administrators in the uniform interpretation of the ordinance. They should not be adopted as part of the ordinance, but as a supporting document to the ordinance.

While the tax provisions of this chapter are intended to provide a uniform methodology for levying a gross receipts tax on business entities, nothing in this chapter should be construed as limiting a city's ability to levy and collect a business privilege tax on any other basis; such as a tax on square footage, a tax on annualized full-time equivalents [head tax], graduated annual license tax, or any other tax calculated on a basis other than a gross receipts tax [gross income of the business, gross proceeds of sales, or value of products multiplied by rates.]

MODEL ORDINANCE CHAPTER ____.

.010 Purpose. [CITY MAY ENACT A "PURPOSE PROVISION" IN THIS SECTION.]

.020 Exercise of revenue license power. The provisions of this chapter shall be deemed an exercise of the power of the City to license for revenue. The provisions of this chapter are subject to periodic statutory or administrative rule changes or judicial interpretations of the ordinances or rules. The responsibility rests with the licensee or taxpayer to reconfirm tax computation procedures and remain in compliance with the City code.

Legislative intent information

This section implements Washington Constitution Article XI, Sec. 12 and RCW 35A.82.020 and 35A.11.020 (code cities); 35.22.280(32) (first class cities); RCW 35.23.440(8) (second class cities); 35.27.370(9) (fourth class cities and towns), which give municipalities the authority to license for revenue. In the absence of a legal or constitutional prohibition, municipalities have the power to define taxation categories as they see fit in order to respond to the unique concerns and responsibilities of local government. See Enterprise Leasing v. City of Tacoma, 139 Wn.2d 546 (1999). It is intended that this model ordinance be uniform among the various municipalities adopting it.

.028 Administrative Provisions. The administrative provisions contained in chapter _____ shall be fully applicable to the provisions of this chapter except as expressly stated to the contrary herein.

.030 Definitions. In construing the provisions of this chapter, the following definitions shall be applied. Words in the singular number shall include the plural, and the plural shall include the singular.

"Business." "Business" includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly. **(Mandatory)**

"Business and occupation tax." "Business and occupation tax" or "gross receipts tax" means a tax imposed on or measured by the value of products, the gross income of the business, or the gross proceeds of sales, as the case may be, and that is the legal liability of the business. **(Mandatory)**

"Commercial or industrial use." "Commercial or industrial use" means the following uses of products, including by-products, by the extractor or manufacturer thereof:

(1) Any use as a consumer; and

(2) The manufacturing of articles, substances or commodities;

"Delivery" means the transfer of possession of tangible personal property between the seller and the buyer or the buyer's representative. Delivery to an employee of a buyer is considered delivery to the buyer. Transfer of possession of tangible personal property occurs when the buyer or the buyer's representative first takes physical control of the property or exercises dominion and control over the property. Dominion and control means the buyer has the ability to put the property to the buyer's own purposes. It means the buyer or the buyer's representative has made the final decision to accept or reject the property, and the seller has no further right to possession of the property and the buyer has no right to return the property to the seller, other than

under a warranty contract. A buyer does not exercise dominion and control over tangible personal property merely by arranging for shipment of the property from the seller to itself. A buyer's representative is a person, other than an employee of the buyer, who is authorized in writing by the buyer to receive tangible personal property and take dominion and control by making the final decision to accept or reject the property. Neither a shipping company nor a seller can serve as a buyer's representative. It is immaterial where the contract of sale is negotiated or where the buyer obtains title to the property. Delivery terms and other provisions of the Uniform Commercial Code (Title 62A RCW) do not determine when or where delivery of tangible personal property occurs for purposes of taxation. **(Mandatory)**

"Digital automated service," "digital code," and "digital goods" have the same meaning as in RCW 82.04.192. (Mandatory)

"Digital products" means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050(2)(g) and (6)(b). (Mandatory)

"Eligible gross receipts tax." The term "eligible gross receipts tax" means a tax which:

- (1) Is imposed on the act or privilege of engaging in business activities within section .050; and
- (2) Is measured by the gross volume of business, in terms of gross receipts and is not an income tax or value added tax; and
- (3) Is not, pursuant to law or custom, separately stated from the sales price; and
- (4) Is not a sales or use tax, business license fee, franchise fee, royalty or severance tax measured by volume or weight, or concession charge, or payment for the use and enjoyment of property, property right or a privilege; and
- (5) Is a tax imposed by a local jurisdiction, whether within or without the State of Washington, and not by a Country, State, Province, or any other non-local jurisdiction above the County level. **(Mandatory)**

[Comment: This definition is worded slightly different from the state's definition (RCW 82.04.440) in that it goes into more detail in describing what constitutes an eligible gross receipts tax. In addition, it makes it very clear that an eligible gross receipts tax for which a credit can be calculated must be imposed at the local level.]

"Engaging in business" - (1) The term "engaging in business" means commencing, conducting, or continuing in business, and also the exercise of corporate or franchise powers, as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

(2) This section sets forth examples of activities that constitute engaging in business in the City, and establishes safe harbors for certain of those activities so that a person who meets the criteria may engage in de minimus business activities in the City without having to register and obtain a business license or pay City business and occupation taxes. The activities listed in this section are illustrative only and are not intended to narrow the definition of "engaging in business" in subsection (1). If an activity is not listed, whether it constitutes engaging in business in the City shall be determined by considering all the facts and circumstances and applicable law.

(3) Without being all inclusive, any one of the following activities conducted within the City by a person, or its employee, agent, representative, independent contractor, broker or another acting on its behalf constitutes engaging in business and requires a person to register and obtain a business license.

- (a) Owning, renting, leasing, maintaining, or having the right to use, or using, tangible personal property, intangible personal property, or real property permanently or temporarily located in the City.
- (b) Owning, renting, leasing, using, or maintaining, an office, place of business, or other establishment in the City.
- (c) Soliciting sales.
- (d) Making repairs or providing maintenance or service to real or tangible personal property, including warranty work and property maintenance.
- (e) Providing technical assistance or service, including quality control, product inspections, warranty work, or similar services on or in connection with tangible personal property sold by the person or on its behalf.
- (f) Installing, constructing, or supervising installation or construction of, real or tangible personal property.
- (g) Soliciting, negotiating, or approving franchise, license, or other similar agreements.
- (h) Collecting current or delinquent accounts.
- (i) Picking up and transporting tangible personal property, solid waste, construction debris, or excavated materials.

- (j) Providing disinfecting and pest control services, employment and labor pool services, home nursing care, janitorial services, appraising, landscape architectural services, security system services, surveying, and real estate services including the listing of homes and managing real property.
 - (k) Rendering professional services such as those provided by accountants, architects, attorneys, auctioneers, consultants, engineers, professional athletes, barbers, baseball clubs and other sports organizations, chemists, consultants, psychologists, court reporters, dentists, doctors, detectives, laboratory operators, teachers, veterinarians.
 - (l) Meeting with customers or potential customers, even when no sales or orders are solicited at the meetings.
 - (m) Training or recruiting agents, representatives, independent contractors, brokers or others, domiciled or operating on a job in the City, acting on its behalf, or for customers or potential customers.
 - (n) Investigating, resolving, or otherwise assisting in resolving customer complaints.
 - (o) In-store stocking or manipulating products or goods, sold to and owned by a customer, regardless of where sale and delivery of the goods took place.
 - (p) Delivering goods in vehicles owned, rented, leased, used, or maintained by the person or another acting on its behalf.
 - (q) Accepting or executing a contract with the City, irrespective of whether goods or services are delivered within or without the City, or whether the person's office or place of business is within or without the City.
- (4) If a person, or its employee, agent, representative, independent contractor, broker or another acting on the person's behalf, engages in no other activities in or with the City but the following, it need not register and obtain a business license and pay tax.
- (a) Meeting with suppliers of goods and services as a customer.
 - (b) Meeting with government representatives in their official capacity, other than those performing contracting or purchasing functions.
 - (c) Attending meetings, such as board meetings, retreats, seminars, and conferences, or other meetings wherein the person does not provide training in connection with tangible personal property sold by the person or on its behalf. This provision does not apply to any board of director member or attendee engaging in business such as a member of a board of directors who attends a board meeting.
 - (d) Renting tangible or intangible property as a customer when the property is not used in the City.
 - (e) Attending, but not participating in a "trade show" or "multiple vendor events". Persons participating at a trade show shall review the City's trade show or multiple vendor event ordinances.
 - (f) Conducting advertising through the mail.
 - (g) Soliciting sales by phone from a location outside the City.
- (5) A seller located outside the City merely delivering goods into the City by means of common carrier is not required to register and obtain a business license, provided that it engages in no other business activities in the City. Such activities do not include those in subsection (4).

The City expressly intends that engaging in business include any activity sufficient to establish nexus for purposes of applying the tax under the law and the constitutions of the United States and the State of Washington. Nexus is presumed to continue as long as the taxpayer benefits from the activity that constituted the original nexus generating contact or subsequent contacts. **(Mandatory)** [Comment: Section (2) has been added to the State's definition of engaging in business to give guidelines and parameters to businesses in order for them to better ascertain whether or not they need to license and pay tax to the cities.]

"Extracting." "Extracting" is the activity engaged in by an extractor and is reportable under the extracting classification. [Comment: This definition is not contained in state law; however, RCW 35.102.120 requires that the model ordinance include this definition.]

"Extractor." "Extractor" means every person who from the person's own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for commercial or industrial use, mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product; or fells, cuts or takes timber, Christmas trees, other than plantation Christmas trees, or other natural products; or takes fish, shellfish, or other sea or inland water foods or products. "Extractor" does not include persons performing under contract the necessary labor or mechanical services for others; or persons meeting the definition of farmer.

"Extractor for Hire" "Extractor for hire" means a person who performs under contract necessary labor or mechanical services for an extractor.

"Gross income of the business." "Gross income of the business" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses. **(Mandatory)**

"Gross proceeds of sales." "Gross proceeds of sales" means the value proceeding or accruing from the sale of tangible personal property, digital goods, digital codes, digital automated services or for other services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses. **(Mandatory)**

"Manufacturing." "Manufacturing" means the activity conducted by a manufacturer and is reported under the manufacturing classification. **(Mandatory unless you don't tax manufacturing activities)** [Comment: This definition is not contained in state law, however RCW 35.102.120 requires that the model ordinance include this definition.]

"Manufacturer," "to manufacture." (1) "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from the person's own materials or ingredients any products. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, materials or ingredients equal to less than twenty percent (20%) of the total value of all materials or ingredients that become a part of the finished product, the owner of the equipment or facilities will be deemed to be a processor for hire, and not a manufacturer. **(Mandatory)** (A business not located in this City that is the owner of materials or ingredients processed for it in this City by a processor for hire shall be deemed to be engaged in business as a manufacturer in this City.) **(Optional)** [Comment: This definition differs from that found in RCW 82.04.110. The manufacturing vs. processing for hire language has been included within this definition rather than covered by rule as provided in RCW 82.04.110. The optional portion of this definition is different from the RCW in that the RCW allows for the owner of materials that are processed in Washington to be excluded as a manufacturer. It is presumed that the RCW was written in this way to encourage material owners to bring their materials into Washington to be processed by Washington processors for hire. The State chooses to forego the tax that the owner would pay on the value of the materials under the manufacturing classification. The aluminum and nuclear fuel assembly provisions were excluded since no B & O city contains these types of activities.]

(2) "To manufacture" means all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials or ingredients so that as a result thereof a new, different or useful product is produced for sale or commercial or industrial use, and shall include:

- (a) The production of special made or custom made articles;
- (b) The production of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician;
- (c) Crushing and/or blending of rock, sand, stone, gravel, or ore; and
- (d) The producing of articles for sale, or for commercial or industrial use from raw materials or prepared materials by giving such materials, articles, and substances of trade or commerce new forms, qualities, properties or combinations including, but not limited to, such activities as making, fabricating, processing, refining, mixing, slaughtering, packing, aging, curing, mild curing, preserving, canning, and the preparing and freezing of fresh fruits and vegetables.

"To manufacture" shall not include the production of digital goods or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser. **(Mandatory)** [Comment: This definition is different from RCW 82.04.120. The cutting, delimbing, and measuring of felled, cut, or taken trees does not usually take place within cities so that was deleted. The RCW also states that some activities which are covered in other special taxing classifications at the State level are not manufacturing. Although some of these activities normally do not take place in cities we included them into manufacturing since they fall within the definition. Manufacturing activities covered in other tax classifications at the State level such as slaughtering, curing, preserving, or canning were included in this definition since the Cities do not have the other classifications.]

"Person." "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, co-partnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the State of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, non-profit, or otherwise and the United States or any instrumentality thereof. **(Mandatory)**

"Retailing." "Retailing" means the activity of engaging in making sales at retail and is reported under the retailing classification. **(Mandatory)** [Comment: This definition is not contained in state law, however RCW 35.102.120 requires that the model ordinance include this definition.]

"Retail Service." "Retail service" shall include the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

- (1) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, swimming, bungee jumping, ski lifts and tows, basketball, racquet ball, handball, squash, tennis, batting cages, day trips for sightseeing purposes, and others, when provided to consumers. "Amusement and recreation services" also include the provision of related facilities such as basketball courts, tennis courts, handball courts, swimming pools, and charges made for providing the opportunity to dance. The term "amusement and recreation services" does not include instructional lessons to learn a particular activity such as tennis lessons, swimming lessons, or archery lessons.
- (2) Abstract, title insurance, and escrow services;
- (3) Credit bureau services;
- (4) Automobile parking and storage garage services;
- (5) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;
- (6) Service charges associated with tickets to professional sporting events; and
- (7) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.
- (8) The term shall also include the renting or leasing of tangible personal property to consumers and the rental of equipment with an operator. **(Mandatory)**

[Comment: This definition has been removed and separated from the definition of "sale at retail" since many cities have kept these activities taxable at a rate different from their "retailing" rate. The State changed these activities to retail from service a few decades ago. This separation of definitions enables those cities that have historically taxed retail sales and retail services at a different rate to continue to do so. The definition includes more examples under the amusement and recreation subsection than States definition and these examples originated from the State's rule on amusement and recreation.]

"Sale," "casual or isolated sale." (1) "Sale" means any transfer of the ownership of, title to, or possession of, property for a valuable consideration and includes any activity classified as a "sale at retail," "retail sale," or "retail service." It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.

(2) "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved on a routine or continuous basis. [Comment: the term "routine or continuous" comes from WAC 458-20-106.]

"Sale at retail," "retail sale." (1) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers, other than a sale to a person who presents a resale certificate under RCW 82.04.470 and who:

- (a) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person; or
- (b) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(c) Purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(d) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (a), (b), (c), (d), or (e) of this subsection following such use.

(f) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(2) "Sale at retail" or "retail sale" also means every sale of tangible personal property to persons engaged in any business activity which is taxable under .050(1)(g).

(3) "Sale at retail" or "retail sale" shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin-operated laundry facilities when such facilities are situated in an apartment house, rooming house, or mobile home park for the exclusive use of the tenants thereof, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The charge for labor and services rendered in respect to constructing, repairing, or improving any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) The sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The sale of and charge made for the furnishing of lodging and all other services, except telephone business and cable service, by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it shall be presumed that the sale of and charge made for

the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

~~((g))~~ (h) The sale of or charge made for tangible personal property, labor and services to persons taxable under (a), (b), (c), (d), (e), ~~((and))~~ (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection shall be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section shall be construed to modify this subsection.

(4) "Sale at retail" or "retail sale" shall also include the providing of competitive telephone service to consumers. [Comment: Cities can only include "competitive telephone service" since telephone business is taxed under the utility tax.]

(5) (a) "Sale at retail" or "retail sale" shall also include the sale of ~~((canned))~~ prewritten software other than a sale to a person who presents a resale certificate under RCW 82.04.470, regardless of the method of delivery to the end user~~((, but shall))~~ . For purposes of this subsection (5)(a) the sale of the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term "sale at retail" or "retail sale" does not include the sale of or charge made for:

(i) Custom ~~((custom))~~ software; or

(ii) The ~~((the))~~ customization of prewritten ~~((canned))~~ software.

(b)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in (b)(i) of this subsection 5 includes the right to access and use prewritten software to perform data processing.

(B) For purposes of this subsection (b)(ii) "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(6) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state, the State of Washington, or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(Public road construction)

(7) "Sale at retail" or "retail sale" shall also include the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement.

(8) "Sale at retail" or "retail sale" shall also include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation (government contracting).

(9) "Sale at retail" or "retail sale" shall not include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor shall the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other byproducts of weapons production and nuclear research and development. [This should be reported under the service and other classification.]

(10) "Sale at retail" or "retail sale" shall not include the sale of or charge made for labor and services rendered for environmental remedial action. [This should be reported under the service and other classification.]

(11) "Sale at retail" or "retail sale" shall also include the following sales to consumers of digital goods, digital codes, and digital automated services:

(a) Sales in which the seller has granted the purchaser the right of permanent use;

(b) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(c) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(d) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

A retail sale of digital goods, digital codes, or digital automated services under this subsection [insert reference to section 5(11)] includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time.

A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(12) "Sale at retail" or "retail sale" shall also include the installing, repairing, altering, or improving of digital goods for consumers.

(Mandatory) [Comment: This definition is different than RCW 82.04.050. Retail services have been given their own definition. Public road construction and government contracting has been included into this definition since the Cities do not have special tax classifications for those two activities. Environmental or nuclear waste clean up are assigned to the service and other classification. And the sales to farmers will remain under the retailing classification. The reference to "telephone business and cable service" in subsection (3)(f) has been included to clarify to hotels and motels that such telephone services and cable services are taxable under the utility tax.]

"Sale at wholesale," "wholesale sale." "Sale at wholesale" or "wholesale sale" means any sale of tangible personal property, digital goods, digital codes, digital automated services, prewritten computer software, or services described in [insert reference to "sale at retail" section 5(b)(i)], which is not a retail sale, and any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property and retail services, if such charge is expressly defined as a retail sale or retail service when rendered to or for consumers. Sale at wholesale also includes the sale of telephone business to another telecommunications company as defined in RCW 80.04.010 for the purpose of resale, as contemplated by RCW 35.21.715. **(Mandatory)** [The last sentence must be included since telephone business would normally be taxed under the utility tax. The wholesale treatment of telephone business to another telecommunications company is dictated by State law.]

"Services." [Comment: RCW 35.102.120 requires that the model ordinance include this definition. However, no explicit definition will be included in this Model Ordinance until the RCW contains a definition of "service". In the absence of a definition of "service" in state law, the Cities generally use this term and classification to include those activities that do not fall within one of the other tax classifications used by a city.]

"Taxpayer." "Taxpayer" means any "person", as herein defined, required to have a business license under this chapter or liable for the collection of any tax or fee under this chapter, or who engages in any business or who performs any act for which a tax or fee is imposed by this chapter.

"Value proceeding or accruing." "Value proceeding or accruing" means the consideration, whether money, credits, rights, or other property expressed in terms of money, a person is entitled to receive or which is actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of accounting is regularly employed in keeping the books of the taxpayer.

(Mandatory if you have a manufacturing tax)

"Value of products." (1) The value of products, including by-products, extracted or manufactured, shall be determined by the gross proceeds derived from the sale thereof whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the purchaser or from any other person with respect to the extraction, manufacture, or sale of such products or by-products by the seller.

(2) Where such products, including by-products, are extracted or manufactured for commercial or industrial use; and where such products, including by-products, are shipped, transported or transferred out of the City, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sale are not indicative of the true value of the subject matter of the sale; the value shall correspond as nearly as possible to the gross proceeds from sales in this state of similar products of like quality and character, and in similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. In the absence of sales of similar products as a guide to value, such value may be determined upon a cost basis. In such cases, there shall be included every item of cost attributable to the particular article or article extracted or manufactured, including direct and indirect overhead costs. The Director may prescribe rules for the purpose of ascertaining such values. (3) Notwithstanding subsection (2) above, the value of a product manufactured or produced for purposes of serving as a prototype for the development of a new or improved product shall correspond to (a) the retail selling price of such new or improved product when first offered for sale; or (2) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale. [Comment: This definition is slightly different than that contained in RCW 82.04.450. The meaning is intended to be the same, and the only difference is in grammatical construction. The model also adds a sentence, taken from WAC 458-20-112, at the end of subsection (2) explaining the use of costs to ascertain the value of the products.]

(Mandatory if you have manufacturing or extracting tax)

“Wholesaling.” “Wholesaling” means engaging in the activity of making sales at wholesale, and is reported under the wholesaling classification. **(Mandatory)** [Comment: This definition is not contained in state law, however RCW 35.102.120 requires that the model ordinance include this definition.]

.050 Imposition of the tax - tax or fee levied. (1) Except as provided in subsection (2) of this section, there is hereby levied upon and shall be collected from every person a tax for the act or privilege of engaging in business activities within the City, whether the person’s office or place of business be within or without the City. The tax shall be in amounts to be determined by application of rates against gross proceeds of sale, gross income of business, or value of products, including by-products, as the case may be, as follows:

(a) Upon every person engaging within the City in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, extracted within the city for sale or for commercial or industrial use, multiplied by the rate of _____ of one percent (_____). The measure of the tax is the value of the products, including by-products, so

extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

(b) Upon every person engaging within the City in business as a manufacturer, as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including by-products, manufactured within the city, multiplied by the rate of _____ of one percent (_____). The measure of the tax is the value of the products, including by-products, so manufactured, regardless of the place of sale or the fact that deliveries may be made to points outside the City.

(c) Upon every person engaging within the City in the business of making sales at wholesale, except persons taxable under subsection ____ of this section; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of _____ of one percent (_____).

(d) Upon every person engaging within the City in the business of making sales at retail, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of such sales of the business, without regard to the place of delivery of articles, commodities or merchandise sold, multiplied by the rate of _____ of one percent (_____).

(e) Upon every person engaging within the City in the business of (i) printing, (ii) both printing and publishing newspapers, magazines, periodicals, books, music, and other printed items, (iii) publishing newspapers, magazines and periodicals, (iv) extracting for hire, and (v) processing for hire; as to such persons, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of _____ of one percent (_____).

(f) Upon every person engaging within the City in the business of making sales of retail services; as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales multiplied by the rate of _____ of one percent (_____).

(g) Upon every other person engaging within the City in any business activity other than or in addition to those enumerated in the above subsections; as to such persons, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of _____ of one percent (_____). This subsection includes, among others, and without limiting the scope hereof (whether or not title to material used in the performance of such business passes to another by accession, merger or other than by outright sale), persons engaged in the business of developing, or producing custom software or of customizing canned software, producing royalties or commissions, and persons engaged in the business of rendering any type of service which does not constitute a sale at retail, a sale at wholesale, or a retail service. [Comment: Most cities do not use all of the classifications listed above, so they need only adopt those that are imposed within their jurisdictions.] (Mandatory wording for those classifications that are adopted).

(2) The gross receipts tax imposed in this section shall not apply to any person whose gross proceeds of sales, gross income of the business, and value of products, including by-products, as the case may be, from all activities conducted within the City during any calendar year is equal to or less than \$20,000, or is equal to or less than \$5,000 during any quarter if on a quarterly reporting basis. **(Subsection (2) is mandatory)**

~~((.060 Doing business with the City. Except where such a tax is otherwise levied and collected by the City from such person, there is hereby levied a tax on the privilege of accepting or executing a contract with the City. Such tax shall be levied and collected whether goods or services are delivered within or without the City and whether or not such person has an office or place of business within or without the City.~~

~~Except as provided in _____ [insert city code reference to section .077], as to such persons the amount of tax shall be equal to the gross contract price multiplied by the rate under section .050 that would otherwise apply if the sale or service were taxable pursuant to that section.))~~

Legislative intent information

This "super-nexus" section is repealed to reflect changes effective January 1, 2008, when allocation and apportionment provisions in section .077 took effect for city B&O taxes. The intent is that this change would not affect any rights under contracts executed for periods under the old language prior to the change.

.070 Multiple activities credit when activities take place in one or more cities with eligible gross receipt taxes.

(1) Persons who engage in business activities that are within the purview of two (2) or more subsections of .050 shall be taxable under each applicable subsection.

(2) Notwithstanding anything to the contrary herein, if imposition of the City's tax would place an undue burden upon interstate commerce or violate constitutional requirements, a taxpayer shall be allowed a credit to the extent necessary to preserve the validity of the City's tax, and still apply the City tax to as much of the taxpayer's activities as may be subject to the City's taxing authority.

(3) To take the credit authorized by this section, a taxpayer must be able to document that the amount of tax sought to be credited was paid upon the same gross receipts used in computing the tax against which the credit is applied.

(4) Credit for persons that sell in the City products that they extract or manufacture. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid (a) with respect to the manufacturing of the products sold in the City, and (b) with respect to the extracting of the products, or the ingredients used in the products, sold in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products.

(5) Credit for persons that manufacture products in the City using ingredients they extract. Persons taxable under the manufacturing classification with respect to manufacturing products in this City shall be allowed a credit against those taxes for any eligible gross receipts tax paid with respect to extracting the ingredients of the products manufactured in the City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the manufacturing of those products. (6) Credit for persons that sell within the City products that they print, or publish and print. Persons taxable under the retailing or wholesaling classification with respect to selling products in this City shall be allowed a credit against those taxes for any eligible gross receipts taxes paid with respect to the printing, or the printing and publishing, of the products sold within the

City. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to the sale of those products. **(Mandatory)**

[Comment: The wording in this section .070 is not quite the same as RCW 35.102.060 (1). Subsection (1) is the same as (a) in RCW 35.102.060. Subsection (2) has the same meaning although the cities add the last phrase that the tax will be subjected to the greatest extent possible. Subsection (3) is not included in RCW 35.102.060—it merely states that the taxpayer must have records or proof that it paid another eligible gross receipts tax to another local jurisdiction.

In the case of manufacturing products that have been partially manufactured in another location with an eligible gross receipt tax, the cities have chosen to give a deduction and only tax the incremental increase in the value of the product. This should provide an equal or better treatment to the manufacturer than the credit provision contained in RCW 35.102.060 (1)(d). (Refer to subsection .075(2) below.)]

Legislative intent information

This section provides a tax credit for taxpayers engaged in multiple taxable activities. The section provides a credit against eligible selling or manufacturing taxes imposed by the City for extracting or manufacturing taxes paid to the City or to any other local jurisdiction with respect to the same products. The tax credit does not depend upon whether a person that sells in the City extracts or manufactures in the City or in another jurisdiction to which it has paid an eligible gross receipts tax. The tax credit does not depend on whether a person that manufactures in the City extracts in the City or in another jurisdiction to which it has paid an eligible gross receipts tax. The credit is available to any person that pays an eligible gross receipts tax on the applicable activities, regardless of where it conducts business. The result of this section is that a city in which selling takes place gives up the tax to the manufacturing jurisdiction and the manufacturing jurisdiction gives up the tax to the extracting jurisdiction, whether those jurisdictions are inside or outside the State of Washington.

.075 Deductions to prevent multiple taxation of manufacturing activities and prior to January 1, 2008, transactions involving more than one city with an eligible gross receipts tax.

(1) Amounts subject to an eligible gross receipts tax in another city that also maintains nexus over the same activity. For taxes due prior to January 1, 2008, a taxpayer that is subject to an eligible gross receipts tax on the same activity in more than one jurisdiction may be entitled to a deduction as follows:

(a) A taxpayer that has paid an eligible gross receipts tax, with respect to a sale of goods or services, to a jurisdiction in which the goods are delivered or the services are provided may deduct an amount equal to the gross receipts used to measure that tax from the measure of the tax owed to the City.

(b) Notwithstanding the above, a person that is subject to an eligible gross receipts tax in more than one jurisdiction on the gross income derived from intangibles such as royalties, trademarks, patents, or goodwill shall assign those gross receipts to the jurisdiction where the person is domiciled (its headquarters is located).

(c) A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a contract with another city may deduct an amount equal to the contract price used to measure the tax due to the other city from the measure of the tax owed to the City. **(Mandatory)**

Legislative intent information

This section establishes deductions to be applied when a single taxable activity is taxable by more than one jurisdiction that imposes an eligible gross receipts tax for taxes due prior to January 1, 2008. Prior to January 1, 2008, under Washington State Law, more than one city that has established nexus can include 100% of the gross receipts from that transaction in its tax base. However, to eliminate the possibility of the same sale or service being taxed more than once by cities that maintain nexus and an eligible gross receipts tax, the cities have provided this deduction to taxpayers. For taxes due after January 1, 2008, the apportionment provisions in section .077 will provide the mechanism for all activities except manufacturing.

Sales. A taxpayer that has paid an eligible gross receipts tax on the sale to the jurisdiction where the product is delivered may deduct the gross receipts used to measure that tax from the measure of the tax owed to another jurisdiction on the sale. If a taxpayer has not paid tax to the jurisdiction where the product is delivered, then no deduction is allowed. The sale shall be taxed by the city where the office or place of business that generated the sale is located.

Service. A taxpayer that has paid an eligible gross receipts tax on services to the jurisdiction where the service is performed may deduct the gross receipts used to measure that tax from the measure of the tax owed to another jurisdiction on that service. If a taxpayer has not paid tax to the jurisdiction where the service is

performed, then the service income shall be taxed by the city where the office or place of business that generated the sale is located. For both sales and services, the order of taxing rights is delivery city, first; and business office location, second.

General Business Activities Other Than Services. The eligible gross receipts tax on income derived from intangibles such as royalties, licenses, trademarks, patents and goodwill, and reportable under the general business classification .050 (7), shall be assigned to the domicile/headquarters office.

Conducting Business With Another City. A taxpayer that has paid an eligible gross receipts tax on the privilege of accepting or executing a contract with a city may deduct the contract price used to measure the tax from the measure of the tax owed to another city on the same activity.

(2) Person manufacturing products within and without. A person manufacturing products within the City using products manufactured by the same person outside the City may deduct from the measure of the manufacturing tax the value of products manufactured outside the City and included in the measure of an eligible gross receipts tax paid to the other jurisdiction with respect to manufacturing such products.

(Mandatory)

.076 Assignment of gross income derived from intangibles.

Gross income derived from the sale of intangibles such as royalties, trademarks, patents, or goodwill shall be assigned to the jurisdiction where the person is domiciled (its headquarters is located).

.077 Allocation and apportionment of income when activities take place in more than one jurisdiction.

Effective January 1, 2008, gross income, other than persons subject to the provisions of chapter 82.14A RCW, shall be allocated and apportioned as follows:

(1) Gross income derived from all activities other than those taxed as service or royalties under _____ [insert city code reference to .050(1)(g)] shall be allocated to the location where the activity takes place.

(2) In the case of sales of tangible personal property, the activity takes place where delivery to the buyer occurs.

(3) In the case of sales of digital products, the activity takes place where delivery to the buyer occurs. The delivery of digital products will be deemed to occur at:

_____ (a) The seller's place of business if the purchaser receives the digital product at the seller's place of business;

_____ (b) If not received at the seller's place of business, the location where the purchaser or the purchaser's donee, designated as such by the purchaser, receives the digital product, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller;

_____ (c) If the location where the purchaser or the purchaser's donee receives the digital product is not known, the purchaser's address maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

_____ (d) If no address for the purchaser is maintained in the ordinary course of the seller's business, the purchaser's address obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and

_____ (e) If no address for the purchaser is obtained during the consummation of the sale, the address where the digital good or digital code is first made available for transmission by the seller or the address from which the digital automated service or service described in RCW 82.04.050 (2)(g) or (6)(b) was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.

(4) If none of the methods in subsection [insert city code reference to .077(3)] for determining where the delivery of digital products occurs are available after a good faith effort by the taxpayer to apply the methods provided in subsections [insert city code reference to .077(3)(a) through .077(3)(e)], then the city and the taxpayer may mutually agree to employ any other method to effectuate an equitable allocation of income from the sale of digital products. The taxpayer will be responsible for petitioning the city to use an alternative method under this subsection [insert city code reference to .077(D)]. The city may employ an alternative method for allocating the income from the sale of digital products if the methods provided in subsections [insert city code reference to .077(3)(a) through .077(3)(e)] are not available and the taxpayer and the city are unable to mutually agree on an alternative method to effectuate an equitable allocation of income from the sale of digital products.

(5) For purposes of subsections [insert city code reference to .077(3)(a) through .077(3)(e)], "Receive" has the same meaning as in RCW 82.32.730.

~~((3))~~ (6) Gross income derived from activities taxed as services and other activities taxed under _____ [insert city code reference to .050(1)(g)] shall be apportioned to the city by multiplying apportionable income by a fraction, the numerator of which is the payroll factor plus the service-income factor and the denominator of which is two.

(a) The payroll factor is a fraction, the numerator of which is the total amount paid in the city during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the city if:

- (i) The individual is primarily assigned within the city;
- (ii) The individual is not primarily assigned to any place of business for the tax period and the employee performs fifty percent or more of his or her service for the tax period in the city; or
- (iii) The individual is not primarily assigned to any place of business for the tax period, the individual does not perform fifty percent or more of his or her service in any city and the employee resides in the city.

(b) The service income factor is a fraction, the numerator of which is the total service income of the taxpayer in the city during the tax period, and the denominator of which is the total service income of the taxpayer everywhere during the tax period. Service income is in the city if:

- (i) The customer location is in the city; or
- (ii) The income-producing activity is performed in more than one location and a greater proportion of the service-income-producing activity is performed in the city than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or
- (iii) The service-income-producing activity is performed within the city, and the taxpayer is not taxable in the customer location.

(c) If the allocation and apportionment provisions of this subsection do not fairly represent the extent of the taxpayer's business activity in the city or cities in which the taxpayer does business, the taxpayer may petition for or the tax administrators may jointly require, in respect to all or any part of the taxpayer's business activity, that one of the following methods be used jointly by the cities to allocate or apportion gross income, if reasonable:

- (i) Separate accounting;
- (ii) The use of a single factor;
- (iii) The inclusion of one or more additional factors that will fairly represent the taxpayer's business activity in the city; or
- (iv) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

~~((4))~~ (7) The definitions in this subsection apply throughout this section.

(a) "**Apportionable income**" means the gross income of the business taxable under the service classifications of a city's gross receipts tax, including income received from activities outside the city if the income would be taxable under the service classification if received from activities within the city, less any exemptions or deductions available.

(b) "**Compensation**" means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual's gross income under the federal internal revenue code.

(c) "**Individual**" means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.

(d) "**Customer location**" means the city or unincorporated area of a county where the majority of the contacts between the taxpayer and the customer take place.

(e) "**Primarily assigned**" means the business location of the taxpayer where the individual performs his or her duties.

(f) "**Service-taxable income**" or "**service income**" means gross income of the business subject to tax under either the service or royalty classification.

(g) "**Tax period**" means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than once per year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.

(h) "**Taxable in the customer location**" means either that a taxpayer is subject to a gross receipts tax in the customer location for the privilege of doing business, or that the government where the customer is located has the authority to subject the taxpayer to gross receipts tax regardless of whether, in fact, the government does so.

~~((5))~~ (8) Assignment or apportionment of revenue under this Section shall be made in accordance with and in full compliance with the provisions of the interstate commerce clause of the United States Constitution where applicable.

[Mandatory – Effective January 1, 2008]

Legislative intent information

This section is required by RCW 35.102.130 and provides allocation and apportionment formulas to be applied when a single taxable activity takes place in more than one jurisdiction, whether or not that jurisdiction imposes a gross receipts tax. A definition of delivery has been added in section .030. Retail services will be allocated to where the activity takes place. Digital goods will be allocated according to the new factors set out in RCW 35.102.130, as amended.

.078 Allocation and apportionment of printing and publishing income when activities take place in more than one jurisdiction.

Notwithstanding RCW 35.102.130, effective January 1, 2008, gross income from the activities of printing, and of publishing newspapers, periodicals, or magazines, shall be allocated to the principal place in this state from which the taxpayer's business is directed or managed. As used in this section, the activities of printing, and of publishing newspapers, periodicals, or magazines, have the same meanings as attributed to those terms in RCW 82.04.280(1) by the department of revenue.

Legislative intent information

This section is required by RCW 35.102.150 and provides that printing and publishing income shall be allocated to the city in which taxpayer's business is directed or managed. This section is not mandatory for the model ordinance, but the tax treatment is required by RCW 35.102.150.

.090 Exemptions.

(1) **Public utilities.** This chapter shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of **[local utility tax cite]**.

(2) **Investments - dividends from subsidiary corporations.** (a) This chapter shall not apply to amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations.

(3) **Insurance business.** This chapter shall not apply to amounts received by any person who is an insurer or their appointed insurance producer upon which a tax based on gross premiums is paid to the state pursuant to RCW 48.14.020, and provided further, that the provisions of this subsection shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor.

~~(4((3)))~~ **Employees.**

(a) This chapter shall not apply to any person in respect to the person's employment in the capacity as an employee or servant as distinguished from that of an independent contractor. For the purposes of this subsection, the definition of employee shall include those persons that are defined in the Internal Revenue Code, as hereafter amended.

(b) A booth renter is an independent contractor for purposes of this chapter.

~~(5((4)))~~ **Amounts derived from sale of real estate.** This chapter shall not apply to gross proceeds derived from the sale of real estate. This, however, shall not be construed to allow an exemption of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions. This chapter shall also not apply to amounts received for the rental of real estate if the rental income is derived from a contract to rent for a continuous period of thirty (30) days or longer.

~~(6((5)))~~ **Mortgage brokers' third-party provider services trust accounts.** This chapter shall not apply to amounts received from trust accounts to mortgage brokers for the payment of third-party costs if the accounts

are operated in a manner consistent with RCW 19.146.050 and any rules adopted by the director of financial institutions.

(7)(6)) Amounts derived from manufacturing, selling or distributing motor vehicle fuel. This chapter shall not apply to the manufacturing, selling, or distributing motor vehicle fuel, as the term "motor vehicle fuel" is defined in RCW 82.36.010 and exempt under RCW 82.36.440, provided that any fuel not subjected to the state fuel excise tax, or any other applicable deduction or exemption, will be taxable under this chapter.

(Mandatory)

(7) Amounts derived from liquor, and the sale or distribution of liquor. This chapter shall not apply to liquor as defined in RCW 66.04.010 and exempt in RCW 66.08.120. **(Mandatory)**

(8) Casual and isolated sales. This chapter shall not apply to the gross proceeds derived from casual or isolated sales.

(9) Accommodation sales. This chapter shall not apply to sales for resale by persons regularly engaged in the business of making retail sales of the type of property so sold to other persons similarly engaged in the business of selling such property where (1) the amount paid by the buyer does not exceed the amount paid by the seller to the vendor in the acquisition of the article and (2) the sale is made as an accommodation to the buyer to enable the buyer to fill a bona fide existing order of a customer or is made within fourteen days to reimburse in kind a previous accommodation sale by the buyer to the seller.

(10) Taxes collected as trust funds. This chapter shall not apply to amounts collected by the taxpayer from third parties to satisfy third party obligations to pay taxes such as the retail sales tax, use tax, and admission tax.

.100 Deductions. In computing the license fee or tax, there may be deducted from the measure of tax the following items:

(1) Receipts from tangible personal property delivered outside the State. In computing tax, there may be deducted from the measure of tax under retailing or wholesaling amounts derived from the sale of tangible personal property that is delivered by the seller to the buyer or the buyer's representative at a location outside the State of Washington. **(Mandatory)**

(2) Cash discount taken by purchaser. In computing tax, there may be deducted from the measure of tax the cash discount amounts actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extracting or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the "value of product" provisions.

(3) Credit losses of accrual basis taxpayers. In computing tax, there may be deducted from the measure of tax the amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis.

(4) Constitutional prohibitions. In computing tax, there may be deducted from the measure of the tax amounts derived from business which the City is prohibited from taxing under the Constitution of the State of Washington or the Constitution of the United States. **(Mandatory)**

(5) Receipts From the Sale of Tangible Personal Property and Retail Services Delivered Outside the City but Within Washington. Effective January 1, 2008, amounts included in the gross receipts reported on the tax return derived from the sale of tangible personal property delivered to the buyer or the buyer's representative outside the City but within the State of Washington may be deducted from the measure of tax under the retailing, retail services, or wholesaling classification.

(6) Professional employer services. In computing the tax, a professional employer organization may deduct from the calculation of gross income the gross income of the business derived from performing professional employer services that is equal to the portion of the fee charged to a client that represents the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer agreement.

(7) Interest on investments or loans secured by mortgages or deeds of trust. In computing tax, to the extent permitted by Chapter 82.14A RCW, there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on non-transient residential properties.

Subsection (6) is required by RCW 35.102.160 and provides that professional employer organizations may deduct the portion of fees for actual costs of employee wages and other benefits and taxes from gross income. This deduction is not mandatory for the model ordinance, but the tax treatment is required by RCW 35.102.160 and is taken from RCW 82.04.540(2).

.120 Tax part of overhead.

It is not the intention of this chapter that the taxes or fees herein levied upon persons engaging in business be construed as taxes or fees upon the purchasers or customer, but that such taxes or fees shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes or fees shall constitute a part of the cost of doing business of such persons.

.130 Severability Clause.

If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances shall not be affected.

Note: The following Items contained in the model ordinance guidelines are omitted from this Core model ordinance.

Definitions omitted:

- (1) Advancement, Reimbursement
- (2) Agricultural Product
- (3) Artistic or cultural organization
- (4) Consumer
- (5) In this City, within the City
- (6) Newspaper
- (7) Non-profit organization or non-profit corporation
- (8) Office, or Place of business
- (9) Precious metal bullion or monetized bullion
- (10) Product, byproduct
- (11) Royalties
- (12) Software, canned software, custom software, customization of canned software, master copies, retained rights
- (13) Tuition fee

Sections omitted:

- (.040) Agency—sales and services by agent, consignee, bailee, factor or auctioneer
- (.110) Application to City's business activities.

Exemptions and Deductions omitted:

Numerous exemptions and deductions—compare with model guidelines to see if you need additional exemptions or deductions.

NOTE: Because of the wording contained in Section .050(2), cities should insure that their licensing or registration section contains the authority to impose the license or registration. Section .050(2) is intended to relieve persons engaging in business activities that total equal to or less than \$20,000 from tax obligations – but not from license or registration fee requirements.

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Update of the 2018 Surface Water Master Plan		
DEPARTMENT:	Public Works		
PRESENTED BY:	Uki Dele, Surface Water and Environmental Services Manager		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The purpose of this report is to update the Council on the elements of the 2018 Surface Water Master Plan (Master Plan) and to introduce the measurements staff will be using to ensure the effectiveness of the programs in meeting the level of service. The 2018 Master Plan is on the docket for adoption with the 2018 Comprehensive Plan Amendments.

Staff are working with consultants, Brown and Caldwell and FCS Group (BC Team), to update the City's 2011 Surface Water Master Plan (2011 Master Plan). The purpose of the 2018 Surface Water Master Plan (Master Plan), formerly titled the 2017 Surface Water Master Plan, is to address drainage and water quality challenges associated with growth, increasing regulations, and aging infrastructure. The Master Plan will guide the Surface Water Utility (Utility) for the next five to 10 years, including recommendations for capital improvements, programs, long-term asset management, and a financial plan that sustainably supports the Utility.

The Master Plan was developed using Asset Management principles based on level of service and level of service targets to provide a transparent way to inform Council on the management strategy decisions and associated rates. On November 20th 2017, Council adopted the 2018 Surface Water Utility Budget with rates to implement the recommended *proactive management strategy*. The proactive management strategy includes implementing 25 high-priority projects and 24 new/enhanced programs that address high priority long-term needs, as well as anticipated new regulatory requirements. The proactive management strategy also includes adding 3.5 FTE Staff to the utility.

Staff are currently developing performance measures for each of the programs the Utility will be implementing with the proactive management strategy. These measures will be used to monitor the success of the programs and ensure they are effectively meeting the level of service targets and expectations.

RESOURCE/FINANCIAL IMPACT

There are no resource impacts with this action.

RECOMMENDATION

No action is required by the City Council. Council will be presented with the Master Plan for adoption in 2018 during the 2018 Comprehensive Plan Amendments adoption process.

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

INTRODUCTION

The Surface Water Master Plan (Master Plan) is a vision document that establishes a management strategy for the Surface Water Utility to help meet the established level-of-service goals and NPDES permit requirements. It also includes the development of both financial and policy processes for the Utility to implement the strategy.

Staff are working with consultants, Brown and Caldwell and FCS Group (BC Team), to update the City's 2011 Surface Water Master Plan (2011 Master Plan). The purpose of the 2018 Surface Water Master Plan (Master Plan) - formerly titled the 2017 Surface Water Master Plan - is to address drainage and water quality challenges associated with growth, increasing regulations, and aging infrastructure. The Master Plan will guide the Surface Water Utility (Utility) for the next five to 10 years including recommendations for capital improvements, programs, and a financial plan for long-term asset management.

The Master Plan includes elements to ensure a comprehensive plan that addresses current and future anticipated needs including establishing levels of service and a mechanism for prioritizing existing and future projects and programs to meet the levels of service and provide information for the financial analysis and associated rates to support the Utility.

The purpose of this report is to update Council on the elements of the Master Plan and to introduce the measurements staff will be using to ensure the effectiveness of the programs in meeting the level of service.

BACKGROUND

The Master Plan represents a comprehensive plan for the Utility and includes defining levels of service for the Utility and prioritizing projects and program activities in the context of the level of services and establishing a management strategy for implementing these activities within a corresponding financial strategy.

On October 10, 2016, the Council reviewed the draft level of service and levels of service targets used in developing the Master Plan. The staff report documenting the levels of service and levels of service targets can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2016/staffreport101016-8a.pdf>

Also, on May 15, 2017, the Council discussed and provided direction on four policy issues that are been incorporated into the draft plan. The staff report for the policy discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport051517-8b.pdf>

On July 17, 2017, the Council received updates on the plan progress, reviewed and provided feedback on the prioritization process and management strategy being used in the plan development and financial analysis. The staff report for the update can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport071717-9a.pdf>

On August 7, 2017, the Council discussed and provided direction on which management strategy to use in developing rates and financial analysis for the Master Plan and 2018 – 2023 Rates. The staff report for the discussion can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport080717-9a.pdf>

Other major components for the Master Plan are being developed including the performance measurements and are summarized in this report and will be incorporated in the Draft Master Plan document.

DISCUSSION

The Master Plan represents progress on many fronts since the 2011 Master Plan in developing a comprehensive management plan for the Utility. The Master Plan will help articulate the current activities of the Utility, evaluate gaps in services, and identify resources needs to fill those gaps by developing a prioritized list of projects and programs for the Utility to focus over the next 6 years.

Proactive Management Strategy

On August 7, 2017, Council provided direction for the Utility to pursue the *proactive management strategy*. This strategy includes construction of new high-priority projects and implement new/enhanced programs that address high priority long-term needs, as well as anticipated new regulatory requirements. More details on the projects and programs are provided in Attachments A and B and summarized below.

Projects

Twenty five (25) projects are included in the 2018-2023, 6-year CIP as shown in Attachment A. These projects ranked highest in the prioritization process and will be addressing existing system needs. Several of these projects are recommended for planning/pre-design/studies in the 6-year CIP to allow for development of specific solutions and applicable construction cost estimate where needed.

Programs

Twenty four (24) programs including 15 new and enhanced programs will be implemented in the next six years to address issues identified in the basin plans, fill historic gaps in utility management and meet regulatory requirements of the 2019-2023 NPDES Permit. Attachment B includes detailed description of each program. One of the new programs to be implemented is a Stormwater Permit Program that will provide a single standard process for permitting on-site stormwater systems and connections to the Public System. The permit program will also provide the opportunity for improved information documentation and communication related to Utility management best practices such as impervious surface area calculations and maintenance covenants. The Surface Water Pipe Repair and Replacement program is an existing program scheduled for enhancement in the next six years. This program replaces the failing stormwater pipes identified during the condition assessments in the basin plans. As

staff completed the final basin plan in 2017, staff have identified a backlog of repair and replacement needs that the enhanced program will help address.

Resources

To implement the projects and programs, Council authorized appropriations for a total of \$6.926 million for the Surface Water Utility in the 2018 Budget, which includes funding for capital projects, operating expenditures and 3.5 FTE staffing increase to the Utility. The FTE includes 1.00 FTE Public Works Senior Maintenance Worker, 1.00 FTE Engineering Technician, 1.00 FTE Engineer 1 –Surface Water and 0.5 FTE for Public Works Maintenance Worker.




Measuring Program Success

As discussed earlier, programs included in the proactive management strategy have been developed to address high priority long-term needs, as well as anticipated new regulatory requirements. Over time, successful implementation of these programs will help the Utility meet the levels of service developed as part of the Master Plan. Table 1 lists the previously-defined levels of service and associated targets, which were developed early in the planning process through several workshops with City Staff.













Table 1. Levels of Service and Level-of-Service Targets for the Surface Water Utility

Level of Service		Level-of-Service Target
1	Manage public health, safety and environmental risks from impaired water quality, flooding, and failed infrastructure.	No verifiable health and safety issues or environmental damage caused by the stormwater services outside of risk tolerance.
2	Provide consistent, equitable standards of service to the citizens of Shoreline at a reasonable cost, within rates and budget.	Meet the levels of service as measured by customer satisfaction and rate and revenue projections.
3	Engage in transparent communication through public education and outreach.	Maintain a communication plan to inform the community on utility goals and progress.
4	Comply with regulatory requirements for the urban drainage system.	Meet regulatory requirements for NPDES Phase II and federal, state, and local regulations affecting surface water management.

As the Utility moves forward with implementing the programs included in the proactive management strategy, staff will collect data and monitor the performance of these programs over time. The BC Team has worked with staff to assess each of the programs and describe the characteristics of a successful program. Staff then identified quantitative performance measures related to the successful implementation of each program. These performance measures were then narrowed down to one per program, and thresholds for success were set according to three possible ratings:

-  **Meets Expectations:** program meets expectations and is consistent with meeting levels of service targets.
-  **Needs Improvement:** program is active and is being implemented by staff, but still needs improvement to meet expectations and level of service targets.
-  **Below Expectations:** program either does not exist, or falls short of meeting expectations and level of service targets.













A list of the programs to be implemented for the proactive management strategy along with a description of the performance measure identified for each is provided in Attachment C. This attachment also shows which programs support each of the levels of service described in Table 1. An overall assessment of levels of service can be made by combining the ratings of all related programs for a particular level of service. For example, if there are 11 programs that support Level of Service #1, staff can assess the status of each program and then determine an average rating (see Table 2). Level of Service number 2, 3 and 4 have similar assessments.

Table 2. Combined Assessment of Programs Supporting Level of Service #1		
Relevant Program	2017 Program Status	Combined Status
Drainage Assessment*	 Needs Improvement	 Below Expectations
Water Quality Monitoring*	 Meets Expectations	
Street Sweeping	 Meets Expectations	
System Maintenance	 Needs Improvement	
Pipe Condition Assessment Program*	 Below Expectations	
SW Pipe Replacement Program*	 Below Expectations	
System Inspection*	 Meets Expectations	
Catch Basin Repair and Replacement*	 Below Expectations	
LID Maintenance*	 Below Expectations	
Pump Station Maintenance*	 Below Expectations	
Utility Crossing Removal*	 Below Expectations	

**Programs that are new or enhanced for the proactive management strategy; these programs may have gaps or may not exist currently, which would lead to a "below expectations" rating in 2017.*

Attachment C provides a complete list of the programs with 2017 program status ratings, as well as the anticipated ratings for 2018, once additional programs become active and additional Utility staff are available to ramp up those activities. In addition, Attachment C shows the long-term goals for each program as anticipated for 2023. Table 3 shows the overall ratings and planned improvements for how the programs will support the levels of service.

Table 3. Levels of Service and Level-of-Service Targets for the Surface Water Utility

Level of Service		Level-of-Service Target	2017	2018	2023
1	Manage public health, safety and environmental risks from impaired water quality, flooding, and failed infrastructure	No verifiable health and safety issues or environmental damage caused by the stormwater services outside of risk tolerance.			
2	Provide consistent, equitable standards of service to the citizens of Shoreline at a reasonable cost, within rates and budget	Meet the levels of service as measured by customer satisfaction and rate and revenue projections.			
3	Engage in transparent communication through public education and outreach	Maintain a communication plan to inform the community on utility goals and progress			
4	Comply with regulatory requirements for the urban drainage system	Meet regulatory requirements for NPDES Phase II and federal, state, and local regulations affecting surface water management			

 *Meets Expectations*

 *Needs Improvement*

 *Below Expectations*

Key Performance Indicators

As program performance data are collected and reviewed, Utility staff will assess trends and evaluate which performance measures track closely with variations in levels of service. These insights will be used to identify Key Performance Indicators (KPIs), which are those metrics that most strongly reflect the overall goals of the Utility. KPIs will continue to be tracked over the long-term even after programs have been fully implemented. KPIs may need to be added, eliminated, or adjusted over time as the Utility anticipates or responds to changing external factors such as new regulations.

Next Steps

As the new and enhanced programs get implemented, Utility staff will continue to refine the performance measures and develop a system for collecting the data and periodically assessing the status of the programs.

Staff is working with the BC Team on the Draft Master Plan document and the Plan is scheduled for discussion with the Planning Commission on March 15, 2018. The 2018 Surface Water Master Plan is scheduled to be adopted by Council with the 2018 Comprehensive Plan Amendments later in 2018.

COUNCIL GOAL ADDRESSED

This Master Plan project addresses City Council Goal #2: Improve Shoreline's Utility, transportation and environmental infrastructure.

RESOURCE/FINANCIAL IMPACT

There are no resource impacts with this action.

RECOMMENDATION

No action is required by the City Council. Council will be presented with the Master Plan for adoption in 2018 during the 2018 Comprehensive Plan Amendments adoption process.

ATTACHMENTS

Attachment A: Proactive Management 6 year Capital Projects
Attachment B: Proactive Management Programs and Additional FTE
Attachment C: Program Performance Measures and Ratings

Attachment A - Proactive Management 6-year Capital Projects

No.	6-year CIP Implementation Status*	Project Name	Project Category	6-Year Planning Period Capital Cost	Total Estimated Capital Cost
1	DC	25th Avenue NE Flood Reduction and NE 195th Street Culvert Replacement	Flood Mitigation	\$2,674,000	\$ 8,226,000
2	PD	Springdale Ct. NW and Ridgefield Rd. Drainage Improvements	Flood Mitigation	\$545,000	\$ 2,058,000
3	PDC	10th Ave NE Stormwater Improvements	Flood Mitigation	\$1,788,000	\$ 1,788,000
4	PD	Heron Creek Culvert Crossing at Springdale Ct. NW	Asset Management	\$226,000	\$ 855,000
5	DC	Hidden Lake Dam Removal	Aquatic Habitat Enhancement	\$2,097,000	\$ 2,097,000
6	P	25th Ave NE Ditch Improvements Between NE 177th and 178th Street	Erosion Control	\$141,000	\$ 2,538,000
7	PD	Pump Station 26	Asset Management	\$320,000	\$ 891,000
8	PD	Pump Station 30 Upgrades	Asset Management	\$90,000	\$ 339,000
9	P	6th Ave NE and NE 200th St Flood Reduction Project	Flood Mitigation	\$22,000	\$ 384,000
10	PDC	Pump Station Misc Improvements (Linden, Palatine, Pan Terra, 25, Ronald Bog, Serpentine)	Asset Management	\$732,000	\$ 732,000
11	C	NE 148th Street Infiltration Facilities	Flood Mitigation	\$393,000	\$ 393,000
12	P	Boeing Creek Regional Stormwater Facility	Water Quality Improvement	\$83,000	\$ 9,440,000
13	P	System Capacity Modeling Study	Flood Mitigation	\$300,000	\$ 300,000
14	PDC	NW 195th Place and Richmond Beach Drive Flooding	Flood Mitigation	\$747,000	\$ 747,000
15	P	Stabilize NW 16th Place Storm Drainage in Reserve M	Erosion Control	\$28,000	\$ 500,000
16	P	Storm Creek Erosion Management Study	Erosion Control	\$80,000	\$ 80,000
17	P	Climate Impacts and Resiliency Study	Flood Mitigation	\$80,000	\$ 80,000
18	P	Boeing Creek Restoration	Aquatic Habitat Enhancement	\$50,000	\$ 7,630,000
19	PD	NW 196th Place and 21st Avenue NW Infrastructure Improvements	Flood Mitigation	\$83,000	\$ 313,000
20	P	18th Avenue NW and NW 204th Drainage System Connection	Flood Mitigation	\$15,000	\$ 261,000
21	P	NW 197th Pl and 15th Ave NW Flooding	Flood Mitigation	\$7,000	\$ 119,000
22	P	Lack of System and Ponding on 20th Avenue NW	Flood Mitigation	\$81,000	\$ 1,458,000
23	P	12th Ave NE Infiltration Pond Retrofits	Flood Mitigation	\$38,000	\$ 677,000
24	P	NE 177th Street Drainage Improvements	Flood Mitigation	\$9,000	\$ 152,000
25	P	Master Plan Update	Water Quality Improvement	\$500,000	\$ 500,000
Total				\$11,129,000	\$51,920,000

***Note: Implementation Status Key:**

P - Planning/ Pre-Design/ Study

D - Design/Permitting

C - Construction

Attachment B - Proactive Management Programs and Additional FTE

Red font indicates Programs that are new or enhanced for the proactive management strategy

	LOS Targets	Programs	Program Description	Additional FTE
LOS 1 Manage public health, safety and environmental risks from impaired water quality, flooding, and failed infrastructure	No verifiable health and safety issues or environmental damage caused by the stormwater services outside of risk tolerance	Drainage Assessment (Enhanced)	The Drainage Assessment Program addresses flooding and drainage problems based on customer service requests and inspection findings beyond operation and maintenance activities to include detailed engineering, geotechnical, hydraulic and hydrological assessment.	0.20
		Water Quality Monitoring (Enhanced)	The Water Quality Monitoring Program supports water quality protection and includes stream water quality monitoring, toxic algae monitoring, King County lake stewardship, and swimming beach monitoring for Echo Lake and Hidden Lake.	0.25
		Street Sweeping	The Street Sweeping Program supports NDPES regulatory compliance for maintenance of the MS4 by removing debris and sediment.	-
		System Maintenance	The System Maintenance Program supports NDPES regulatory compliance by ensuring surface water infrastructure and facilities are inspected in timely manner. The program addresses routine maintenance including and maintenance from inspections.	-
		Pipe Condition Assessment Program (Enhanced)	The Pipe Condition Assessment Program is an ongoing inspection and condition assessment program. The program will complete the basin wide inspection with the inspection of Thornton Creek basin and then continues with the cleaning and inspection of previously blocked or inaccessible pipes.	0.34
		SW Pipe Replacement Program (Enhanced)	The Stormwater Pipe Replacement Program repairs and replaces the failing stormwater pipes identified during the condition assessment video inspections.	0.52
		System Inspection (Enhanced)	The existing System Inspection Program requires an increase in catch basin inspection and Vactoring from every three years to every other year as per current NPDES permit beginning 2018.	0.25
		Catch Basin Repair and Replacement (New)	The Catch Basin Repair and Replacement Program is an additional effort to the existing maintenance program and provides resources necessary to repair or replace catch basins within 6 months of inspection as required by the City existing Phase II NPDES Permit.	0.20
		LID Maintenance (New)	The LID Maintenance Program enhances existing maintenance program that requires structural repairs for facilities within one year of inspection as required by the City's existing Phase II NPDES Permit.	0.10
		Pump Station Maintenance (New)	The Pump Station Maintenance Program provides routine maintenance of pump station equipment (hydraulic, mechanical and electrical), structure and facility access.	0.10
LOS 2 Provide consistent, equitable standards of service to the citizens of Shoreline at a reasonable cost, within rates and budget	Meet the levels of service as measured by customer satisfaction and rate and revenue projections.	Administration and Management	The Administration and Management Program support the management of the various utility programs including workload management, budget, policy development, including support from different city departments including engineering, code enforcement, purchasing, and human resources.	-
		Stormwater Permit (New)	The Stormwater Permit Program provides a single standard process for permitting on-site stormwater systems and connections to the MS4. The permit also provides the opportunity for improved information recording and communication related to Utility management best practices such as impervious surface area calculations and maintenance covenants.	0.33
		Asset Management Program (Enhanced)	The Asset Management Program addresses the activities identified in the asset management WorkPlan including asset inventory, tracking of service requests, work orders management and coordinating with other teams on SW infrastructures.	0.25
		Small Repairs	The Small Repairs program addresses minor repairs for assets not included in other repair programs, including berm repairs and small infrastructure installations.	-
		Surface Water Small Projects (Enhanced)	The Surface Water Small Projects Program reduces localized flooding or surface water related problems at various locations throughout the city.	0.16
LOS 3 Engage in transparent communication through public education and outreach	Maintain a communication plan to inform the community on utility goals and progress	Soak it Up LID Rebate	The Soak it Up LID Rebate Program supports NDPES regulatory compliance by promoting the use of LID and providing public education and outreach. The program provides rebates for existing development that implement LID BMPs.	-
		Adopt a Drain	The Adopt A Drain Program supports NDPES regulatory compliance by providing public involvement and education. The program includes volunteer opportunity for residents to help care for SW Infrastructures.	-
		Local Source Control	The Local Source Control Program is an Ecology grant funded program that supports NPDES regulatory compliance with public education. The program includes targeted inspection and outreach to businesses about control of pollution sources.	-
		Water Quality Public Outreach	The Water Quality Public Outreach program supports NPDES regulatory compliance for public outreach, involvement and education. The program includes participation in Earth Day Events, Community and Neighborhood events and car wash event program.	-
LOS 4 Comply with regulatory requirements for the urban drainage system	Meet regulatory requirements for NPDES Phase II and federal, state, and local regulations affecting surface water management	NPDES Compliance (Enhanced)	The NPDES Compliance Program provides resources for meeting the requirements of the City's the NPDES Phase II Permit including coordinating, planning and managing activities, programs, staff and reporting requirements associated with the requirements.	0.15
		Floodplain Management	The Floodplain Management Program supports the FEMA NFIP regulatory compliance includes Flood Plain Development Review and implementation of the Flood Plain Development Ordinance	-
		Private Facility Inspection and Maintenance (Enhanced)	The Private Facility Inspection and Maintenance Enforcement Program supports NPDES compliance. The program continues the existing inspection program and will include a maintenance enforcement component such as an inspection and maintenance self-certification process.	0.40
		Business Inspection Source Control (NEW)	The Business Inspection Program will supports the anticipated NPDES regulatory compliance. The program will include resources for the inspection 20 percent of the city's businesses for detection and correction of potential pollution sources as part of the new 2019-2024 NPDES Phase II Permit.	0.10
		Total Additional FTE		3.50

Attachment C - Program Performance Measures and Ratings

Meets Expectations

Needs Improvement

Below Expectations

Red font indicates Programs that are new or enhanced for the proactive management strategy

Level of Service	LOS Targets	Programs	Performance Measures	2017 Program Rating	2017 Overall Rating	2018 Target Rating	2023 Target Rating
LOS 1 Manage public health, safety and environmental risks from impaired water quality, flooding, and failed infrastructure	No verifiable health and safety issues or environmental damage caused by the stormwater services outside of risk tolerance	Drainage Assessment (Enhanced)	Percent of new drainage assessments completed within 1 year, measured annually		Below Expectations	Needs Improvements	Meets Expectations
		Water Quality Monitoring (Enhanced)	Percent of water quality samples collected in accordance with Water Quality Monitoring plan, measured annually				
		Street Sweeping	Percent of miles of street sweeping completed per schedule, measured annually				
		System Maintenance	Percent of maintenance completed in accordance with schedule or NPDES requirements, measured annually				
		Pipe Condition Assessment Program (Enhanced)	Linear feet of pipe inspected per year				
		SW Pipe Replacement Program (Enhanced)	Percent of pipe repaired as scheduled, measured annually				
		System Inspection (Enhanced)	Percent of asset inspections completed as scheduled, measured annually				
		Catch Basin Repair and Replacement (New)	Percent of catch basins repaired or replaced as scheduled (within 6 mos. for NPDES), measured annually				
		LID Maintenance (New)	Percent of LID facilities repaired within 1 Year of inspection per NPDES requirements, measured annually				
		Pump Station Maintenance (New)	Percent of pump station maintenance completed as scheduled, measured annually				
		Utility Crossing Removal (New)	Percent of identified utility crossing problems removed, measured annually				
LOS 2 Provide consistent, equitable standards of service to the citizens of Shoreline at a reasonable cost, within rates and budget	Meet the levels of service as measured by customer satisfaction and rate and revenue projections.	Administration and Management	Percent of full time Utility staff who meet their annual work plan goals		Needs Improvements	Meets Expectations	Meets Expectations
		Stormwater Permit (New)	Percent of permit data integrated in asset management systems within 6 months of closed permit.				
		Asset Management Program (Enhanced)	Percent of annual planned activities completed based on Asset Management Work Plan, measured annually				
		Small Repairs	Percent of identified small repairs completed within 1 year, measured annually				
		Surface Water Small Projects (Enhanced)	Percent of identified small works projects completed within 1 year, measured annually				
LOS 3 Engage in transparent communication through public education and outreach	Maintain a communication plan to inform the community on utility goals and progress	Soak it Up LID Rebate	Percent of rebate distributed per year		Meets Expectations	Meets Expectations	Meets Expectations
		Adopt a Drain	Percent change of program participants per year				
		Local Source Control	Percent of businesses visited biannually				
		Water Quality Public Outreach	Number of outreach events per year				
LOS 4 Comply with regulatory requirements for the urban drainage system	Meet regulatory requirements for NPDES Phase II and federal, state, and local regulations affecting surface water management	NPDES Compliance (Enhanced)	Number of non-compliance notifications per year		Below Expectations	Meets Expectations	Meets Expectations
		Floodplain Management	Percent of Floodplain Development Permits reviewed for developments in the floodplain, measured annually				
		Private Facility Inspection and Maintenance (Enhanced)	Percent of facilities in compliance per year				
		Business Inspection Source Control (New)	Percent of businesses in compliance per year				