



AGENDA

STAFF PRESENTATIONS

PUBLIC COMMENT

SHORELINE CITY COUNCIL VIRTUAL/ELECTRONIC SPECIAL MEETING

Monday, October 4, 2021
5:15 p.m.

Held Remotely on Zoom
<https://us02web.zoom.us/j/87967120440>
253-215-8782 | Meeting ID: 879 6712 0440

TOPIC/GUESTS: EXECUTIVE SESSION: Personnel RCW 42.30.110(1)(g)

SHORELINE CITY COUNCIL VIRTUAL/ELECTRONIC REGULAR MEETING

Monday, October 4, 2021
7:00 p.m.

Held Remotely on Zoom
<https://zoom.us/j/95015006341>

In an effort to curtail the spread of the COVID-19 virus, the City Council meeting will take place online using the Zoom platform and the public will not be allowed to attend in-person. You may watch a live feed of the meeting online; join the meeting via Zoom Webinar; or listen to the meeting over the telephone. The City Council is providing opportunities for public comment by submitting written comment or calling into the meeting to provide oral public comment. To provide oral public comment you must sign-up by 6:30 p.m. the night of the meeting. Please see the information listed below to access all of these options:



[Click here to watch live streaming video of the Meeting on shorelinewa.gov](#)



Attend the Meeting via Zoom Webinar: <https://zoom.us/j/95015006341>



Call into the Live Meeting: 253-215-8782 | Webinar ID: 950 1500 6341



[Click Here to Sign-Up to Provide Oral Testimony](#)

Pre-registration is required by 6:30 p.m. the night of the meeting.



[Click Here to Submit Written Public Comment](#)

Written comments will be presented to Council and posted to the website if received by 4:00 p.m. the night of the meeting; otherwise they will be sent and posted the next day.

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		
2. ROLL CALL		
(a) Proclamation of Safe Shoreline Month (Fire Prevention, Crime Prevention, Emergency Preparedness)	<u>2a-1</u>	7:00
3. APPROVAL OF THE AGENDA		
4. REPORT OF THE CITY MANAGER		

5. COUNCIL REPORTS

6. PUBLIC COMMENT

Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. Speakers are asked to sign up by 6:30 p.m. the night of the meeting via the [Remote Public Comment Sign-in form](#). Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed up.

7. CONSENT CALENDAR

- | | |
|--|-------------|
| (a) Approval of Minutes of Regular Meeting of September 13, 2021 | <u>7a-1</u> |
| (b) Adoption of Ordinance No. 938 - Authorizing a One-Year Extension to the Right-of-Way Franchise with Frontier Communications Northwest (dba Ziplly Fiber) Originally Granted to Verizon Northwest Inc. (Ordinance No. 522) to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline | <u>7b-1</u> |
| (c) Authorize the City Manager to Execute an Amendment to the Agreement with the South Correctional Entity (SCORE) Regional Jail for Jail Services | <u>7c-1</u> |
| (d) Authorizing the City Manager to Execute the Extension of the Current SeaShore Transportation Forum Agreement | <u>7d-1</u> |

8. ACTION ITEMS

- | | | |
|---|-------------|------|
| (a) Action on Ordinance No. 944 – Amending Ordinance No. 776 and Ordinance No. 694 Amending SMC 3.27 for Property Tax Exemption conditions within the Light Rail Station Subareas and within the MFTE Areas | <u>8a-1</u> | 7:20 |
| (b) Action on Resolution No. 483 – Requiring Mandatory COVID-19 Vaccinations as a Qualification of Employment or Public Service with the City of Shoreline, as a Qualification for Providing Contracted Services at City Facilities, Authorizing the City Manager to Develop Additional Rules and Parameters for Implementing this Requirement, and Establishing a Deadline of Full Vaccination by December 1, 2021 | <u>8b-1</u> | 7:40 |

9. STUDY ITEMS

- | | | |
|---|-------------|------|
| (a) Discussion of Ordinance No. 941 - Repealing Shoreline Municipal Code Chapter 9.25 Retail Carryout Bag Regulations Due to State Preemption | <u>9a-1</u> | 8:00 |
| (b) Discussion on Joining the Race to Zero and the Local Governments for Sustainability - ICLEI150 | <u>9b-1</u> | 8:20 |

10. ADJOURNMENT

8:35

Any person requiring a disability accommodation should contact the City Clerk's Office at 206-801-2230 in advance for more information. For TTY service, call 206-546-0457. For up-to-date information on future agendas, call 206-801-2230 or visit the City's website at shorelinewa.gov/councilmeetings. Council meetings are shown on the City's website at the above link and on Comcast Cable Services Channel 21 and Ziplly Fiber 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.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proclamation Declaring Safe Shoreline Month		
DEPARTMENT:	Recreation, Cultural and Community Services Shoreline Police Department		
PRESENTED BY:	Bethany Wolbrecht-Dunn, Community Services Manager Paula Kieland, Shoreline Police Community Outreach Officer		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Proclamation

ISSUE STATEMENT:

Every year, disasters and local emergencies disrupt the lives of thousands throughout the United States. Being prepared for such incidents can reduce fear, anxiety and losses that might otherwise occur as well as help the community recover and get back to normal. To highlight emergency preparedness, the month of October has been declared "Washington State Disaster Preparedness Month".

The vitality of our City depends on how safe we keep our homes, businesses, neighborhoods and schools. To remind our citizens to stay vigilant about community safety and crime prevention, the month of October has also been declared "National Crime Prevention Month".

Given the confluence of these awareness campaigns, the City is proclaiming the month of October as Safe Shoreline Month. This proclamation highlights the proactive and innovative work the City is doing in the areas of policing and emergency management. Programs such as Ready Shoreline, Map Your Neighborhood, the Community Emergency Response Team (CERT), Shoreline Watch, and R.A.D.A.R. bring staff, police and the community members together to focus on building trusted relationships and strong, prepared neighborhoods.

Community members and business are encouraged to implement preparedness and prevention measures and to participate in these City sponsored programs.

RECOMMENDATION

The Mayor should read and present the proclamation.

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



PROCLAMATION

WHEREAS, the City of Shoreline places a high priority on the safety and security of its citizens; and

WHEREAS, the City Council has established a Goal to “promote and enhance the City’s safe community and neighborhood programs and initiatives”; and

WHEREAS, the Shoreline Police Department has established Shoreline Watch and the R.A.D.A.R program, among other initiatives, to engage the community in crime prevention activities and provide policing that is responsive to residents’ mental health needs; and

WHEREAS, the Shoreline Office of Emergency Management focuses on community preparedness by training residents to be ready for disasters with the Ready Shoreline, Map Your Neighborhood, Emergency Communications System and Community Emergency Response Team programs; and

WHEREAS, the month of October has been declared “Washington State Disaster Preparedness Month” and “National Crime Prevention Month”;

NOW, THEREFORE, I, Will Hall, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim the month of October 2021 as

SAFE SHORELINE MONTH

in the City of Shoreline and urge all our citizens to implement emergency preparedness and crime prevention measures at home, at work, and in their vehicles and to participate with their neighbors in emergency preparedness and crime prevention activities.

Will Hall, Mayor

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

Monday, September 13, 2021
7:00 p.m.

Held Remotely via Zoom

PRESENT: Mayor Hall, Deputy Mayor Scully, Councilmembers McConnell, McGlashan, Chang, Robertson, and Roberts

ABSENT: None.

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor Hall who presided.

2. ROLL CALL

Upon roll call by the City Clerk, all Councilmembers were present.

(a) Proclamation of Welcoming Week

Mayor Hall emphasized the importance of Shoreline being a welcoming community in which everyone feels safe.

3. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

4. REPORT OF CITY MANAGER

John Norris, Assistant City Manager, provided an update on COVID-19 and reported on various City meetings, projects, and events.

5. COUNCIL REPORTS

Mayor Hall said he gave opening remarks at the Seattle Film Summit and said he received positive feedback on the City's filmmaking regulations.

6. PUBLIC COMMENT

Daniel Wick spoke regarding the Multi-Family Tax Exemption Program and said the 12-year tax abatement model has been helpful. He said it is an ongoing financial challenge to build projects out and urged support for a 20-year program.

Jackie Kurl, Shoreline resident, spoke regarding the Enhanced Shelter. She commented on the general success of the Shelter to date and encourage Shelter staff to engage in outreach when nonresidents are present in adjacent areas.

7. CONSENT CALENDAR

Upon motion by Deputy Mayor Scully and seconded by Councilmember McConnell and unanimously carried, 7-0, the following Consent Calendar items were approved:

- (a) Approval of Minutes of Regular Meeting of July 26, 2021
Approval of Minutes of Regular Meeting of August 2, 2021**

- (b) Approval of Expenses and Payroll as of August 27, 2021 in the Amount of
\$11,751,472.68**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
06/27/21-07/10/21	7/16/2021		17499		\$101.80
07/11/21-07/24/21	7/31/2021	98068-98290	17500-17534	83087-83091	\$820,371.59
07/11/21-07/24/21	7/31/2021			WT1198	\$108,888.37
07/25/21-08/06/21	8/13/2021	98291-98522	17535-17569	83184-83187	\$665,032.30
07/25/21-08/06/21	8/13/2021			WT1200- WT1201	\$108,056.33
Q2 2021 L&I	7/29/2021			83022	\$40,325.73
Q2 2021 ESD	7/26/2021			83023	\$16,039.65
					<u>\$1,758,815.77</u>

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
8/6/2021	1199	\$870,730.57
8/23/2021	1202	\$1,144,030.77
8/25/2021	1203	\$19,444.30
8/27/2021	1204-1205	\$909,042.08
		<u>\$2,943,247.72</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
7/29/2021	82957	82984	\$544,147.10

7/29/2021	82985	82993	\$51,771.57
7/29/2021	82994	83021	\$1,798,296.20
7/29/2021	83024	83025	\$21.28
7/31/2021	83026	83026	\$4,431.46
8/4/2021	83027	83027	\$650.00
8/4/2021	83028	83035	\$39,244.85
8/4/2021	83036	83046	\$11,076.49
8/4/2021	83047	83066	\$307,337.17
8/4/2021	83067	83085	\$160,166.49
8/4/2021	76062	76062	(\$136.59)
8/4/2021	83086	83086	\$136.59
8/10/2021	83092	83113	\$151,209.96
8/10/2021	83114	83135	\$264,813.86
8/11/2021	83136	83145	\$62,729.96
8/11/2021	83146	83166	\$1,052,339.15
8/18/2021	83167	83170	\$36,280.20
8/18/2021	83171	83183	\$379,681.43
8/22/2021	83188	83188	\$1,678.56
8/22/2021	83189	83190	\$65,085.86
8/25/2021	83191	83210	\$397,785.55
8/25/2021	83211	83230	\$209,872.63
8/25/2021	83231	83245	\$57,238.13
8/25/2021	83246	83268	\$1,244,866.69
8/25/2021	83269	83291	\$195,684.60
8/25/2021	83292	83292	\$13,000.00
			<u>\$7,049,409.19</u>

(c) Adoption of Ordinance No. 942 - Amending Shoreline Municipal Code Chapter 15.20 Landmark Preservation

(d) Authorize the City Manager to Execute an Amendment to the Professional Services Agreement with Pertect, Inc. in the Amount of \$1,591,698 for 60% Design of the 175th Street (Stone to I-5) Project

(e) Authorize the City Manager to Execute a Professional Services Contract with DOWL, LLC in the Amount of \$251,389 for Design of the 20th Avenue NW New Sidewalk Project

(f) Authorizing the City Manager to Execute Interagency Agreement No. C2200046 with the Washington State Department of Ecology for Participation in the 2021-2023 Pollution Prevention Assistance Partnership

(g) Authorizing the City Manager to Execute a Construction Contract with Blue Mountain Construction Group, LLC in the Amount of \$750,000 for the Annual Stormwater Repair, Replacement, and Shoulder Improvements Contract

(h) Authorize the City Manager to Execute an Amendment to the Contract with Jacobs Engineering Group for 100% Design on the SR-523 (N/NE 145th Street) Aurora Avenue to Interstate-5 Project in an Amount Not to Exceed \$1,614,366

8. STUDY ITEMS

- (a) Discussion of Ordinance No. 944 – Amending Ordinance No. 776 and Ordinance No. 694 Amending Shoreline Municipal Code Chapter 3.27 for Property Tax Exemption Conditions Within the Light Rail Station Subareas and Within the MFTE Areas

Nate Daum, Economic Program Development Manager, delivered the staff presentation. Mr. Daum said this study session proposes new options for the Multi-Family Property Tax Exemption Program for consideration in response to concerns expressed by Councilmembers that the current program adds barriers to development in the Light Rail Station Areas. He reviewed the components of the MFTE Program and described the way the incentive-based program supports development density. He stated that the current incentive is a 12-year property tax exemption for participating projects, which creates a public benefit of 20 percent of units affordable at 80 percent of Area Median Income (AMI). He described the financial impact of a sample 12-year MFTE project and said that although the property tax on improvements is assumed at \$0 for 12 years, the other associated revenue generated by such a project is estimated to far exceed total revenues generated prior to development. Mr. Daum displayed a table outlining the ongoing increase in annual revenue for a sample project from pre-development through the post-MFTE program.

Mr. Daum said from 2002 to present the program has seen 12 buildings completed and eight more are in the works over the next few years. He listed the locations of the completed MFTE projects as well as the areas in which there are none. Focusing on the barriers to development in the Light Rail Station areas, he reported that feedback from developers is that most cities have a tax exemption that runs the same length of time as the affordability requirement, so Shoreline's affordability requirement of 99 years in the Station Areas is a significant barrier.

Mr. Daum said the Station Subarea MFTE program was established in 2017 and the sunset of the program is at the end of 2021. He said if the Council were to extend or eliminate the MFTE program deadline and to continue making it available in the Station areas, options for programmatic changes include either 20-year MFTE option or a 12-year MFTE extension, which is intended to address impending reversion to market rate of MFTE units. Mr. Daum shared specifics on the requirements for each alternative. He concluded by summarizing that the staff recommendation for Ordinance No. 944 would provide an extension and expansion of MFTE in the light rail station subareas, establish a 20-year MFTE program for projects with 99-year affordability requirements, and adopt a 12-year extension for 12-year program MFTE projects in Residential Target Areas.

Mayor Hall, Deputy Mayor Scully, and Councilmembers Chang and McGlashan expressed support for each of the staff recommendations.

Councilmember Robertson said she appreciates the rationale presented in the report to support the staff recommendation and asked if there has been any informal interest in development. Mr. Daum said there have been pre-application conversations, but no new applications in the core MUR-70' areas. Councilmember McConnell confirmed that there is one project in the planning stages in the MUR-70' zone, Mr. Daum said there is a lot of interest, but nothing in the pipeline with any certainty.

Discussion included conversation on the 99-year affordability requirement in the Station Area 20-year MFTE program. Councilmember Robertson looks forward to learning more about the discrepancy between the periods for property tax exemption and affordability requirements. Councilmember Chang recognized the mismatch between the 99-year affordability requirement and asked if the calculations were done to confirm that a 20-year program is enough. Mr. Daum said although every site is different, the development community reports that a typical project achieves affordability organically after about 30 years. He said the Department of Commerce is currently studying the MFTE program at the State level. Councilmember Chang said she is surprised this is a trial-and-error approach when it seems that reasonable estimates could be made. Mr. Daum explained the variability in the projects available for evaluation. Councilmember Roberts said he supports a 20-year program but suggested that the area boundaries be brought into alignment with the Comprehensive Plan and Councilmember McConnell agreed with the importance of giving additional time for development. Councilmember McGlashan recognized that the 99-year affordability requirement is a sticking point for developers, and Deputy Mayor Scully agreed it is worth further discussion. Mayor Hall commented that the previously established 99-year requirement is an example of the innovation that was being considered, with the goal of keeping units affordable longer than 12 years. He agrees it makes sense to reevaluate, but the Ordinance as recommended by staff is a good step forward.

In consideration of the 12-year extension option, Councilmember Robertson confirmed that only one extension would be granted per project. Councilmember Roberts said it seems that the City would be foregoing significant revenue, so he is not convinced that this is the right direction. He said he would like to know more about the specific benefits being received by residents of affordable units for the additional time vs. the loss of revenue to the City. Mr. Daum will report back to Council with that information.

In discussing the impact Ordinance No. 944 would have on projects currently in the application process, Councilmember McGlashan confirmed that as it stands now, projects currently in the application process for the MFTE program would incur additional fees to apply for any of the new options. Councilmember McConnell asked for an amendment to be brought forward to help developers with current MFTE applications in process to avoid additional fees if they choose to apply for one of the new options. Deputy Mayor Scully recognized that if the current regulations are discouraging development from happening, goals are not being met, and Ordinance No. 944 could incentivize development.

Councilmember Roberts would like staff to look at extending the designated locations for MFTE projects beyond the current boundaries.

Mayor Hall summarized that although there are some questions left to be addressed, the Council expressed no major concerns, and Ordinance No. 944 would return as an Action Item.

(b) Discussion of Proposed Capital Funding Update of American Rescue Plan Act (ARPA)

Susana Villamarin, Senior Management Analyst; and Tricia Juhnke, City Engineer; delivered the staff presentation. Ms. Villamarin stated that the American Rescue Plan Act (ARPA) provided the City of Shoreline \$7.5 Million to help with local fiscal recovery following the pandemic. She reviewed the rules of the funding, explaining that money will be received in two tranches, and must be used by the end of 2026 towards economic aid, premium pay, capital projects, and cost recovery revenue replacement.

Ms. Villamarin listed the guiding principles used by staff in forming their recommendation. She reviewed the targeted allocations agreed upon by the Council and displayed the allocation amounts proposed in the categories of response to public emergency, cost recovery for COVID-related expenses, and necessary investments in infrastructure. She further described the revised Phase 1 allocations for ARPA Navigators, Community and Youth Recovery, Business Recovery, City Cost Recovery, and Infrastructure and the steps the City has taken toward using the funding.

Ms. Villamarin said that although the Council was comfortable with \$4 Million in ARPA funds allocated to capital projects, they had requested further discussion on the recommended projects, as well as if other projects should be considered. Ms. Juhnke summarized the criteria established for use of ARPA funding for infrastructure. She stated that in follow up to Council's previous direction, staff expanded the review of potential projects to look at projects that provide green infrastructure, are outside of station areas, and that share existing priorities of the Wastewater and Surface Water utilities. She stated that staff recommends two large projects for funding: replacing sewer lines on 1st Avenue and 3rd Avenue from 145th to 147th and upgrading Stormwater Pump Station 26. She outlined several other projects considered, but not ultimately recommended, and explained a shift of funding that would support them ultimately being funded.

Deputy Mayor Scully said he was upset when the staff report did not consider the comments the Council made in the last discussion, but after expressing his concern to staff he now sees some response in tonight's presentation. He thinks there is a path forward for this. He emphasized that the ARPA funding is designed for recovery from COVID-19 to benefit everyone in the City and said that a recommendation for \$4 Million to go toward sewer projects in the Light Rail Subarea did not sit well with him, since it focused only on one neighborhood. This is fixed by including a Resolution that comes up with a package that funds benefits to the entire community. He explained that ARPA does allow funds to be swapped out, and he wants to make funding allocations transparent. He is excited about the proposed projects and suggested moving forward with the staff recommendation if it included a Resolution that would assure that the Capital Improvement Plan (CIP) identifies the projects that would be completed as part of the funding swap, asserting that with that change, the recommendation meets the Council's direction. He said the cost of the ARPA Navigator is a great investment to support the business community.

Councilmember Roberts said he appreciates the work done by staff in re-examining the projects and he feels more confident in them than previously. He observed that the staff proposal accelerates all the projects, so there is no need to shift funding. Councilmember Chang asked if the project recommendations would likely be part of the CIP even without a Resolution. Ms. Juhnke said they would most likely be included but are always up for discussion. She emphasized that staff takes their lead based on Council's direction, and it is Council's prerogative to make adjustments. Councilmember Chang wondered if going with Deputy Mayor Scully's suggestion would prematurely constrain the conversation on the CIP. Debbie Tarry, City Manager, stated that the projects listed in the staff report would likely be brought forward in the CIP for utility funding and are in alignment with existing plans.

Ultimately, Mayor Hall and Councilmembers Roberts, Chang, and McConnell expressed support for the staff recommendation as written. Councilmember Robertson supports Deputy Mayor Scully's approach, saying she sees the idea of including a Resolution as a way of identifying all the projects that will benefit from the ARPA funding, whether directly or by a shift of funds or freeing up dollars for necessary smaller projects. Mayor Hall observed that implementation will happen through future actions, the transparency of which is adequate. Deputy Mayor Scully emphasized that what he was looking for was transparency.

9. ADJOURNMENT

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

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Action on Ordinance No. 938 - Authorizing a One-Year Extension to the Right-of-Way Franchise with Frontier Communications Northwest (dba Ziplly Fiber) Originally Granted to Verizon Northwest Inc. (Ordinance No. 522) to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline

DEPARTMENT: City Manager's Office

PRESENTED BY: Christina Arcidy, Management Analyst

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

PROBLEM/ISSUE STATEMENT:

As per Shoreline Municipal Code (SMC) Section 12.25.010, all utilities using the City's rights-of-way for operation and maintenance of their facilities are required to have a non-exclusive franchise with the City. The City's existing non-exclusive right-of-way franchise with Northwest Fiber LLC to construct, maintain, operate, replace, and repair a cable system within the City expires November 4, 2020. The franchise was originally granted to Verizon Northwest Inc. (Verizon) via Ordinance No. 522 and was then transferred to Frontier Communications Corporation via Resolution No. 289. The franchise was then transferred to NW Fiber via Resolution No. 443, which was adopted on September 16, 2019.

The City had begun franchise negotiations with Frontier Communications Corporation prior to NW Fiber's acquisition. Once the City received notice that they would be acquired by NW Fiber, the City attempted to start franchise negotiations with NW Fiber. NW Fiber – which is the holding company for franchisee Frontier Communications Northwest, LLC (dba Ziplly Fiber) – is not yet able to begin franchise negotiations and have asked for a second one-year extension of the existing franchise.

Proposed Ordinance No. 938 would provide a second one-year extension to the existing franchise agreement and would terminate November 4, 2022, or upon the effective date of a new franchise, whichever occurs first. All terms and conditions of the proposed one-year extension are unchanged from the existing franchise; only name of the franchisee (updated to Frontier Communications Northwest, LLC (dba Ziplly Fiber)) and the term (length of the agreement) have been changed. The proposed one-year extension Council is scheduled to take action on would allow staff to negotiate a new long-term franchise agreement for cable service in the City.

RESOURCE/FINANCIAL IMPACT:

This franchise extension will have no financial impact to the City. The fees and taxes that the City currently receives from Frontier Communications Northwest, LLC (dba Ziplly Fiber) will continue under this one-year extension of the existing franchise agreement.

RECOMMENDATION

Staff recommends that Council adopt proposed Ordinance No. 938 granting a limited franchise extension to Frontier Communications Northwest, LLC (dba Ziplly Fiber).

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

BACKGROUND

As per Shoreline Municipal Code (SMC) Section 12.25.010, all utilities using the City's rights-of-way for operation and maintenance of their facilities are required to have a non-exclusive franchise with the City. The City's existing non-exclusive right-of-way franchise with Frontier Communications Northwest, LLC (dba Ziplly Fiber) was granted by Ordinance No. 522 (Attachment A) and extended by Ordinance No. 905 (Attachment B) to construct, maintain, operate, replace, and repair a cable system within the City expires November 4, 2021.

The City Council granted the cable franchise to Verizon Northwest Inc. (Verizon) on October 27, 2008 via Ordinance No. 522 for a term of twelve (12) years. More information can be found in this [staff report](#). Frontier Communications Corporation bought the Verizon wireline services in 14 Western States, including Washington, in 2009. Council subsequently granted a requested transfer of the franchise from Verizon to Frontier Communications Corporation via [Resolution No. 289](#). More information can be found in this [staff report](#). On May 28, 2019, Frontier Communication Corporation entered into a purchase agreement with NW Fiber and became the successor-in-interest to the assets of Frontier Communications Corporation, which prompted a transfer of Frontier Communications Corporation's franchise to NW Fiber via [Resolution No. 443](#). More information can be found in this [staff report](#). NW Fiber is now the holding corporation to Frontier Communications Northwest, LLC (dba Ziplly Fiber).

Prior to NW Fiber's acquisition of Frontier Communication Corporation, the City had begun franchise negotiations with Frontier Communications Corporation. Once the City received notice that Frontier Communications Corporation would be acquired by NW Fiber, the City attempted to start franchise negotiations with NW Fiber. Even with the prior one-year extension, they are not yet able to begin franchise negotiations and have asked for an additional one-year extension of the existing franchise.

The City Council discussed the proposed franchise on September 20, 2021, and directed staff to include it as a consent item on tonight's agenda. More information about the discussion on September 20 can be found here: [Discussion on Ordinance No. 938 - Authorizing a One-Year Extension to the Right-of-Way Franchise with Frontier Communications Northwest \(dba Ziplly Fiber\) Originally Granted to Verizon Northwest Inc. \(Ordinance No. 522\) to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline](#).

DISCUSSION

Proposed Ordinance No. 938 (Attachment C) would provide a one-year extension to the existing franchise agreement. All terms and conditions of the proposed one-year extension are unchanged from the existing franchise except for the name of the franchisee, which is updated to Frontier Communications Northwest, LLC (dba Ziplly Fiber) (Ziplly), and the term (length of the agreement) term, which is extended by one

year and would terminate November 4, 2022, or upon the effective date of a new franchise, whichever occurs first.

New Franchise Agreement Consideration

While a competitive cable provider may apply for a franchise at any time, the City must go through the renewal process with each existing cable operator. The City cannot deny renewal to an existing cable operator except for specific criteria set forth in the federal Cable Act.

As a reminder, the City cannot tell a cable operator which television programs to carry or regulate non-cable services. Cable operators have First Amendment protections, so the City has very limited authority to regulate the type of cable channels carried or the content of cable television programming Ziplly Fiber makes available in Shoreline. The City does not have authority to regulate non-cable services (e.g., high-speed Internet access and telephone service) provided by Ziplly Fiber. Federal law allows only for regulation of cable television services.

The Shoreline Municipal Code (SMC) section 12.25.070 identifies the considerations the City should review when renewing a right-of-way franchise, which are consistent with the [Cable Act of 1984](#) (47 U.S.C. § 546). These considerations include:

1. The applicant's past service record in the city and in other communities.
2. The nature of the proposed facilities and services.
3. The proposed area of service.
4. The proposed rates (if applicable).
5. Whether the proposal would serve the public needs and the overall interests of the city residents.
6. That the applicant has substantially complied with the material terms of the existing franchise.
7. The quality of the applicant's service, response to consumer complaints, and billing practices.
8. That the applicant has the financial, legal, and technical ability to provide the services, facilities, and equipment as set forth in the application.
9. The applicant's proposal is reasonable to meet the future community needs and interests, taking into account the cost of meeting such needs and interests.

Due to the substantial capital investment required to construct a modern cable system, the Cable Act gives cable companies certain advantages in renewing their franchises. The law limits the City's ability to deny renewal of a cable franchise. Even where the City can regulate, the federal government has established provisions that may limit the City's authority.

Based on the analysis shared in the September 20 staff report, staff believes Ziplly Fiber's franchise renewal meets the criteria identified in SMC section 12.25.070 and the franchise should be granted.

RESOURCE/FINANCIAL IMPACT

This franchise extension will have no financial impact to the City. The fees and taxes that the City currently receives from Frontier Communications Northwest, LLC (dba Ziplly Fiber) will continue under this one-year extension of the existing franchise agreement.

RECOMMENDATION

Staff recommends that Council adopt proposed Ordinance No. 938 granting a limited franchise extension to Frontier Communications Northwest, LLC (dba Ziplly Fiber).

ATTACHMENTS

- Attachment A: Ordinance No. 522, Granting a Franchise to Verizon Northwest Inc. to Operate a Cable System in the Public Rights-of-Way to Provide Cable Services in the City of Shoreline for a Twelve-Year Term
- Attachment B: Ordinance No. 905, Authorizing a One-Year Extension to the Right-of-Way Franchise with Northwest Fiber LLC (dba Ziplly) Originally Granted to Verizon Northwest Inc. (Ordinance 522) to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline
- Attachment C: Proposed Ordinance No. 938, Authorizing a One-Year Extension to the Right-of-Way Franchise with Frontier Communications Northwest, LLC (dba Ziplly Fiber) Originally Granted to Verizon Northwest Inc. (Ordinance 522) to Construct, Maintain, Operate, Replace, and Repair a Cable System Over, Along, Under, and Through Designated Public Rights-of-way in the City of Shoreline

ORDINANCE NO. 522

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON GRANTING A FRANCHISE TO VERIZON NORTHWEST INC. TO OPERATE A CABLE SYSTEM IN THE PUBLIC RIGHTS-OF-WAY TO PROVIDE CABLE SERVICES IN THE CITY SHORELINE FOR A TWELVE YEAR TERM

WHEREAS, the City of Shoreline ("City") has negotiated a Franchise Agreement with Verizon Northwest Inc. ("Verizon"), granting Verizon a franchise, authority, right and privilege for a period of twelve (12) years to construct, maintain, operate and repair a cable television system in the City, as set forth in the Franchise Agreement attached hereto, labeled Exhibit A and hereby incorporated by reference; and

WHEREAS, Verizon has requested that the City grant it a new franchise for the provision of cable television services within the City; and

WHEREAS, pursuant to RCW 35A.11.030, 35A.47.040 and 47 U.S.C. section 541(a)(1), the City has the power to grant franchises; and

WHEREAS, the City has analyzed and considered the technical ability, financial condition, legal qualifications, general character of Verizon, and all other conditions resulting from the grant of this Franchise, and has determined that it is in the best interest of the City and its residents to grant a cable Franchise to Verizon;

WHEREAS, Verizon and the City agree to be bound by the conditions hereinafter set forth;

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

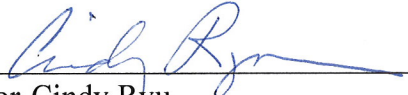
Section 1. Grant of Franchise. Pursuant to RCW 35A.11.030 and 35A.47.040, the City of Shoreline hereby grants a nonexclusive franchise to Verizon Northwest Inc. according to the terms and conditions set forth in Exhibit A attached hereto and incorporated herein by the reference as if set forth in full. Subject to the provisions therein, the term of the franchise shall be for a period of twelve (12) years from the effective date of the franchise, as defined in Exhibit A, and shall grant Verizon the right, privilege and authority to construct, maintain, operate, and repair a cable system in, on, across, over, along, under, upon, through and below the public rights-of-way to provide cable services in the City of Shoreline, all as provided in Exhibit A.

Section 2. Acceptance of Franchise. The franchise granted by Section 1 of this Ordinance shall be void and of no effect unless Verizon Northwest Inc. files with the City Clerk a signed franchise agreement accepting all of its terms and conditions within thirty (30) days after the Effective Date of this Ordinance.

Section 3. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

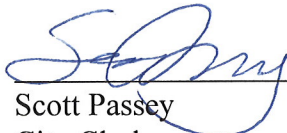
Section 4. Effective Date. Pursuant to RCW 35A.47.040, this ordinance has been passed at least five days after its first introduction and by a majority of the whole membership of the City Council at a regular meeting. A summary of this ordinance consisting of the title shall be published in the official newspaper and the ordinance shall take effect five days after publication; provided that this Ordinance and the franchise granted hereby shall become null and void, if the requirements of Section 2 are not met.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 27, 2008



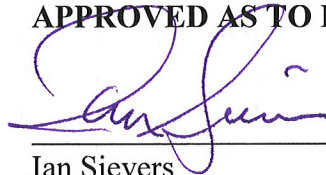
Mayor Cindy Ryu

ATTEST:



Scott Passey
City Clerk

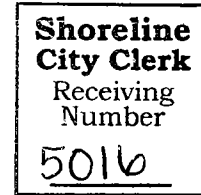
APPROVED AS TO FORM:



Ian Sievers
City Attorney

Publication Date: October 30, 2008
Effective Date: November 4, 2008

Ord. 522



CABLE FRANCHISE AGREEMENT

BETWEEN

THE CITY OF SHORELINE

AND

VERIZON NORTHWEST INC.

2008

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THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the City of Shoreline a duly organized city under the applicable laws of the State of Washington (the Local Franchising Authority or the “LFA”) and Verizon Northwest Inc., a corporation duly organized under the applicable laws of the State of Washington (the “Franchisee”).

WHEREAS, the LFA wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable communications system in the Franchise Area as designated in this Franchise;

WHEREAS, the LFA is a “franchising authority” in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Washington State law and federal law;

WHEREAS, Franchisee is in the process of installing a Fiber to the Premise Telecommunications Network (the “FTTP Network”) in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the state of Washington;

WHEREAS, Franchisee intends to construct, install, maintain, and extend the FTTP Network pursuant to Title II of the Communications Act (*see* 47 U.S.C. § 201 *et seq.*), and has requested a cable franchise from the LFA to operate a Cable System over, under, and along the Public Rights-of-Way within the LFA’s jurisdiction, in accordance with Title VI of the Communications Act (*see* 47 U.S.C. § 521 *et seq.*);

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the LFA, and Franchisee desires to use portions of the FTTP Network once installed to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the LFA has identified the future cable-related needs and interests of the LFA and its community, has considered the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee’s plans for its Cable System are adequate, in a full public proceeding affording due process to all parties;

WHEREAS, the LFA desires to protect and manage the Public Rights-of-Way, require high standards of customer service, receive financial compensation relating to Franchisee’s use of the Public Rights-of-Way as provided by federal law, obtain educational and governmental channels, establish certain reporting and record access requirements, and provide for the future cable-related needs of its residents;

WHEREAS, the LFA has found Franchisee to be financially, technically, and legally qualified to operate the Cable System;

WHEREAS, the LFA has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the LFA and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise Area of the LFA pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act (as hereinafter defined) are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for non-commercial Educational or Governmental use for the transmission of video programming as directed by the LFA.

1.1.1 *Educational Access Channel*: An Access Channel available for the use solely of the local schools (schools shall include any educational institution, public or private, but excluding home schools) in the Franchise Area.

1.1.2 *Government Access Channel*: An Access Channel available for the use solely of the LFA.

1.1.3 *EG*: Educational and Governmental.

1.2 *Additional Service Area*: Shall mean any such portion of the Service Area added pursuant to Section 3.1.3 of this Agreement.

1.3 *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with Franchisee.

1.4 *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals as well as the EG Channels required by this Franchise.

1.5 *Cable Operator*: Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(5), but does not include direct broadcast satellite providers.

1.6 *Cable Service or Cable Services*: Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(6).

1.7 *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), meaning, “a facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide cable service which includes video programming and which is provided to multiple subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of 1 or more television broadcast stations; (B) a facility that serves subscribers without using any public right-of-way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of title II of this Act, except that such facility shall be considered a cable system (other than for purposes of section 621(c)) to the extent such facility is used in the transmission of video programming directly to subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with section 653 of this title; or (E) any facilities of any electric utility used solely for operating its electric utility systems.” The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier subject, in whole or in part, to Title II of the Communications Act or of an Information Services provider.

1.8 *Channel*: Shall be defined herein as it is defined under section 602 of the Communications Act, 47 U.S.C. § 522(4).

1.9 *Communications Act*: The Communications Act of 1934, as amended by, among other things, the Cable Communications Policy Act of 1984, the Cable Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, as it may be further amended from time to time.

1.10 *Control*: The ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee’s affairs.

1.11 *FCC*: The United States Federal Communications Commission or successor governmental entity thereto.

1.12 *Fiber to the Premise Telecommunications Network (“FTTP Network”)*: The Franchisee’s network that transmits Non-Cable Services pursuant to the authority granted under the laws of the state of Washington and under Title II of the Communications Act (which Non-Cable Services are not subject to Title VI of the Communications Act), and that supports the Cable System.

1.13 *Force Majeure*: Force Majeure is an event or events reasonably beyond the ability of Franchisee to anticipate and control, such as:

(a) severe or unusual weather conditions, fire, flood, or other acts of God, strikes, labor disturbances, lockouts, war or act of war (whether an actual declaration of war is made or not), insurrection, riots or act of a public enemy;

(b) actions or inactions of any government instrumentality or public utility including condemnation, accidents for which Franchisee is not primarily responsible or work delays caused by waiting for other utility providers to service or monitor utility poles to which

Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary; and

(c) telephone network outages only when such outages are outside the control of Franchisee.

1.14 *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA and such additional areas as may be included in the corporate (territorial) limits of the LFA during the term of this Franchise.

1.15 *Franchisee*: Verizon Northwest Inc., and its lawful and permitted successors, assigns and transferees.

1.16 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee and/or its Affiliates from the operation of the Cable System to provide Cable Service in the Service Area. Gross Revenue shall include but may not be limited to the following items so long as all other Cable Operators in the Service Area include the same in Gross Revenues for purposes of calculating franchise fees:

- (a) fees charged for Basic Service;
- (b) fees charged to Subscribers for any service tier other than Basic Service;
- (c) fees charged for premium Channel(s), e.g. HBO, Cinemax, or Showtime;
- (d) fees charged to Subscribers for any optional, per-channel, or per-program services;
- (e) charges for installation, additional outlets, relocation, disconnection, reconnection, and change-in-service fees for video or audio programming;
- (f) fees for downgrading any level of Cable Service programming;
- (g) fees for service calls;
- (h) fees for leasing of Channels;
- (i) rental of customer equipment, including converters (e.g. set top boxes, high definition converters, and digital video recorders) and remote control devices;
- (j) advertising revenue as set forth herein;
- (k) revenue from the sale or lease of access Channel(s) or Channel capacity;
- (l) revenue from the sale or rental of Subscriber lists;
- (m) revenues or commissions received from the carriage of home shopping channels;

- (n) fees for any and all music services that are deemed to be a Cable Service over a Cable System;
- (o) revenue from the sale of program guides;
- (p) late payment fees;
- (q) forgone revenue that Franchisee chooses not to receive in exchange for trades, barter, services, or other items of value;
- (r) revenue from NSF check charges;
- (s) revenue received from programmers as payment for programming content cablecast on the Cable System; and
- (t) Franchise Fees hereunder.

Advertising commissions paid to independent third parties shall not be deducted from advertising revenue included in Gross Revenue. Advertising revenue is based upon the ratio of the number of Subscribers as of the last day of the period for which Gross Revenue is being calculated to the number of Franchisee's Subscribers within all areas covered by the particular advertising source as of the last day of such period, *e.g.*, Franchisee sells two ads: Ad "A" is broadcast nationwide; Ad "B" is broadcast only within Washington. Franchisee has one hundred (100) Subscribers in the Franchise Area, five hundred (500) Subscribers in Washington, and one thousand (1,000) Subscribers nationwide. Gross Revenue as to LFA from Ad "A" is ten percent (10%) of Franchisee's revenue therefrom. Gross Revenue as to the LFA from Ad "B" is twenty percent (20%) of Franchisee's revenue therefrom.

Notwithstanding the foregoing, Gross Revenue shall not include:

1.16.1 Revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

1.16.2 Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.16.3 Refunds, rebates or discounts made to Subscribers or other third parties;

1.16.4 Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders, provided that if any such services are Cable Services at any future time pursuant to applicable law, revenues derived from such services shall be included in Gross Revenues;

1.16.5 Payments by Subscribers for merchandise purchased from any home shopping channel offered as part of the Cable Services; provided, however, that commissions or other compensation paid to Franchisee by such home shopping channel for the promotion or exhibition of products or services shall be included in Gross Revenue;

1.16.6 Revenues from the sale of Cable Services on the Cable System to a reseller, when the reseller pays the cable Franchise fees on the resale of Cable Services;

1.16.7 Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees), provided however, as set forth in Section 1.16(t), Franchise Fees under this Agreement are included in Gross Revenues;

1.16.8 Any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise; provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue;

1.16.9 Sales of capital assets or sales of surplus equipment;

1.16.10 Reimbursement by programmers of marketing costs incurred by Franchisee for the introduction of new programming pursuant to a written marketing agreements;

1.16.11 Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing;

1.16.12 Any fees or charges collected from Subscribers or other third parties for EG Grant.

1.17 *Information Services*: Shall be defined herein as it is defined under Title I, Section 3 of the Communications Act, 47 U.S.C. §153(20).

1.18 *Initial Service Area*: The portion of the Franchise Area as outlined in Exhibit A.

1.19 *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.20 *Local Franchise Authority (LFA)*: The City of Shoreline or the lawful successor, transferee, or assignee thereof.

1.21 *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.22 *Normal Operating Conditions*: Those service conditions which are within the control of the Franchisee. Those conditions which are not within the control of the Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages (to the extent such outages are on non-Verizon networks or caused by Force Majeure), and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System. *See* 47 C.F.R. § 76.309(c)(4)(ii).

1.23 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.24 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.25 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including the Initial Service Area and any Additional Service areas.

1.26 *Service Date*: The date that the Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area. The Franchisee shall memorialize the Service Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

1.27 *Service Interruption*: The loss of picture or sound on one or more cable channels.

1.28 *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Franchisee's express permission.

1.29 *Telecommunications Facilities*: Franchisee's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.30 *Telecommunications Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46).

1.31 *Title II*: Title II of the Communications Act.

1.32 *Title VI*: Title VI of the Communications Act.

1.33 *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20).

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1 *Grant of Authority:* Subject to the terms and conditions of this Agreement and the Communications Act, the LFA hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2 *LFA's Regulatory Authority:* The parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities for the provision of Non-Cable Services. The jurisdiction of the LFA over such Telecommunications Facilities is also governed by federal and state law, and the LFA shall not assert jurisdiction over Franchisee's FTTP Network in contravention of those laws. Therefore, as provided in Section 621 of the Communications Act, 47 U.S.C. § 541, the LFA's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance, or operation of Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained, or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services. Nothing in this Agreement shall affect the LFA's authority, if any, to adopt and enforce lawful regulations with respect to Franchisee's Telecommunications Facilities in the Public Rights-of-Way.

2.3 *Term:* This Franchise shall become effective on November 6, 2008 (the "Effective Date"). The Term of this Franchise shall be twelve (12) years from the Effective Date unless the Franchise is earlier revoked as provided herein.

2.4 *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise.

2.5 *Franchise Subject to Federal and State Law:* Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal law and state law as they may be amended, including but not limited to the Communications Act and any applicable rules, regulations, and orders of the FCC, as amended.

2.6 *No Waiver:*

2.6.1 The failure of the LFA on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Communications Act or any other applicable state or federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the LFA nor to excuse Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of Franchisee on one or more occasions to exercise a right under this Franchise or applicable law, or to require performance under this Franchise, shall not

be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Franchise shall be liberally construed to effect their objectives.

2.7.2 Nothing herein shall be construed to limit the scope or applicability of Section 625 of the Communications Act, 47 U.S.C. § 545.

2.8 *Police Powers:* In executing this Franchise Agreement, the Franchisee acknowledges that its rights hereunder are subject to the lawful police powers of the LFA. Franchisee agrees to comply with all lawful and applicable general laws and ordinances enacted by the LFA pursuant to such power. Nothing in the Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the LFA's police powers. However, if the reasonable, necessary and lawful exercise of the LFA's police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modifications shall be in writing and signed by both parties. If the parties cannot reach agreement on the above-referenced modification to the Franchise, the parties agree to submit the matter to mediation. The matter submitted to mediation shall be limited to what effect, if any, the LFA's exercise of police powers has on the terms of the Franchise. In the event mediation does not result in an agreement, then the Franchisee may terminate this Agreement without further obligation to the LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association (but not necessarily administered by the American Arbitration Association) or as otherwise mutually agreed by the parties. The matter submitted to arbitration shall be limited to what effect, if any, the LFA's exercise of police powers has on the terms of the Franchise.

2.9 *Termination of Telecommunications Services:* Notwithstanding any other provision of this Agreement, if Franchisee ceases to provide Telecommunications Services over the FTTP Network at any time during the Term and is not otherwise authorized to occupy the Public Rights-of-Way in the Franchise Area, the LFA may regulate the FTTP Network as a cable system to the extent permitted by Title VI.

3. **PROVISION OF CABLE SERVICE**

3.1 *Service Area:*

3.1.1 *Initial Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within twelve (12) months of the Service Date of this Franchise, and shall offer Cable Service to all residential areas in the Initial Service Area within thirty-six (36) months of the Service Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of delay caused by LFA; (C) for periods of delay

resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot access under reasonable terms and conditions after good faith negotiation, as determined by Franchisee; and (F) in developments or buildings that Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density requirements set forth in Section 3.1.2.

3.1.2 Density Requirement: Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than thirty (30) residential dwelling units per mile, as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Initial Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Sections 3.1.1 and 3.1.2 respectively, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from LFA that the density requirements have been met.

3.1.3 Additional Service Areas: Except for the Initial Service Area Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area during the term of this Franchise or any Renewals thereof except as set forth in this Section 3.1.3. The parties agree that if any land is annexed by the LFA during the term of this Agreement, such annexed areas shall become part of the Franchise Area and Franchisee shall be required to extend Cable Service within a reasonable time to such annexed area (subject to the exceptions in Section 3.1.1 above), provided that such annexed area: (a) is contiguous to the LFA, (b) is within Franchisee's Title II service territory, and (c) is served by the video-enabled FTTP Network. If Franchisee intends to serve Additional Service Areas within the Franchise Area, Franchisee shall notify the LFA in writing of such Additional Service Area at least ten (10) days prior to providing Cable Services in such areas.

3.2 Availability of Cable Service: Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. Franchisee shall not deny access to Cable Services to any group of potential residential Subscribers because of the income of the residents of the local area in which the group resides. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet and actual costs incurred to connect any non-residential Subscriber.

3.3 Complimentary Cable Service to Public Buildings: Subject to Section 3.1, Franchisee shall provide without charge within the Service Area, one service outlet (unless otherwise specified in Exhibit B) activated for Basic Service to each public school, police and fire station, public library, government offices and other offices used for municipal government

administration as set forth in Exhibit B, and also required of other cable operators in the Franchise Area, provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) feet solely to provide service to any such school or public building, the LFA or other appropriate entity shall have the option either of paying Franchisee's direct costs for such extension in excess of one hundred fifty (150) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any school or other public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) feet of drop cable; provided, however, that Franchisee shall charge for the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen, or damaged due to the negligence or other wrongful acts of the LFA.

4. SYSTEM OPERATION

As provided in Section 2.2, the parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities. The jurisdiction of the LFA over such Telecommunications Facilities is restricted by federal and state law, and LFA does not and will not assert jurisdiction over Franchisee's FTTP Network in contravention of those limitations.

5. SYSTEM FACILITIES

5.1 *Technical Requirement:* Franchisee shall operate, maintain, construct and extend the Cable System so as to provide high quality signals and reliable delivery of Cable Services for all cable programming services. The Cable System shall meet or exceed any and all applicable technical performance standards of the FCC, the National Electrical Safety Code, the National Electrical Code and any other applicable federal law and the laws of the State of Washington to the extent not in conflict with federal law and regulations.

5.2 *System Characteristics:* Franchisee's Cable System shall meet or exceed the following requirements:

5.2.1 The System shall be designed with an initial digital carrier passband between fifty (50) and eight hundred sixty (860) MHz.

5.2.2 The System shall be designed, constructed and maintained to be an active two-way plant for subscriber interaction, if any, required for selection or use of Cable Service.

5.3 *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.4 *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and state law in order that emergency messages may be distributed over the System in video and audio formats as required by state and federal law.

6. **EG SERVICES**

6.1 Access Channels:

6.1.1 In order to ensure availability of educational and government programming, Franchisee shall provide, without charge to the LFA, on the Basic Service Tier one (1) dedicated Educational Access Channel and one (1) dedicated Government Access Channel (collectively, "EG Channels"); and Franchisee shall reserve on its Basic Service Tier for LFA's future use a total of two (2) additional dedicated Channels for Educational Access and/or Government Access (the "Reserve Channels") (the EG Channels and the Reserve Channels are collectively referred to as the "Access Channels").

6.1.2 The parties agree that Franchisee shall retain the right to utilize all such Access Channels, in its sole discretion, during the term of this Franchise until such time that Franchisee activates LFA's Access Channels pursuant to Section 6.1 and/or if LFA ceases to use the Access Channels during the Term of this Agreement. The LFA shall comply with applicable law regarding the use of EG Channels. Franchisee shall only be required to provide the Reserve Channels so long as the other Cable Operators in the Franchise Area are also providing similar channels.

6.1.3 Upon the signing of this Agreement, the LFA hereby notifies Franchisee of its intent to provide programming to be carried on the Government and Educational Access Channels; such notification shall constitute authorization to the Franchisee to transmit such programming within and outside of the LFA.

6.1.4 The LFA may activate the Reserve Channels during the Term by providing the Franchisee with written notice of the need for additional Access Channel capacity at least one hundred eighty (180) days prior to the date it intends to activate the Reserve Channel, demonstrated by a programming schedule for EG programming on the existing Government or Educational Access Channel, as applicable, consisting of at least six (6) hours per day, which programming for purposes of this calculation shall not include repeat programming generated per day or character-generated programming. Such written notice shall authorize the Franchisee to transmit the Reserve Channel within and outside of the LFA.

6.1.5 The Franchisee specifically reserves the right to make or change channel assignments in its sole discretion and shall provide notice of such changes as set forth in the Customer Service Standards, Exhibit D, Sections 10.E and 10.G.4. The Access Channels shall be used for community programming related to Educational and/or Governmental activities. The LFA shall have complete control over the content, scheduling, and administration of the Access Channels and may delegate such functions, or a portion of such functions, to an appropriate designee upon written notice from the LFA to Franchisee. The Franchisee shall not exercise any editorial control over Access Channel programming.

6.1.6 The LFA shall provide and ensure suitable video and audio signals for the Access Channels to Franchisee at City Hall, 17544 Midvale Avenue N, Shoreline, WA 98133) or an alternative location mutually agreeable to the LFA and Franchisee (the "EG Channel Origination Site"). Upon completion of the new City Hall and with ninety (90) days prior

written notice from the LFA that video and audio signals will be available at the new City Hall, the EG Channel Origination Site can be changed to 17500 Midvale Avenue N, Shoreline, WA, 98133. The Franchisee's obligations under this Section 6.1, including its obligation to provide upstream equipment, lines and facilities necessary to transmit those video and audio signals, shall be subject to the provision by the LFA, to the extent applicable and without charge to the Franchisee, of:

- (1) access to the EG Channel Origination Site facility;
- (2) access to any required EG equipment within the EG Channel Origination Site facility and suitable required space, environmental conditions, electrical power supply, access, and pathways within the EG Channel Origination Site facility;
- (3) video and audio signals in a mutually agreed upon format suitable for EG Access Channel programming;
- (4) any third-party consent that may be necessary to transmit EG signals (including, without limitation, any consent that may be required with respect to third-party facilities, including the facilities of the incumbent cable provider, used to transmit EG content to the EG Channel Origination Site from auxiliary locations); and
- (5) any other cooperation and access to facilities as are reasonably necessary for the Franchisee to fulfill the obligations stated herein.

To the extent suitable video and audio signals are provided to Franchisee and the foregoing conditions in Section 6.1 are met, Franchisee shall, within one hundred eighty (180) days of written notice or provision of suitable video and audio signals, whichever is later, provide, install, and maintain in good working order the equipment necessary for transmitting the EG signal to Subscribers.

6.2 EG Grant:

6.2.1 The Franchisee shall provide a grant to the LFA, or its designee, to be used in support of the production of local EG programming (the "EG Grant"). Such grant shall be used by the LFA for EG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of EG access facilities.

6.2.2 The EG Grant as of the Effective Date is \$0.00 per Subscriber, per month. Subsequently, such amount can be modified as determined by the City Council no more than once each year and the EG Grant shall be no greater than \$1.00, per Subscriber, per month in the Service Area, and shall be the same amount required of all other Cable Operators in the Franchise Area. Franchisee's obligation under this Section 6.2.2. is contingent upon all other Cable Operators making the same grant payment on a per Subscriber, per month basis. The LFA shall give Franchisee sixty (60) days prior written notice before changing the amount of the EG Grant under this Section. The EG Grant payment, shall be delivered to the LFA concurrent with the Franchise Fee payment. Calculation of the EG Grant will commence with the first calendar month during which Franchisee obtains its first Subscriber in the Service Area

6.2.3 The LFA shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 6.2.2.

6.3 LFA shall require all local producers and users of any of the EG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA, from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owed to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a EG facility or Channel. LFA shall establish rules and regulations for use of EG facilities, consistent with, and as required by, 47 U.S.C. § 531.

6.3.1 To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of an EG Grant or any other costs arising from the provision of EG services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill.

7. FRANCHISE FEES

7.1 *Payment to LFA:* Franchisee shall pay to the LFA a Franchise fee of five percent (5%) of annual Gross Revenue ("Franchise Fee"). In accordance with Title VI of the Communications Act, the twelve-month (12) period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were inadvertently omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

7.2 *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report that is verified by a financial manager of Franchisee showing the basis for the computation, substantially similar to that set forth in Exhibit D. No later than forty-five (45) days after the end of each calendar year, Franchisee shall furnish to the LFA an annual summary of Franchise Fee calculations.

7.3 *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be four (4) years from the date on which payment by Franchisee is due.

7.4 *Interest Charge on Late Payments:* Late payments for any (i) Franchise Fees due pursuant to Section 7, (ii) EG Grant due pursuant to Section 6, (iii) Franchise Grant due pursuant to Section 14, and (iv) liquidated damages due pursuant to Section 13 shall be subject to the interest at the then-current rate set forth in RCW 19.52.020, which as of the date of execution of

this Agreement is twelve percent (12%) per annum from the due date to the date that such payment is made.

7.5 *No Release:* LFA's acceptance of payment shall not be construed as an agreement that the amount paid was correct, nor shall acceptance be construed as a release of any claim which the LFA may have for additional sums due under provisions of this Section 7.

7.6 *No Limitation on Taxing Authority:* Nothing in this Franchise shall be construed to limit any authority of the LFA to impose any tax, fee, or assessment of general applicability. Nothing in this Franchise is intended to preclude Franchisee from exercising any right it may have to challenge the lawfulness of any tax, fee, or assessment imposed by the LFA or any state or federal agency or authority, or intended to waive any rights the Franchisee may have under 47 U.S.C. § 542.

7.7 *EG Grant and Franchise Grant Not Franchise Fees:* Franchisee agrees that the EG Grant and Franchise Grant set forth in Sections 6 and 14 respectively, shall in no way modify or otherwise affect Franchisee's obligation to pay Franchise Fees to the LFA. Franchisee agrees that although the sum of Franchise Fees and the EG Grant and Franchise Grant may total more than five percent (5%) of Franchisee's Gross Revenues in any twelve-month (12) period, the additional commitments are not to be offset or otherwise credited in any way against any Franchise Fee payments under this Franchise.

7.8 *Audits:*

7.8.1 The parties shall make every effort to informally consult and resolve any questions or issues regarding Franchise Fee or EG Grant payments and nothing herein shall be construed to preclude such informal consultations or review of Franchisee's books. LFA may audit or conduct a Franchise Fee review of Franchisee's books and records no more than once every three (3) years during the Term, provided that the LFA shall require all other Cable Operators in the Franchise Area to be subject to competitively equitable audit requirements in any renewal or initial granting of such franchises after the Effective Date.

7.8.2 All records reasonably necessary for any such audit shall be made available by Franchisee to LFA within thirty (30) days of LFA's request.

7.8.3 Each party shall bear its own costs of an audit; provided, however, that if the results of any audit indicate that Franchisee underpaid the Franchise Fees by five percent (5%) or more, then Franchisee shall pay the reasonable, documented, out-of-pocket costs of the audit up to ten thousand dollars (\$10,000).

7.8.4 If the results of an audit indicate an overpayment of Franchise Fees, the parties agree that any undisputed overpayment shall be offset against future payments if applicable, within forty-five (45) days. If the results of an audit indicate an underpayment of Franchise Fees, the parties agree that any undisputed underpayment shall be paid within forty-five (45) days along with interest as set forth in Section 7.4.

7.8.5 Any audit shall be conducted by an independent third party. Any entity employed by the LFA that performs the audit or Franchise Fee review shall not be permitted to

be compensated on a success based formula, *e.g.* payment based on an underpayment of fees, if any.

7.9 *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 7 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with applicable federal or state laws, rules, and regulations, or Washington Utilities and Trade Commission regulations, standards or orders. Franchisee shall not allocate revenue between Cable Services and Non-Cable Services with the purpose of evading or substantially reducing the Franchisee's Franchise Fee obligations to the LFA.

7.10 *Alternative Fees*: In the event that Franchise Fees are prohibited by any law or regulation, Franchisee agrees to pay any substitute fee or amount allowed by law up to a maximum amount of five percent (5%) of Gross Revenues, so long as the substitute fee is imposed on all other Cable Operators in the Franchise Area and Franchisee is given thirty (30) days notice of the substitute fee by the LFA.

8. **CUSTOMER SERVICE**

Customer Service Requirements are set forth in Exhibit D, which shall be binding unless amended by written consent of the parties.

9. **REPORTS AND RECORDS**

9.1 *Open Books and Records*: Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during normal business hours (those hours during which most similar businesses in the community are open to serve customers) and on a nondisruptive basis, at a mutually agreed upon location in the Franchisee's Title II territory in Washington, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years, provided that if, as a result of reviewing Franchisee's records, LFA identifies specific records and requests that such records be retained beyond the six-year (6) period, Franchisee shall retain those records for an additional twelve (12) months. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof, unless otherwise required by law whereupon the LFA will notify Franchisee pursuant to Section 9.2. Franchisee shall not be required to provide Subscriber information in violation of section 631 of the Communications Act, 47 U.S.C. § 551.

9.2 *Public Disclosure:* If, in the course of enforcing this Franchise or for any other reason, the LFA believes it must disclose any Franchisee confidential information pursuant to Washington law, the LFA shall provide reasonable advance notice of such disclosure so that Franchisee can take appropriate steps to protect its interests.

9.3 *Records Required:* Franchisee shall at all times maintain:

9.3.1 Records of all written complaints for a period of three (3) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

9.3.2 Records of outages for a period of three (3) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

9.3.3 Records of service calls for repair and maintenance for a period of three (3) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

9.3.4 Records of installation/reconnection and requests for service extension for a period of three (3) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

9.3.5 A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

10. INSURANCE AND INDEMNIFICATION

10.1 *Insurance:*

10.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

10.1.1.1 Commercial General Liability Insurance in the amount of two million dollars (\$2,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System and the conduct of Franchisee’s Cable Service business in the LFA.

10.1.1.2 Automobile Liability Insurance in the amount of two million dollars (\$2,000,000) combined single limit for bodily injury and property damage.

10.1.1.3 Workers’ Compensation Insurance meeting all legal requirements of the state of Washington.

10.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; and (C) Bodily Injury by Disease: \$2,000,000 policy limit.

10.1.1.5 Umbrella or excess liability insurance in the amount of three million dollars (\$3,000,000).

10.1.2 The LFA shall be included as an additional insured under each of the insurance policies required in this Article 10 except Worker's Compensation and Employer's Liability Insurance. Franchisee shall provide to the LFA a copy of the blanket additional insured endorsements for General and Auto liability, or similar documentation demonstrating compliance. Receipt by an LFA of any certificate showing less coverage than required is not a waiver of Franchisee's obligations to fulfill the requirements.

10.1.3 Each of the required insurance policies shall be with insurers qualified to do business in the State of Washington with an A.M. Best Financial Strength rating of A- or better.

10.1.4 Franchisee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Agreement. In the event that the insurance company cancels the policy, Franchisee will work diligently to obtain replacement insurance so there is no gap in coverage.

10.1.5 Franchisee shall deliver to LFA Certificates of Insurance showing evidence of the required coverage.

10.1.6 The limits required above may be satisfied with a combination of primary and excess coverage.

10.2 *Indemnification:*

10.2.1 Franchisee agrees to indemnify, save and hold harmless, and defend the LFA, its elected officials, officers, agents, boards and employees, from and against any liability, damages or claims, settlements approved by Franchisee pursuant to Section 10.2.2 or judgments, arising out of, or resulting from, the Franchisee's activities pursuant to this Franchise, provided that the LFA shall give Franchisee written notice of its obligation to indemnify the LFA within ten (10) days of receipt of a claim or action pursuant to this Section, (or up to thirty (30) days as long as such notice causes no prejudice to the Franchisee). Notwithstanding the foregoing, Franchisee shall not indemnify the LFA, for any damages, liability or claims resulting from the willful misconduct, negligence, or breach of obligation of the LFA, its officers, agents, employees, attorneys, consultants, or independent contractors, for which the LFA is legally responsible, or for any activity or function conducted by any Person other than Franchisee in connection with EG Access or EAS.

10.2.2 With respect to Franchisee's indemnity obligations set forth in Section 10.2.1, Franchisee shall provide the defense of any claims or actions brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the LFA

from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA, and the third party is willing to accept the settlement, but the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

11. TRANSFER OF FRANCHISE

11.1 Transfer of the Franchise means:

11.1.1 Any transaction in which:

11.1.1.1 an ownership or other interest in Franchisee, the Franchise or the Cable System is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

11.1.1.2 the rights held by Franchisee under the Franchise are transferred or assigned to another Person or group of Persons.

11.1.2 However, notwithstanding Sections 11.1.1.1 and 11.1.1.2 above, a Transfer of the Franchise shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

11.2 Subject to section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior written consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned so long as the transferee assumes the obligations of the Franchisee hereunder. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or otherwise for transactions otherwise excluded under Section 11.1.2 above.

12. RENEWAL OF FRANCHISE

12.1 The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of section 626 of the Communications Act, 47 U.S.C. § 546.

12.2 In addition to the procedures set forth in said section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under

the then-current Franchise term. The LFA further agrees that such assessments shall be provided to Franchisee promptly so that Franchisee has adequate time to submit a proposal under 47 U.S.C. § 546 and pursue renewal of the Franchise prior to expiration of its term.

12.3 Notwithstanding anything to the contrary set forth herein, Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

12.4 Franchisee and the LFA consider the terms set forth in this Article 12 to be consistent with the express provisions of 47 U.S.C. § 546.

13. ENFORCEMENT AND TERMINATION OF FRANCHISE

13.1 *Security*: Within thirty (30) days following the Effective Date of this Agreement, Franchisee shall provide to LFA security for the faithful performance by Franchisee of all material provisions of this Agreement. Franchisee shall maintain the Security at twenty thousand dollars (\$20,000) throughout the term of this Agreement, so long as all other Cable Operators in the Franchise Area are providing competitively equitable security within six (6) months of the Effective Date of this agreement, as evidenced by appropriate written notice from the LFA to the Franchisee. The form of the security may, at Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to LFA (the "Security").

13.1.1 If the Franchisee posts a performance bond, it shall be substantially in the form of Exhibit E.

13.1.2 In the event the Security provided pursuant to the Agreement is not renewed, is cancelled, is terminated or is otherwise impaired, Franchisee shall provide new security pursuant to this Article within sixty (60) days of notice.

13.1.3 Neither cancellation, nor termination nor refusal by surety to extend the bond, nor inability of Franchisee to file a replacement bond or replacement security for its obligations, shall constitute a loss to the LFA recoverable under the bond.

13.2 *Liquidated Damages*:

13.2.1 In the event the LFA determines that Franchisee has breached this Agreement, after following the procedures in Sections 13.3 and 13.4, the LFA may assess the following as liquidated damages, provided that the LFA shall require all other Cable Operators in the Franchise Area to be subject to competitively equitable liquidated damages in any renewal or initial granting of such franchises after the Effective Date:

13.2.1.1 Two hundred fifty dollars (\$250) per day for failure to provide EG Access Channels as set forth herein;

13.2.1.2 One hundred fifty dollars (\$150) per day for material breach of the customer service standards set forth in Exhibit D;

13.2.1.3 One hundred dollars (\$100) per day for failure to provide reports as required by the Franchise; or

13.2.1.4 Up to two hundred fifty dollars (\$250) per day for any other material breaches or defaults of this Agreement.

Franchisee shall pay any liquidated damages assessed by LFA within thirty (30) days after they are assessed. Liquidated damages shall accrue starting on the first date of the occurrence of the noncompliance. If liquidated damages are not paid within the thirty (30) day period, LFA may proceed against the Security. Total liquidated damages shall not exceed twenty thousand dollars (\$20,000) in any twelve-month (12) period.

13.2.2 Assessment of liquidated damages shall not constitute a waiver by LFA of any other right or remedy it may have under this Franchise or applicable law except as set forth in this Agreement, including without limitation its right to recover from Franchisee such additional damages, losses, costs and expenses, as may have been suffered or incurred by City by reason of or arising out of such breach of this Franchise. Notwithstanding the foregoing, if LFA elects to assess liquidated damages pursuant to this Section, such election shall constitute LFA's exclusive remedy for the violation for which the liquidated damages were assessed for a period of sixty (60) days. Thereafter, the remedies provided for in this Agreement are cumulative and not exclusive; the exercise of one remedy shall not prevent the exercise of another remedy, or the exercise of any rights of the LFA at law or equity, provided that the cumulative remedies may not be disproportionate to the magnitude and severity of the breach for which they are imposed.

13.2.3 Subject to Sections 13.3 and 13.4, and subject to the assessment of any liquidated damages pursuant to Section 13.2, LFA may elect to pursue other legal and equitable remedies at any time during the term of this Franchise.

13.3 *Notice of Violation:* In the event LFA believes that Franchisee has not complied with the terms of the Franchise, failed to perform any obligation under this Agreement or has failed to perform in a timely manner, LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem within twenty (20) days, LFA shall notify Franchisee in writing, stating with reasonable specificity the nature of the alleged violation (the "Noncompliance Notice").

13.4 *Franchisee's Right to Cure or Respond:* Franchisee shall have thirty (30) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such thirty (30) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which cure is projected to be completed. Upon cure of any noncompliance, LFA shall provide written confirmation that such cure has been effected.

13.5 *Remedies:* Subject to applicable federal and state law, in the event the LFA, after the procedures set forth in Sections 13.3 and 13.4, determines that Franchisee is in default of any material provision of this Franchise, the LFA may take the following actions:

13.5.1 Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages;

13.5.2 Seek liquidated damages as set forth herein;

13.5.3 Commence an action at law for monetary damages or seek other equitable relief;

13.5.4 In the case of a substantial material default of the Franchise, seek to revoke the Franchise in accordance with Section 13.6.

13.6 *Revocation:*

13.6.1 As set forth in this Section 13.6, the LFA may seek to revoke this Franchise in the event of a substantial material default of this Franchise. Should the LFA seek to revoke this Franchise after following the procedures set forth in Sections 13.3 and 13.4, the LFA shall give written notice to Franchisee of such intent to revoke this Franchise. This notice of intent to revoke is in addition to the Notice of Noncompliance pursuant to Section 13.3. The notice shall set forth with reasonable specificity the reasons for revocation. The Franchisee shall have thirty (30) days to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a public hearing. The LFA shall notify the Franchisee in writing of the time and place of the public hearing at least thirty (30) days prior to the public hearing.

13.6.2 At the revocation hearing, Franchisee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to compel the testimony of persons as permitted by law, and to question and/or cross examine witnesses. The revocation hearing shall be a public hearing at which members of the public may testify under oath. A complete verbatim record shall be made of the revocation hearing by a court reporter. The costs of such court reporter shall be shared equally by the parties.

13.6.3 Following the public hearing, Franchisee may submit its proposed written findings and conclusions within twenty (20) days of the close of the public hearing. Thereafter, the LFA shall determine: (i) whether an event of default has occurred; (ii) whether such event of default should be excused; and (iii) whether such event of default has been cured or will be cured by the Franchisee; and (iv) whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFA determines that the Franchise shall be revoked, the LFA shall promptly provide Franchisee with a written decision setting forth its reasoning. Franchisee may appeal such determination of the LFA to an appropriate court within thirty (30) days of notice of the LFA's decision.

13.6.4 The LFA may, at its sole discretion, take any lawful action which it deems appropriate to enforce the LFA's rights under the Franchise in lieu of revocation of the Franchise.

13.7 *Franchisee Termination:* Franchisee shall have the right to terminate this Franchise and all obligations hereunder within ninety (90) days after the third anniversary of the

Service Date of this Franchise, if at the end of such three (3) year period Franchisee does not then in good faith believe it has achieved a commercially reasonable level of Subscriber penetration on its Cable System. Franchisee may consider subscriber penetration levels outside the Franchise Area but within the Puget Sound metropolitan area in this determination. Notice to terminate under this Section 13.7 shall be given to the LFA in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days prior written notice of its intent to cease Cable Service operations.

13.8 The LFA specifically does not by any provision of this Franchise, waive any immunity or limitation of liability under state or federal law, including but not limited to, section 635 A of the Communications Act.

14. MISCELLANEOUS PROVISIONS

14.1 *Franchise Grant*: Franchisee shall pay LFA six thousand (\$6,000) (the "Franchise Grant"). The Franchise Grant shall be payable sixty (60) days from the Effective Date, which may be used for any lawful purpose. The LFA agrees to require competitively similar obligations from other Cable Operators upon the future grant or renewal of a franchise agreement for the provision of Cable Service. To the extent permitted by federal law, Franchisee shall be allowed to recover this amount from Subscribers and may line-item or otherwise pass-through this amount to Subscribers. The reference to the line item shall accurately describe its purpose.

14.2 *Equal Employment Opportunity*: Franchisee shall comply with all applicable federal and state laws affording nondiscrimination in employment to all individuals regardless of their race, color, religion, age, sex, national origin, sexual orientation or physical disability.

14.3 *Actions of Parties*: In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

14.4 *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

14.5 *Preemption*: In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the LFA or Franchisee.

14.6 *Force Majeure*: Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or liquidated

damages relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

14.7 *Good Faith Error:* Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to liquidated damages, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers.

14.8 *Notices:* Unless otherwise expressly stated herein, notices required under the Franchise shall be deemed effective three (3) days after having been deposited by first class, postage prepaid, registered or certified mail, return receipt requested or one (1) day after having been deposited with any nationally recognized overnight courier for next day delivery, and addressed to the addressees below. Each party may change its designee by providing written notice to the other party.

14.8.1 Notices to Franchisee shall be mailed to:

Verizon Northwest Inc.
Attn: Tim McCallion, President
112 Lakeview Canyon Road, CA501GA
Thousand Oaks, CA 91362

with a copy to:

Mr. Jack H. White
Senior Vice President & General Counsel - Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

Notices to the LFA shall be mailed to:

City of Shoreline
Attn: City Manager
17544 Midvale Avenue N
Shoreline, WA 98133

14.9 *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA, and supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances that conflict with the provisions of this Agreement are superseded by this Agreement.

14.10 *Amendments:* Amendments to this Franchise shall be mutually agreed to in writing by the parties. No amendment will take effect if it will impair the security set forth in Section 13, unless otherwise agreed by the parties.

14.11 *Captions*: The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

14.12 *Severability*: If any section, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

14.13 *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

14.14 *FTTP Network Transfer Prohibition*: Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the LFA or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow Franchisee from providing Cable Services.

14.15 *No Joint Venture*: Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to nor shall either party act toward third persons or the public in any manner that would indicate any such relationship with the other.

14.16 *Independent Review*: LFA and Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

14.17 *Venue*: The venue for any dispute related to this Franchise shall be in the United States District Court for the Western District of Washington in Seattle, provided it has subject matter jurisdiction; if no jurisdiction exists, then venue shall be in the Superior Court for King County.

14.18 *Attorneys' Fees*: If any action or suit arises between Franchisee and LFA for breach of this Franchise, the prevailing party, either the LFA or Franchisee, as the case may be, shall be entitled to recover all of its reasonable attorneys' fees, costs and expenses in connection therewith along with such other relief as the court deems proper.


14.19 *Publication Costs*: Franchisee shall pay for all costs of publication of this Franchise and any and all notices prior to any public meeting or hearing provided for pursuant to this Franchise.

14.20 *Singular and Plural*: Except where the context indicates otherwise, words used herein, regardless of the number specifically used, shall be deemed and construed to include any other number, singular or plural as is reasonable in the context.

SIGNATURE PAGE FOLLOWS

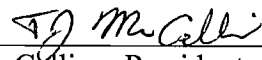
AGREED TO THIS 27 DAY OF October, 2008.


LFA

By: 
Robert L. Olander
City Manager


to form

Verizon Northwest Inc.

By:  10/22/08
Tim McCallion, President

FORM APPROVED
Attorney 
Date 10/20/08

EXHIBITS

Exhibit A: Initial Service Area

Exhibit B: Municipal Buildings and Schools to be Provided Free Cable Service

Exhibit C: Remittance Form

Exhibit D: Customer Service Standards

Exhibit E: Performance Bond

EXHIBIT A

INITIAL SERVICE AREA

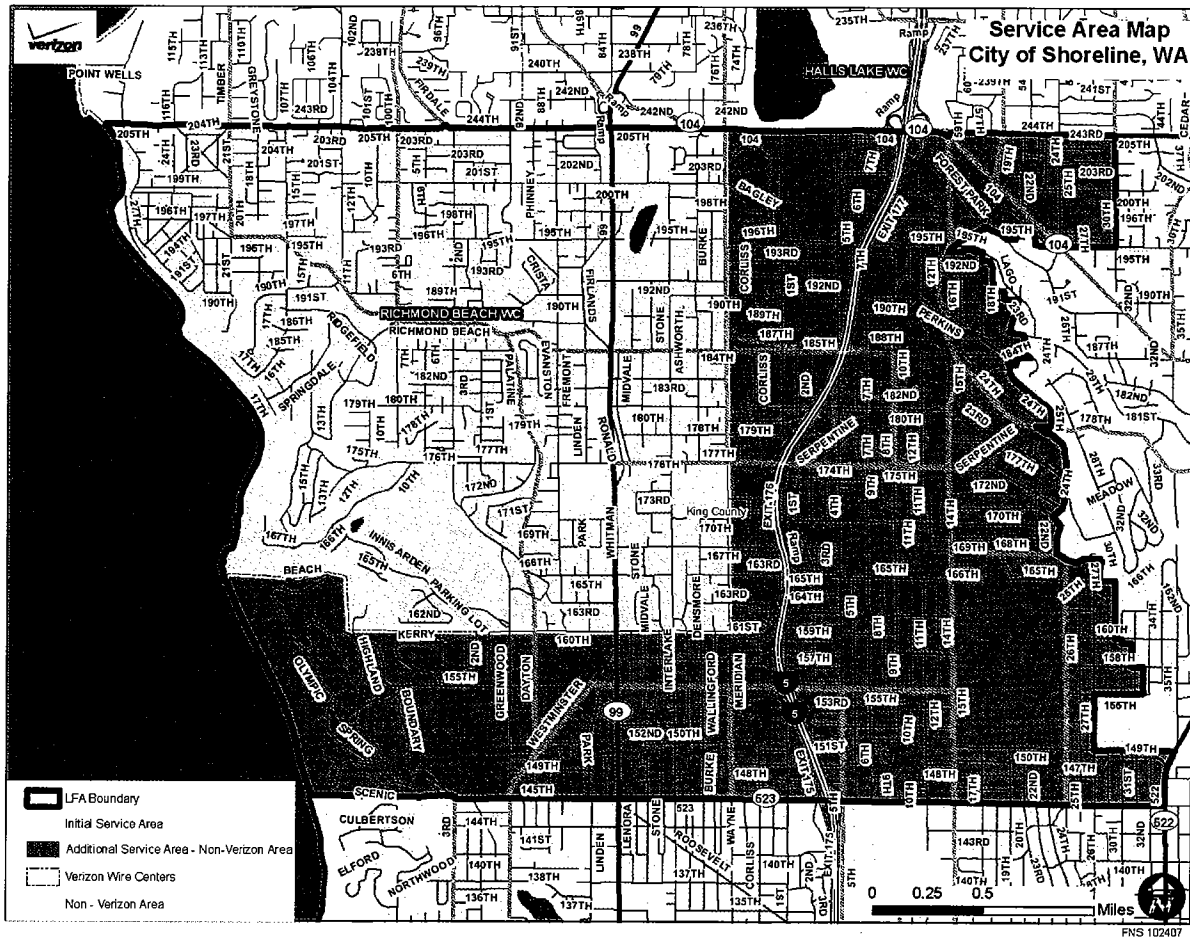


EXHIBIT B

MUNICIPAL BUILDINGS AND SCHOOLS TO BE PROVIDED FREE CABLE SERVICE

Existing Buildings:

City Hall
17544 Midvale Avenue N
Shoreline, WA 98133

City Hall Annex
1110 N 175th Street
Shoreline, WA 98177

Shoreline Police Station
1206 N 185th Street
Shoreline, WA 98133

Shoreline Police Neighborhood Center
624 Richmond Beach Road
Shoreline, WA 98177

Richmond Highlands Community Center
16554 Fremont Avenue N
Shoreline, WA 98133

Fire District Headquarters
17525 Aurora Avenue N
Shoreline, WA 98133

Fire Station 62
1851 NW 195th Street
Shoreline WA 98177

Fire Station 64
719 N 185th Street
Shoreline, WA 98133

Echo Lake Elementary
19345 Wallingford Avenue N
Shoreline, WA 98133

Einstein Middle School
19343 3rd Avenue NW

Shoreline, WA 98177

Highland Terrace Elementary
100 N 160th Street
Shoreline, WA 98133

Meridian Park Elementary
17077 Meridian Avenue N
Shoreline, 98133

Shoreline Children's Center
1900 North 170th Street
Shoreline, WA 98133

Shorewood High School
17300 Fremont Avenue N
Shoreline, WA 98133

Syre Elementary
19545 12th Avenue NW
Shoreline, WA 98177

Shoreline Community College
16101 Greenwood Avenue N
Shoreline, WA 98133

In the event that an existing building listed above is demolished and rebuilt in the same or different location in the Service Area, Franchisee will provide, subject to the terms and conditions set forth in Section 3.3, one service outlet activated for Basic Service so long as all other Cable Operators in the Franchise Area provide service at such location.

Future Buildings:

Future City Hall
17500 Midvale Avenue N
Shoreline, WA 98133

Franchisee will provide, subject to the terms and conditions set forth in Section 3.3 of this Franchise, one service outlet active for Basic Service at up to four (4) future public buildings in the Service Area, not including the future City Hall building, so long as all other Cable Operators in the Franchise Area provide service to at least the same number of future locations.

EXHIBIT C

REMITTANCE FORM

Franchise Fee Schedule/Report (Quarter and Year)

*City of XXXX**Verizon - fGTE**Washington**Franchise Fee Rate:* 5.00%

	Month 1	Month 2	Month 3	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)	\$0.00	\$0.00	\$0.00	\$0.00
Usage Based Charges (e.g. PayPer View, Installation)	\$0.00	\$0.00	\$0.00	\$0.00
Advertising	\$0.00	\$0.00	\$0.00	\$0.00
Home Shopping	\$0.00	\$0.00	\$0.00	\$0.00
Late Payment	\$0.00	\$0.00	\$0.00	\$0.00
Other Misc. (Leased Access & Other Misc.)	\$0.00	\$0.00	\$0.00	\$0.00
Franchise Fee Billed	\$0.00	\$0.00	\$0.00	\$0.00
PEG Fee Billed	\$0.00	\$0.00	\$0.00	\$0.00
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation	\$0.00	\$0.00	\$0.00	\$0.00
Franchise Fee Due	\$0.00	\$0.00	\$0.00	\$0.00

Verizon Northwest Inc. is hereby requesting that this information be treated as confidential and proprietary commercial trade secret information and financial statements and not disclosed in accordance with section XXXX and the Cable Television Franchise Agreement granted to Verizon Northwest Inc. This information is not otherwise readily ascertainable or publicly available by proper means by other persons from another source in the same configuration as provided herein, would cause substantial harm to competitive position of Verizon in the highly competitive video marketplace if disclosed, is intended to be proprietary confidential business information and is treated by Verizon as such.

EXHIBIT D

CUSTOMER SERVICE STANDARDS

These standards shall, starting six (6) months after the Service Date, apply to Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area. For the first six (6) months after the Service Date, Franchisee shall use best efforts to comply with the Customer Service Standards provided herein; it being agreed, however, that LFA will not impose liquidated damages during this first six (6) month period if Franchisee using best efforts fails to meet the Customer Service Standards.

SECTION 1: DEFINITIONS

A. **Normal Operating Conditions**: Those service conditions which are within the control of Franchisee, as defined under 47 C.F.R. § 76.309(c)(4)(ii). Those conditions which are not within the control of Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages that are not within the control of the Franchisee, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System.

B. **Respond**: The start of Franchisee's investigation of a Service Interruption by receiving a Subscriber call, and opening a trouble ticket, and begin working, if required.

C. **Service Call**: The action taken by Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

D. **Service Interruption**: The loss of picture or sound on one or more cable channels.

E. **Significant Outage**: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Service Area.

F. **Standard Installation**: Installations where the Subscriber is within one hundred fifty (150) feet of trunk or feeder lines.

SECTION 2: TELEPHONE AVAILABILITY

A. Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, all other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

B. Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local

telephone company or companies serving the Service Area, beginning with the next publication cycle after acceptance of this Franchise by Franchisee.

C. Franchisee may use an Automated Response Unit (“ARU”) or a Voice Response Unit (“VRU”) to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Franchisee shall be answered within thirty (30) seconds. The Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after thirty (30) seconds of call waiting. If the call needs to be transferred, transfer time shall not exceed thirty (30) seconds.

E. Under Normal Operating Conditions, callers to the Franchisee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

F. Upon request from the LFA, but in no event more than once a quarter, forty-five (45) days following the end of each quarter, the Franchisee shall report to the LFA the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Section 2.D; and

(2) Percentage of time customers received a busy signal when calling the Franchisee’s service center as set forth in Section 2.E.

Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

G. At the Franchisee’s option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the

provision of required consumer information and literature to adequately inform the Subscriber in the utilization of Franchisee-supplied equipment and Cable Service.

B. The Standard Installation shall be performed within seven (7) business days after an order is placed if the Optical Network Terminal ("ONT") is already installed on the customer's premises. The Standard Installation shall be performed within fourteen (14) business days where there is no ONT at the time of service order. Franchisee shall meet this standard for ninety-five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding those requested by the customer outside of these time periods.

C. The Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter, noting the percentage of Standard Installations completed within the time periods provided in Section 3.B. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

D. At Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify LFA of such a change not less than thirty (30) days in advance.

E. Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At Franchisee's discretion, Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

(1) Franchisee may not cancel an appointment window with a customer after the close of business on the business day prior to the scheduled appointment.

(2) If Franchisee's representative is running late for an appointment with a customer and will not be able to keep the appointment as scheduled, the customer will be contacted. The appointment will be rescheduled, as necessary, at a time which is convenient for the customer.

F. Franchisee must provide for the pick up or drop off of equipment free of charge in one of the following manners: (i) by having a Franchisee representative going to the Subscriber's residence, (ii) by using a mailer, or (iii) by establishing a local business office within the Franchise Area. If requested by a mobility-limited customer, the Franchisee shall arrange for pickup and/or replacement of converters or other Franchisee equipment at Subscriber's address or by a satisfactory equivalent.

SECTION 4: SERVICE INTERRUPTIONS AND OUTAGES

A. Franchisee shall promptly notify LFA of any Significant Outage of the Cable Service.

B. Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after LFA and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the foregoing, Franchisee may perform modifications, repairs and upgrades to the System between 12:01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual Subscriber notice.

C. Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving Subscriber calls about Service Interruptions in the Service Area.

(2) Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or LFA of a Cable Service problem.

E. Under Normal Operating Conditions, Franchisee shall complete Service Calls within seventy-two (72) hours of the time Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

F. Franchisee shall meet the standard in Section E of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. Franchisee shall provide LFA with a report upon request from the LFA, but in no event more than once a quarter, forty-five (45) days following the end of each calendar quarter, noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to LFA for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters one time during the term of this Agreement. Franchisee shall notify the LFA of such a change at least thirty (30) days in advance of any implementation.

H. Under Normal Operating Conditions, Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the

Subscriber must promptly report the problem and allow Franchisee to verify the problem if requested by Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

I. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected Subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

J. With respect to service issues concerning Cable Services provided to LFA facilities, Franchisee shall Respond to all inquiries from LFA within four (4) hours and shall commence necessary repairs within twenty-four (24) hours under Normal Operating Conditions and shall diligently pursue to completion. If such repairs cannot be completed within twenty-four (24) hours, Franchisee shall notify LFA in writing as to the reason(s) for the delay and provide an estimated time of repair.

SECTION 5: CUSTOMER COMPLAINTS REFERRED BY LFA

Under Normal Operating Conditions, Franchisee shall begin investigating Subscriber complaints referred by LFA within seventy-two (72) hours. Franchisee shall notify the LFA of those matters that necessitate an excess of five (5) business days to resolve, but Franchisee must make all necessary efforts to resolve those complaints within ten (10) business days of the initial complaint. LFA may require Franchisee to provide reasonable documentation to substantiate the request for additional time to resolve the problem. Franchisee shall inform LFA in writing, which may be by an electronic mail message, of how and when referred complaints have been resolved within a reasonable time after resolution. For purposes of this Section, "resolve" means that Franchisee shall perform those actions, which, in the normal course of business, are necessary to (a) investigate the Customer's complaint; (b) advise the Customer of the results of that investigation; and (c) implement and complete steps to bring resolution to the matter in question.

SECTION 6: BILLING

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills will comply with applicable federal and state laws, and shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items, Franchise fees, taxes and/or other governmental-imposed fees. Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill which lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Section 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved, provided that:

(1) The Subscriber pays all undisputed charges;

(2) The Subscriber provides notification of the dispute to Franchisee within five (5) days prior to the due date; and

(3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.

(4) It shall be within Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. Franchisee shall provide a telephone number and address clearly and prominently on the bill for Subscribers to contact Franchisee.

G. Franchisee shall forward a copy of any rate-related or customer service-related billing inserts or other mailings related to Cable Service, but not promotional materials, sent to Subscribers, to LFA.

H. Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Franchisee may in the future, at its discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of Franchisee, the payment alternative may be limited.

I. Upon request in writing from an LFA, LFA may request that Franchisee omit LFA name, address and telephone number from Franchisee's bills as permitted by 47 C.F.R. § 76.952.

SECTION 7: DEPOSITS, REFUNDS AND CREDITS

A. Franchisee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to Franchisee, or 3) who rent Subscriber equipment from Franchisee, so long as such deposits are applied on a non-discriminatory basis. The deposit Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit Franchisee may charge for Subscriber equipment is the cost of the equipment which Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. Franchisee shall pay interest on deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund, (e.g. equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by Franchisee or its authorized agent. Appropriate time considerations shall be included in Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

SECTION 8: RATES, FEES AND CHARGES

A. Franchisee shall not, except to the extent expressly permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect Franchisee's equipment (for example, a dog chew).

B. Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

C. All of Franchisee's rates and charges shall comply with applicable federal and state law. Franchisee shall maintain a complete current schedule of rates and charges for Cable Services on file with the LFA throughout the term of this Franchise.

SECTION 9: DISCONNECTION /DENIAL OF SERVICE

A. Franchisee shall not terminate Cable Service for nonpayment of a delinquent

account unless Franchisee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Franchisee's equipment, abusive and/or threatening behavior toward Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow Franchisee to validate the identity, credit history and credit worthiness via an external credit agency.

D. Charges for cable service will be discontinued at the time of the requested termination of service by the Subscriber, except equipment charges may be applied until equipment has been returned. No period of notice prior to requested termination of service can be required of Subscribers by Franchisee. No charge shall be imposed upon the Subscriber for or related to total disconnection of Cable Service or for any Cable Service delivered after the effective date of the disconnect request, unless there is a delay in returning Franchisee equipment or early termination charges apply pursuant to the Subscriber's service contract. If the Subscriber fails to specify an effective date for disconnection, the Subscriber shall not be responsible for Cable Services received after the day following the date the disconnect request is received by Franchisee. For purposes of this Section, the term "disconnect" shall include Subscribers who elect to cease receiving Cable Service from Franchisee.

SECTION 10: COMMUNICATIONS WITH SUBSCRIBERS

A. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee.

B. All contact with a Subscriber or potential Subscriber by a Person representing Franchisee shall be conducted in a courteous manner.

C. Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by Franchisee may be referred to LFA. A copy

of the annual notice required under this Section 10.C will be given to LFA at least fifteen (15) days prior to distribution to Subscribers.

D. All notices identified in this Section shall be by either:

- (1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or
- (2) A separate electronic notification.

E. Franchisee shall provide reasonable notice to Subscribers and LFA of any pricing changes or additional changes (excluding sales discounts, new products or offers) and, subject to the forgoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of Franchisee. Franchisee shall provide a copy of the notice to LFA including how and where the notice was given to Subscribers.

F. Upon request by any Subscriber, Franchisee shall make available a parental control or lockout device to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Franchisee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter.

G. Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Section 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of Franchisee:

- (1) Products and Cable Service offered;
- (2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by Franchisee related to Cable Service;
- (3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;
- (4) Channel positions of Cable Services offered on the Cable System;
- (5) Complaint procedures, including the name, address, and telephone number of LFA, but with a notice advising the Subscriber to initially contact Franchisee about all complaints and questions;
- (6) Procedures for requesting Cable Service credit;
- (7) The availability of a parental control device;

(8) Franchisee practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of Franchisee's office to which complaints may be reported.

A copy of notices required in this Section 10.G. will be given to LFA at least fifteen (15) days prior to distribution to Subscribers if the reason for notice is due to a change that is within the control of Franchisee and as soon as possible if not within the control of Franchisee.

H. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

I. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the Channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

J. Every notice of termination of Cable Service shall include the following information:

- (1) The name and address of the Subscriber whose account is delinquent;
- (2) The amount of the delinquency for all services billed;
- (3) The date by which payment is required in order to avoid termination of Cable Service; and
- (4) The telephone number for Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.

K. Franchisee will comply with privacy rights of Subscribers in accordance with applicable federal and state law, including 47 U.S.C. §551.

EXHIBIT E

Performance Bond

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS: That (name & address) (hereinafter called the Principal), and (name and address) (hereinafter called the Surety), a corporation duly organized under the laws of the State of (state), are held and firmly bound unto (name & address) (hereinafter called the Obligee), in the full and just sum of _____ Dollars (\$ _____), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal and Obligee have entered into a Franchise Agreement dated _____ which is hereby referred to and made a part hereof.

WHEREAS, said Principal is required to perform certain obligations under said Agreement.

WHEREAS, the Obligee has agreed to accept this bond as security against default by Principal of performance of its obligations under said Agreement during the time period this bond is in effect.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the Principal shall perform its obligations under said Agreement, then this obligation shall be void, otherwise to remain in full force and effect, unless otherwise terminated, cancelled or expired as hereinafter provided.

PROVIDED HOWEVER, that this bond is executed subject to the following express provisions and conditions:

In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.

This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee.

Bond No. _____

Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Obligee recoverable under this bond.

No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

This bond shall not bind the Surety unless it is accepted by the Obligee by signing below.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____, Attorney-in-Fact

Accepted by Obligee: _____
(Signature & date above - Print Name, Title below)

TERMINATION LETTER CHECKLIST

1. Do you use a termination letter?
2. Identify issue: What is the employee being terminated for?
3. Identify source of employer expectation: performance standard, company rule, common sense.
4. Identify specific employee conduct or performance.
5. Identify prior warnings, counseling, instances of the conduct, etc., or give reason for no prior warning.
6. Identify impact on company.
7. Review any other reasons for company actions.
8. Discuss return of company property, keys, etc.
9. Review trade secrets, other confidential information, noncompetition or nonsolicitation agreements, severance, or other employment agreements.
10. Discuss COBRA, 401(k), etc.
11. If appropriate, refer to EAP, etc.
12. Discuss appeal or grievance procedure notice.
13. For the sensitive termination: Should you talk to your lawyer before preparing this admissible document?

ORDINANCE NO. 905

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON EXTENDING AND RESTATING THE FRANCHISE GRANTED TO VERIZON NORTHWEST INC. AND SUBSEQUENTLY TRANSFERRED TO NORTHWEST FIBER LLC BY ORDINANCE NO. 522 FOR A NON-EXCLUSIVE FRANCHISE TO CONSTRUCT, MAINTAIN, OPERATE, AND REPAIR A CABLE SYSTEM IN, ON, ACROSS, OVER, ALONG, UNDER, UPON, THROUGH, AND BELOW PUBLIC RIGHTS-OF-WAY OF THE CITY OF SHORELINE, WASHINGTON TO PROVIDE CABLE SERVICES.

WHEREAS, on October 27, 2008, pursuant to RCW 35A.11.020, RCW 35A.47.040, and Chapter 12.25 SMC, the Shoreline City Council passed Ordinance No. 522 granting a twelve-year non-exclusive franchise for a cable system within the public-rights-of-way of the City to Verizon Northwest, Inc; and

WHEREAS, the term of the Franchise granted by Ordinance No. 522 expires on November 4, 2020; and

WHEREAS, with the passage of Resolution No. 289, the franchise was transferred to Frontier Communications Corporation and, with the passage of Resolution No. 443, the franchise was transferred to Northwest Fiber LLC; and

WHEREAS, the City and Northwest Fiber LLC are currently negotiating a new franchise agreement but such negotiations are still on-going, having been impacted by the recent acquisition of Frontier by Northwest Fiber LLC, and may continue beyond the November 4, 2020 expiration date of the current franchise; and

WHEREAS, by providing a one-year extension of the Franchise granted by Ordinance No. 522, the City and Northwest Fiber LLC will be able to complete negotiations that benefit the residents of the City of Shoreline; and

WHEREAS, the City Council finds that it is in the best interests of the health, safety, and welfare of the residents of the City of Shoreline to grant a one-year non-exclusive franchise to Northwest Fiber LLC for a cable system within the City rights-of-way to allow for productive negotiations to occur;

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

Section 1. Ordinance No. 522 Amended. Section 1 of Ordinance No. 522, granting a non-exclusive franchise to Verizon Northwest, Inc. now transferred to Northwest Fiber LLC, is hereby amended to provide for a one (1) year extension of the franchise:

Section 1. Grant of Franchise. The second sentence of this section is amended to read:

Subject to the provisions in Ordinance No. 522, the term of the franchise shall be extended for a period of one (1) year, beginning at 12:01 a.m. Pacific Time on November 5, 2020 and terminating at 11:59 p.m. Pacific Time on November 4, 2021, and shall grant Northwest Fiber LLC the right, privilege, and authority to construct, maintain, operate, and repair a cable system in, on, across, over, along, under, upon, through, and below the public rights-of-way to provide cable services in the City of Shoreline, all as provided in Exhibit A.

Exhibit A – Cable Franchise Agreement. Section 2.3. Term. This subsection is amended to read:

The amended and extended term of the Franchise granted hereunder shall be from 12:01 a.m. Pacific Time on November 5, 2020 to 11:59 p.m. Pacific Time on November 4, 2021.

Section 2. Terms and Conditions of Non-Exclusive Franchise Granted by Ordinance No. 522 Remain the Same. Except as specifically provided in this Ordinance, the terms and conditions of the non-exclusive franchise granted to Northwest Fiber LLC by Ordinance No. 522, including Exhibit A Cable Franchise Agreement, continue in full force and effect.

Section 3. Directions to City Clerk. The City Clerk is hereby authorized and directed to forward certified copies of this Ordinance to Northwest Fiber. No later than 11:59 p.m. PST, November 4, 2020, Northwest Fiber LLC shall accept in writing the extension authorized by this Ordinance and the continuation of the non-exclusive franchise granted by Ordinance No. 522. If Northwest Fiber LLC fails to provide written acceptance, this Ordinance shall become null and void and the franchise granted by Ordinance No. 522 shall expire.

Section 4. 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 5. 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 6. Publication and Effective Date. In accordance with state law, a summary of this Ordinance shall be published in the official newspaper. The cost of such publication shall be borne by Northwest Fiber LLC. If accepted by Northwest Fiber LLC as provided in Section 3 above, this Ordinance shall take effect at 12:01 am Pacific Time on November 5, 2020. Otherwise, this Ordinance and the franchise granted by Ordinance No. 522 shall become null and void as of 11:59 pm Pacific Time on November 4, 2020.


PASSED BY THE CITY COUNCIL ON OCTOBER 19, 2020.


Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:


Jessica Simulcik Smith
City Clerk


Julie Ainsworth-Taylor, Assistant City Attorney
On behalf of Margaret King, City Attorney

Date of Publication: October 22, 2020
Effective Date: November 5, 2020

ORDINANCE NO. 938

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON EXTENDING AND RESTATING THE FRANCHISE GRANTED BY ORDINANCE NO. 522, AS AMENDED BY ORDINANCE NO. 905, FOR A NON-EXCLUSIVE FRANCHISE TO FRONTIER COMMUNICATIONS NORTHWEST, LLC (DBA ZIPLY FIBER) TO CONSTRUCT, MAINTAIN, OPERATE, AND REPAIR A CABLE SYSTEM IN, ON, ACROSS, OVER, ALONG, UNDER, UPON, THROUGH, AND BELOW PUBLIC RIGHTS-OF-WAY OF THE CITY OF SHORELINE, WASHINGTON TO PROVIDE CABLE SERVICES.

WHEREAS, on October 27, 2008, pursuant to RCW 35A.11.020, RCW 35A.47.040, and Chapter 12.25 SMC, the Shoreline City Council passed Ordinance No. 522 granting a twelve-year non-exclusive franchise for a cable system within the public-rights-of-way of the City to Verizon Northwest, Inc; and

WHEREAS, with the passage of Resolution No. 289, the Franchise was transferred to Frontier Communications Corporation and, with the passage of Resolution No. 443, the Franchise was transferred to Northwest Fiber LLC, now known as Frontier Communications Northwest, LLC (dba Ziply Fiber); and

WHEREAS, on October 19, 2020, the City Council extended the Franchise one (1) year to allow for continued negotiations, with the Franchise terminating on November 4, 2021; and

WHEREAS, in 2020, Northwest Fiber LLC acquired Frontier Communications Corporation, operating the infrastructure as Frontier Communications Northwest, LLC (dba Ziply Fiber). Given the acquisition, Frontier Communications Northwest, LLC (dba Ziply Fiber) has been focusing on the transition; and

WHEREAS, given the acquisition and the transition process, franchise negotiations have been impacted and therefore, Franchise negotiations may continue beyond the November 4, 2021 expiration date of the current Franchise; and

WHEREAS, by providing a one-year extension of the Franchise granted by Ordinance No. 522, the City and Frontier Communications Northwest, LLC (dba Ziply Fiber) will be able to complete negotiations that benefit the residents of the City of Shoreline; and

WHEREAS, the City Council finds that it is in the best interests of the health, safety, and welfare of the residents of the City of Shoreline to grant a one-year non-exclusive franchise to Frontier Communications Northwest, LLC (dba Ziply Fiber) for a cable system within the City rights-of-way to allow for productive negotiations to occur;

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

Section 1. Ordinance No. 522, as amended by Ordinance No. 905, Amended. Section 1 of Ordinance No. 522, as amended by Ordinance No. 905, granting a non-exclusive franchise to Verizon Northwest, Inc. now transferred to Frontier Communications Northwest, LLC (dba Ziplly Fiber), is hereby amended to provide for a one (1) year extension of the franchise:

Section 1. Grant of Franchise. The second sentence of this section is amended to read:

Subject to the provisions in Ordinance No. 522, as amended by Ordinance No. 905, the term of the franchise shall be extended for a period of one (1) year, beginning at 12:01 a.m. Pacific Time on November 5, 2021 and terminating at 11:59 p.m. Pacific Time on November 4, 2022, and shall grant Frontier Communications Northwest, LLC (dba Ziplly Fiber) the right, privilege, and authority to construct, maintain, operate, and repair a cable system in, on, across, over, along, under, upon, through, and below the public rights-of-way to provide cable services in the City of Shoreline, all as provided in Exhibit A.

Exhibit A – Cable Franchise Agreement. Section 2.3. Term. This subsection is amended to read:

The amended and extended term of the Franchise granted hereunder shall be from 12:01 a.m. Pacific Time on November 5, 2021 to 11:59 p.m. Pacific Time on November 4, 2022.

Section 2. Terms and Conditions of Non-Exclusive Franchise Granted by Ordinance No. 522, as amended by Ordinance No. 905, Remain the Same. Except as specifically provided in this Ordinance, the terms and conditions of the non-exclusive franchise granted to Frontier Communications Northwest, LLC (dba Ziplly Fiber) by Ordinance No. 522, as amended by Ordinance No. 905, including Exhibit A Cable Franchise Agreement, continue in full force and effect.

Section 3. Directions to City Clerk. The City Clerk is hereby authorized and directed to forward certified copies of this Ordinance to Communications Northwest, LLC (dba Ziplly Fiber). No later than 11:59 p.m. PST, November 4, 2021, Frontier Communications Northwest, LLC (dba Ziplly Fiber) shall accept in writing the extension authorized by this Ordinance and the continuation of the non-exclusive franchise granted by Ordinance No. 522, as amended by Ordinance No. 905. If Frontier Communications Northwest, LLC (dba Ziplly Fiber) fails to provide written acceptance, this Ordinance shall become null and void and the franchise granted by Ordinance No. 522, as amended by Ordinance No. 905, shall expire.

Section 4. 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 5. 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 6. Publication and Effective Date. In accordance with state law, a summary of this Ordinance shall be published in the official newspaper. The cost of such publication shall be borne by Frontier Communications Northwest, LLC (dba Ziplly Fiber). If accepted by Frontier Communications Northwest, LLC (dba Ziplly Fiber) as provided in Section 3 above, this Ordinance shall take effect at 12:01 am Pacific Time on November 5, 2021. Otherwise, this Ordinance and the franchise granted by Ordinance No. 522, as amended by Ordinance No. 905, shall become null and void as of 11:59 pm Pacific Time on November 4, 2021.

PASSED BY THE CITY COUNCIL ON OCTOBER 4, 2021.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Julie Ainsworth-Taylor
Assistant City Attorney
On behalf of
Margaret King
City Attorney

Date of Publication: , 2021

Effective Date: , 2021

Section 3 Acceptance Date: , 2021

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorizing the City Manager to Execute an Amendment to the Agreement with the South Correctional Entity (SCORE) Regional Jail for Jail Services		
DEPARTMENT:	City Manager's Office		
PRESENTED BY:	Hillary Coleman, CMO Fellow Christina Arcidy, Management Analyst		
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 City currently has contracts for jail services with the following three facilities: South Correctional Entity (SCORE) Regional Jail, Yakima County Jail, and the King County Jail in downtown Seattle. SCORE is the City's primary jailing and booking facility, housing approximately 95% of inmates being held pre-disposition. Inmates being held post-disposition with sentences longer than three days have historically been transferred to Yakima County Jail, however due to COVID-19 the City suspended the use of the Yakima County Jail. The King County Jail in downtown Seattle is used when a defendant is booked or jailed on charges from multiple jurisdictions or on felony and City misdemeanor charges.

The proposed amendment to the City's existing agreement with SCORE Jail would authorize an extension of the agreement to cover 2022. The agreement requires that SCORE provide the City an estimate of daily rates for the upcoming year by July 1 each year.

RESOURCE/FINANCIAL IMPACT:

The 2022 criminal justice budget, adopted on November 16, 2020, is \$2,010,517. Of that amount, \$1.3 million is allocated toward jail services. When the budget was adopted, the 2022 SCORE Jail budget was estimated to be \$800,000, representing 62% of the jail budget. The proposed reduction of Guaranteed Beds from 15 to 10 will result in a total savings of approximately \$240,608, resulting in reduced jail services expenses.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to amend the agreement with SCORE Jail to continue as the City's primary jail and booking facility for 2022 and reduce the number of Guaranteed Beds per night to 10.

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

BACKGROUND

The City of Shoreline is required by law to arrange for the booking and housing of its misdemeanor population. This requirement only relates to adults who commit offenses, as those committed by defendants less than 18 years of age and all felony offenses are the responsibility of King County. As the City of Shoreline does not own its own jail facility, the City has contracted with multiple jail providers to house its inmates since incorporation.

The City currently has contracts for jail services with the following three facilities: South Correctional Entity (SCORE) Regional Jail, Yakima County Jail, and the King County Jail in downtown Seattle. SCORE is the City's primary jailing and booking facility, housing approximately 95% of inmates being held pre-disposition. Inmates being held post-disposition with sentences longer than three days have historically been transferred to Yakima County Jail, however due to COVID-19 the City suspended the use of the Yakima County Jail. The King County Jail in downtown Seattle is used when a defendant is booked or jailed on charges from multiple jurisdictions or on felony and City misdemeanor charges.

On November 25, 2019, Council approved execution of an agreement with SCORE for jail services. Materials from the November 25, 2019, meeting can be found here: [Motion to Authorize the City Manager to Sign the Interlocal Agreement between the SCORE Jail and the City of Shoreline for Jail Services through December 31, 2024.](#)

SCORE requests that the City amend the agreement annually to reflect new jail daily rates. On November 16, 2020, the original SCORE Jail agreement was amended, however rates did not increase due to the COVID-19 pandemic. Materials from the November 16, 2020, meeting can be found here: [Authorizing the City Manager to Execute an Amendment to the Agreement with SCORE for Jail Services.](#)

DISCUSSION

Proposed Agreement with SCORE

SCORE jail rates for 2022 will increase by 3%. Additionally, as the City was notified of in 2020, beginning in 2022, SCORE will charge a booking fee of \$35 per inmate. This booking fee increase was included in the 2021-2022 budget adopted by the Council. Comparing the City's three contracted jail providers, Yakima and SCORE continue to be the City's best options with regard to cost, as displayed in the table below:

Jail Daily Rates	2018	2019	2020	2021	2022	2022 Booking Fee
King County Jail	\$189.11	\$197.19	\$202.75	\$210.19	\$225.80	\$236.26
SCORE Jail Guaranteed Bed	\$120	\$124	\$128	\$128	\$131.84	\$35
SCORE Jail Non- Guaranteed Bed	\$175	\$180	\$184	\$184	\$189.52	\$35
Yakima County Jail	\$59.85	\$63.65	\$67.50	\$85	\$87.55	N/A

Staff proposes reducing the number of Guaranteed Beds per night in the SCORE Jail agreement from 15 to 10 allocated at the Guaranteed Bed rate for 2022. The SCORE Interlocal Agreement signed in 2019 reduced the number of Guaranteed Beds from 20 to 15 after staff performed a usage analysis. Similar usage analysis from January 2020 to August 2021 indicates that further reducing the Guaranteed Bed number to 10 beds would bring significant cost savings and would rarely result in the City going over the Guaranteed Bed number.

During the first eight months of 2021, there was only one (1) night during which more than 10 inmates were housed at SCORE. In 2020, there were 62 nights during which more than 10 inmates were housed at SCORE, the vast majority being in the first quarter of the year.

Prior to COVID-19, the City had already seen a reduction in use of SCORE Jail due to a change in judicial philosophy, which continues to result in fewer jail bed days used. Additional reduction in use was due to changes in policing due to COVID-19, which staff anticipate will continue. Finally, with the 2021 legislative impacts to policing, staff believe it would be a rare instance to go over 10 people in jail in one night. Staff do not assume any adjustments would happen to the legislative changes until summer 2022, at which time staff could negotiate a new Guaranteed Bed number for 2023 if needed. Staff will continue to monitor this potentially volatile expense and the associated cost drivers closely.

Changing the Guaranteed Bed number to 10 per night will result in a cost savings of approximately \$659 per night when there are 10 or fewer inmates for a total savings of approximately \$240,608 in 2022.

The proposed amendment to the agreement with SCORE is attached to this staff report as Attachment A.

COVID-19 Impacts to Jail Usage by City

Since March 2020, the City has implemented several measures to decrease the potential spread of COVID-19 in the regional criminal justice system. SCORE only accepted mandatory bookings starting in March 2020 and therefore billed contract cities for actual beds used rather than the standard Guaranteed Bed rate. (The City only pays for actual beds used at King County and Yakima.) King County Jail

suspended its work release program on March 24, in addition to other efforts to keep COVID-19 out of the jail. The work release program was permanently closed on January 1, 2021. Shoreline Police have worked to keep themselves and the community safe by reducing contact with individuals, making fewer arrests and referrals to jails.

Each of these factors have resulted in significant savings for the City of Shoreline's 2020 and 2021 jail budgets. SCORE jail resumed billing the City for the current 15 Guaranteed Beds in July 2021. It is currently unknown when the City will resume use of Yakima County Jail for sentenced inmates.

FINANCIAL IMPACT

The 2022 criminal justice budget, adopted on November 16, 2020, is \$2,010,517. Of that amount, \$1.3 million is allocated toward jail services. When the budget was adopted, the 2022 SCORE Jail budget was estimated to be \$800,000, representing 62% of the jail budget. The proposed reduction of Guaranteed Beds from 15 to 10 will result in a total savings of approximately \$240,608, resulting in reduced jail services expenses.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to amend the agreement with SCORE Jail to continue as the City's primary jail and booking facility for 2022 and reduce the number of Guaranteed Beds per night to 10.

ATTACHMENTS

Attachment A: Amendment to the Original Agreement for Inmate Housing with SCORE for Jail Services

AMENDMENT TO ORIGINAL AGREEMENT FOR INMATE HOUSING

THIS AMENDMENT TO INTERLOCAL AGREEMENT FOR INMATE HOUSING dated as of _____, **2021** (hereinafter "Amendment to Original Agreement") is made and entered into by and between the **SOUTH CORRECTIONAL ENTITY**, a governmental administrative agency formed pursuant to RCW 39.34.030(3) ("SCORE") and the City of Shoreline (hereinafter the "City" and together with SCORE, the "Parties" or individually a "Party"). This Amendment to Original Agreement is intended to supplement and amend that certain Interlocal Agreement for Inmate Housing between the Parties dated December 13, 2019, as it may have been previously amended (the "Original Agreement"). The Parties hereto mutually agree as follows:

1. **EXHIBIT A. FEES AND CHARGES AND SERVICES.** Per section 4 (Compensation) of the Original Agreement is hereby amended to include the following:

Daily Housing Rates

General Population – Guaranteed Beds	\$131.84	No. of Beds: <u>10</u>
General Population – Non-Guaranteed Beds	\$189.52	

Daily Rate Surcharges:

Mental Health – Residential Beds	\$159.00
Medical – Acute Beds	\$217.00
Mental Health – Acute Beds	\$278.00

<u>Booking Fee</u>	\$35.00
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Daily Rate Surcharges are in addition to the daily bed rates and subject to bed availability. The Booking Fee will be charged to the jurisdiction responsible for housing the inmate. Fees, charges and services will be annually adjusted each January 1st.

2. **SECTION 1. DEFINITIONS:**
 - a. **Commencement Date.** The bed rates provided for in Section 1 of this Amendment to Original Agreement shall become effective **January 1, 2022**. This Amendment to Original Agreement may be executed in any number of counterparts.
3. **RATIFICATION AND CONFIRMATION.** All other terms and conditions of the Original Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the Parties have executed this Amendment to Original Agreement as of the date first mentioned above.

SOUTH CORRECTIONAL ENTITY

CITY OF SHORELINE
Contract Agency Name

Signature

Signature

Date

Date

ATTESTED BY:

Signature

NOTICE ADDRESS:

SOUTH CORRECTIONAL ENTITY
20817 17th Avenue South
Des Moines, WA 98198

NOTICE ADDRESS:

CITY OF SHORELINE
C/O City Manager’s Office
17500 Midvale Ave N.
Shoreline, WA 98133

Attention: Devon Schrum, Executive Director
Email: dschrum@scorejail.org
Telephone: (206) 257-6262
Fax: (206) 257-6310

Attention: Christina Arcidy
Email: carcidy@shorelinewa.gov
Telephone: (206) 801-2216
Fax:

DESIGNATED REPRESENTATIVE FOR PURPOSES OF THIS AGREEMENT:

DESIGNATED REPRESENTATIVE FOR PURPOSES OF THIS AGREEMENT:

Name: Devon Schrum

Name: Christina Arcidy

Title: Executive Director

Title: Management Analyst, City Manager’s Office

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorizing the City Manager to Execute the Extension of the Current SeaShore Transportation Forum Agreement
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Jim Hammond, Intergovernmental Relations 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 SeaShore Transportation Forum (Forum) is a forum for cities and jurisdictions in North King County, Seattle and South Snohomish County area to share information, build consensus, and provide advice on plans, programs, policies and priorities for transportation decisions. The current Interlocal SeaShore Transportation Forum Agreement (Forum Agreement), which funds and dictates operations of the Forum, has expired and requires temporary reauthorization to continue, while the terms of a new Forum agreement are finalized among the parties.

The Forum Agreement dictates yearly dues, how the Forum will be organized, and which jurisdictions are voting vs. non-voting members. Voting members have historically included King County and the cities of Shoreline, Seattle and Lake Forest Park. Voting members weigh in on issues such as recommendations on policies and plans to transit agencies including Metro and Sound Transit; to planning agencies including King County, Puget Sound Regional Council (PSRC), and WSDOT; and identification of projects for the regional funding competition of the Transportation Policy Board.

The agreements from member agencies are required in order for King County to collect dues and staff the forum. The agreement was last signed in 2017 (City Clerk Receiving No. 7351) and runs through the end of 2021. In order to ensure that all member jurisdictions have time to agree to terms of, and ratify, a new Forum Agreement, existing members are asked to agree to a temporary, four-month, extension of the current Agreement (Attachment A). This will therefore extend the current Agreement through April 30, 2022.

Staff will bring a new SeaShore Transportation Forum Agreement to Council in the coming months for their review once it has been finalized by the parties.

RESOURCE/FINANCIAL IMPACT:

Forum dues are \$100 per year, which is ongoing. This agreement continues existing levels of payment and does not represent a new cost.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute the extension of Term of Current SeaShore Transportation Forum Agreement.

ATTACHMENT:

Attachment A: Extension of Term of Current SeaShore Transportation Forum Agreement

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

Extension of Term of SeaShore Transportation Forum Agreement

RECITALS

- A. Whereas, the undersigned parties previously entered into that certain Seashore Transportation Forum Agreement (“Agreement”), approved by the SeaShore Transportation Forum on October 6, 2016 and which by its terms expires no later than December 31, 2021;
- B. Whereas, the undersigned parties intend to renew the Agreement for a new term, which renewal will require legislative action by most if not all of the parties;
- C. Whereas, the undersigned parties desire to extend their existing relationship and the Agreement for a brief period in order to facilitate the legislative processes required to renew the Agreement for a new term; and
- D. Whereas the parties desire to execute this Extension of the SeaShore Transportation Forum Agreement (“Extension”) in furtherance of that purpose;

NOW, THEREFORE, the undersigned parties agree as follows:

- 1. Consistent with Section 14.2 of the Agreement, the parties hereby agree to extend the term of the Agreement for a period of approximately four (4) months, terminating not later than 11:59 PM on April 30, 2022 as provided in Section 4 below. The purpose of this extension is to maintain the current Agreement in force for a brief period to allow sufficient time for the parties to take such legislative action as may be needed to approve a new term for the Agreement.
- 2. The parties hereby ratify and affirm the Agreement in all other respects.
- 3. If there is any conflict or ambiguity between the Agreement and this Extension as to the subject matter of this Extension, then this Extension shall control. If there is any conflict or ambiguity between the Agreement and this Extension as to the subject matter of the Agreement, then the Agreement shall control.
- 4. This Extension shall automatically expire (A) at 11:59 PM on April 30, 2022, or (B) upon the date that all of the parties have executed the Agreement (or a replacement agreement) for a new term following approval by each of the parties, whichever of (A) or (B) occurs first.
- 5. The signature pages of this Extension may be executed in any number of counterparts, each of which shall be an original.
- 6. IN WITNESS WHEREOF, the parties have caused this Extension to be signed and delivered by its duly authorized officer or representative as of the date set forth below its signature. For purposes of this Extension, a duly authorized electronic signature constitutes an original signature.

City of Lake Forest Park

By:

Date: -

City of Shoreline

By:

Date: -

City of Seattle

By:

Date: -

King County

By:

Date: -

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on Ordinance No. 944 – Amending Ordinance No. 776 and Ordinance No. 694 Amending Shoreline Municipal Code Chapter 3.27 for Property Tax Exemption Conditions Within the Light Rail Station Subareas and Within the Multifamily Tax Exemption Areas
DEPARTMENT:	City Manager's Office - Economic Development Program
PRESENTED BY:	Nathan Daum, Economic Development Manager
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The Multifamily Property Tax Exemption (MFTE, also known as PTE) program is the City's main affordable housing program and is intended to encourage increased residential opportunities within residential targeted areas (RTA) of the City, assist in directing future population growth to the RTAs, and achieve development densities that stimulate a healthy economic base that are more conducive to transit use in targeted areas. The City has nine (9) RTAs for its MFTE program.

At their September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 (Attachment A), which would remove the December 31, 2021 sunset to the MFTE program in the light rail station area RTAs, establish a 20-year MFTE program, and provide for a 12-year MFTE extension option. Tonight, Council is scheduled to take action on the proposed Ordinance and several proposed amendments.

RESOURCE/FINANCIAL IMPACT:

During the development of an MFTE project, the value of the improvements is taxable until the City certifies project completion and compliance with MFTE requirements. On the following January 1, the 12-year tax exemption begins, but this does not reset tax revenues. Forgone taxes are only those levied on the difference, if any, between the value assessed prior to and after MFTE certification. Any balance is not added to the assessed value until the 13th year. Although improvements from the development projects may be exempt from property tax, these projects contribute significant one-time revenues from impact fees, real estate excise tax and sales tax. These projects also result in increased population that generates increased state-shared revenues and local sales and utility taxes, even during the property-tax exemption period. Staff and consultant time is required to process applications, file annual reports to the county and state, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

Staff recommends adoption of proposed Ordinance No. 944 with the amendments proposed by Councilmembers as included in this staff report, which are:

- Expanding the MFTE station area RTA boundaries beyond current zoning phases to match full extent of the adopted station area boundaries,
- Adopting an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and
- Amending the 20-year program eligibility criteria to add specificity regarding scheduled frequency of high-capacity transit.

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

BACKGROUND

At their September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 which would repeal the MFTE sunset in the light rail station areas; establish a 20-year MFTE program; and establish a 12-year MFTE contract extension option. Councilmembers were supportive of the proposed Ordinance and discussion focused on questions and potential amendments that are discussed in more detail below. The staff report from the September 13th Council discussion can be found at the following link: [Ordinance No. 944 - Multifamily Property Tax Exemption Conditions within Station Areas and MFTE Areas](#).

Separate from the City's MFTE program regulations, affordability requirements for the two light-rail station areas are contained in SMC 20.40.235. Projects within MUR-45 and MUR-70 zones must provide either:

- 10% of studio or 1-bedroom units affordable to those earning no more than 60% of King County Area Median Income (AMI) and 10% of units with two (2) or more bedrooms affordable to those earning no more than 70% of AMI.
- or**
- 20% of studio or 1-bedroom units affordable to those earning no more than 70% of King County Area Median Income (AMI) and 20% of units with two (2) or more bedrooms affordable to those earning no more than 80% of AMI.

Unique to the station areas, projects within MUR-45 and MUR-70 zones must provide the affordability as described above for 99 years even though the property-tax exemption available only lasts 12 years. Staff has received feedback from the development community that this requirement is one of several impediments to the feasibility of projects, given the cost of construction in the region and rental rates in the Shoreline sub-market.

Under current regulations, a project located in MUR-45 and MUR-70 zones may choose to participate in the City's 12-year MFTE program if they provide a minimum of 20% of their units as affordable units. At the end of the 12-year period, this developer would still be required to maintain a minimum of 10% affordable units for 87 years.

The MFTE program is currently set to accept applications through December 31, 2021 after which point no new MFTE projects would be considered by the City in these areas. To date there have been no multifamily projects completed in the light rail station areas despite the availability of the 12-year MFTE program.

In 2021, the State Legislature enacted [Senate Bill 5287](#) which allows for the creation of a 20-year MFTE program for projects with 99-year affordability within one (1) mile of high-capacity transit among other requirements. This aligns with the current mandatory affordability requirement of Shoreline's light rail station areas. SB 5287 also allows for the creation of a new 12-year MFTE extension for projects that adhere to affordability requirements.

The purpose of tonight's meeting is to:

- Consider adoption of proposed Ordinance No. 944, which would repeal the MFTE sunset in the light rail station area residential target areas; establish a 20-year MFTE program; and establish a 12-year MFTE contract extension option, and
- Consider amendments to proposed Ordinance No. 944, including expansion of the MFTE station area RTA boundaries to match the full extent of the adopted station area boundaries including future zoning phases, providing for an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and clarifying the 20-year program eligibility criteria by adding specificity regarding scheduled frequency of high-capacity transit.

DISCUSSION

As noted above, during the September 13, 2021 meeting, the City Council discussed proposed Ordinance No. 944 (Attachment A). Council was generally supportive of the proposed Ordinance, but there was also interest in potentially expanding the MFTE station area RTA boundaries to match the full extent of the adopted station area boundaries including future zoning phases, providing for an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and clarifying the 20-year program eligibility criteria by adding specificity regarding scheduled frequency of high-capacity transit. More information and proposed amendatory language for each of these proposals is provided below.

Light Rail Station Subarea MFTE RTA Boundaries

Proposed Ordinance No. 944 expands the MFTE boundaries to add the newly enacted 185th Street Station Phase 2 station area zoning to encourage multifamily projects in these areas. During the September 13th Council discussion, a question was asked as to whether the Station Area MFTE boundaries could be adjusted to match the station area, which would eliminate the need to update the MFTE boundaries when future zoning phases take effect.

A Councilmember could propose, by motion, to amend station area MFTE eligibility by replacing the maps in Exhibit A to proposed Ordinance No. 944 with the 185th Station Area MFTE RTA boundary (Attachment B) and amending SMC 3.27.030 with the 145th Station Area MFTE RTA boundary (Attachment C).

For an amendment to modify the 185th Station Area RTA map, the motion would read as follows:

- ***I move to replace the map shown in Exhibit A to Ordinance No. 944, Attachment I 185th Street Station Subarea, with a new map as shown in Attachment B to tonight's staff report.***

For an amendment to modify the 145th Station Area RTA map, the motion would read as follows:

- ***I move to delete SMC 3.27.030 Attachment H 145th Street Station Subarea and replace it with a new map as shown in Attachment C to tonight's staff report.***

Conversion of 12-Year MFTE Application into 20-Year MFTE Application

Proposed Ordinance No. 944 would establish a 20-year MFTE program for projects subject to 99-year affordability requirements and within one mile of high-capacity transit. In Council's discussion of this program option, a question was asked as to how many projects may have already applied for the 12-year program that might switch to the 20-year program if it were available, and what the cost of application fees would be to reapply to the new program.

Staff estimates there are five (5) projects which have applied for the 12-year MFTE program that are subject to the 99-year affordability requirement of the light rail station areas. Each of these projects has paid an application fee, which for 2021 has been set at \$618.00 (which is a 3-hour minimum at the standard hourly rate for review). Council could choose to allow projects to convert their 12-year application into a 20-year application without the City requiring the application fee to be paid again. For an amendment to provide such a fee waiver, the motion would read as follows:

- ***I move to add a new section, Section 2, to Ordinance No. 944, and renumber the existing sections accordingly, to read as follows:***

Section 2. Eligibility of 12-year Property Tax Exemption Applications to convert to the 20-year Property Tax Exemption.

Any project for which an application for a conditional certificate is pending for a 12-year property tax exemption by the effective date of this Ordinance, may convert that application for review under the 20-year property tax exemption established by this Ordinance. The applicant shall file a written request with the department of Planning and Community Development requesting conversion and provide necessary documentation supporting the project's eligibility for the 20-year exemption. The applicant shall not be required to pay the application fee as adopted by Resolution and set forth in the Planning and Community Development Fee Schedule, Section I(4), for this conversion.

Financial Impacts of 12-Year MFTE Extension

Proposed Ordinance No. 944 would establish a 12-year MFTE extension for projects that adhere to affordability requirements. In Council's discussion of this proposed extension option, a question was asked as to the financial impact of foregone tax revenues from the participating projects. Although an MFTE project is exempt from paying taxes on the value of improvements, any project value added during the course of construction (typically more than once over the typical two-year construction period)

is not removed from the City's total assessed value upon issuance of the final certificate of tax exemption. Therefore, the City may not experience a significant lowering of the amount of new property tax collected compared to a scenario in which a project does not participate in MFTE. However, as is detailed in the Resource/Financial Impact section below, it is the City's standard practice to evaluate MFTE projects as if no revenue is generated for the City from the improvements during the 12-year exemption period, estimated at \$43,000 per year (or \$516,000 over 12 years) for a 125-unit project.

Revision to 20-year Program Eligibility Requirements

Councilmember Roberts, in an email to staff following the September 13th Council discussion, asked about a technical amendment. He was concerned that the requirement for High-Capacity Transit service at 15-minute frequency could lack clarity given that transit does not typically run at high-frequencies outside of a set of core hours of operation. The original language in proposed Ordinance No. 944 reflects the exact language that was approved by the State Legislature in RCW 84.14.020(1)(a)(ii)(C). Although this is the case, the Council can choose to provide more specific language. If Council chooses to do so, staff recommends that Council move to amend the proposed Ordinance to clarify this. The proposed amendatory language is as follows:

- ***I move to amend SMC 3.27.020(C) as shown on Exhibit A to Ordinance No. 944 to add the time parameters of 6 am to 8 pm each day of the week to the definition of High-Capacity Transit, which would read as follows:***

C. "High-capacity transit" means public transit providing a substantially higher level of passenger capacity and operates with at least 15-minute scheduled frequency during the hours of 6 am to 8 pm each weekday.

STAKEHOLDER INPUT

In addition to the input from developers active in Shoreline summarized in the September 13th staff report, a developer active in Shoreline's light rail station areas provided input during the public comment portion of the meeting on MFTE, its influence on their development decisions, and the particular importance of the proposed 20-year program.

COUNCIL GOALS ADDRESSED

Proposed Ordinance No. 944 supports the 2021-2023 City Council Goals, specifically: "Goal 1: Strengthen Shoreline's economic climate and opportunities" which states in Action Step #1:

"Conduct a review of development that has occurred in the 145th Station Area; identify City policies and regulations that may need to be revised in order to realize the City's vision of mixed-use, environmentally sustainable, and equitable neighborhoods within the MUR zones."

Additionally, continued promotion of the MFTE program reflects Goal 1, Action Step #5 of the 2018-2020 Council Goals, which remains a priority of the City but has since been operationalized as an ongoing component of staff's work:

“Encourage affordable housing development in Shoreline, including continued promotion of the Property Tax Exemption program, partnership with King County in the development of affordable housing on the City's property at Aurora Avenue and N 198th Street, and identify opportunities for integration of affordable housing at the future community and aquatic center facility.”

RESOURCE/FINANCIAL IMPACT

Because the City's overall assessed valuation grows when new projects are built and, typically, assessed more than once prior to receiving their tax exemption certificate, at least partial values for most projects are added to the tax rolls. Some projects' full improvement valuations may even be added prior to issuance of a final certificate of tax exemption. Although an MFTE project is exempt from paying those taxes on the improvements, any assessed value added is not removed from the City's total assessed value. Therefore, the City may not experience a significant lowering of the amount of new property tax collected compared to a scenario in which a project does not participate in MFTE.

For the purposes of revenue analysis, it is the City's standard practice to evaluate MFTE projects as if no revenue is generated for the City from the improvements during the 12-year exemption period, estimated at \$43,000 per year (or \$516,000 over 12 years) for a 125-unit project. Still, there are other revenue streams that are generated by a multifamily project and its residents typically far in excess of the revenues generated on underutilized land prior to development. These include one-time and ongoing revenues.

In order to quantify the fiscal contribution of a multifamily project, staff analyzed the potential fees and revenues collected for a hypothetical project that qualifies for the multifamily property tax exemption with a project that is \$30 million in construction valuation on a 35,000-square-foot lot estimated to yield 125 apartments. The Real Estate Excise Tax (REET) collected by the City on the developer's purchase of this hypothetical property would be approximately \$17,500. The City's share of sales taxes, which are collected on the total of a project's hard and soft costs, would total an estimated \$315,000. Approximately \$922,125 in impact fees would be collected for the 125 units. Impact fees, while collected to ensure concurrency with a set level of service as a result of growing population, also support desirable projects that benefit the broader community. It is anticipated that this project would generate nearly \$1.255M in one-time revenues.

For the sample hypothetical project, staff compared on-going annual revenues prior to the development, the revenue stream during the 12-year property tax exemption period, and the revenue stream following the expiration of the 12-year tax exemption period.

These revenues include Sales & Use tax, paid by new residents of the multifamily units on their spending within Shoreline, utility taxes, paid by residents on a variety of utilities which are subject to utility taxes and franchise fees, and State-shared revenues, many of which are distributed to the City on a per capita basis. As has been previously shared with Council, the pre-redevelopment revenues are approximately \$17,500 per year, and those increase significantly during 12-year tax exemption period to approximately \$69,000 even with the assumption of zero tax dollars from the improvements. Following the expiration of the exemption period revenues increase again, but by a lesser increment, to an estimated \$112,000 per year.

Staff and consultant time is required to process applications, file annual reports to the state and King County, and to monitor compliance with affordable housing requirements.

RECOMMENDATION

Staff recommends adoption of proposed Ordinance No. 944 with the amendments proposed by Councilmembers as included in this staff report, which are:

- Expanding the MFTE station area RTA boundaries beyond current zoning phases to match full extent of the adopted station area boundaries,
- Adopting an application fee waiver for applicants that wish to switch to the proposed 20-year program that have already applied for the 12-year program, and
- Amending the 20-year program eligibility criteria to add specificity regarding scheduled frequency of high-capacity transit.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 944

Attachment A, Exhibit A: Proposed Amendments to SMC Chapter 3.27

Attachment B: Proposed 185th Station Area MFTE RTA Boundary

Attachment C: Proposed 145th Station Area MFTE RTA Boundary

ORDINANCE NO. 944

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CHAPTER 3.27 PROPERTY TAX EXEMPTION OF THE SHORELINE MUNICIPAL CODE TO PROVIDE FOR A TWELVE YEAR EXTENSION PERIOD, ESTABLISH A TWENTY YEAR PROGRAM, EXPAND RESIDENTIAL TARGETED AREAS FOR THE 185TH STREET LIGHT RAIL STATION SUBAREA, AND ELIMINATE THE SUNSET OF THE PROGRAM WITHIN THE LIGHT RAIL STATION SUBAREAS.

WHEREAS, in 2002, the City of Shoreline established a Multi-Family Property Tax Exemption (PTE) program as authorized by RCW Chapter 84.14 and is codified in Shoreline Municipal Code (SMC) Chapter 3.27; and

WHEREAS, since that time, SMC Chapter 3.27 has been amended to expand the PTE program to other residential targeted areas, to establish eligibility criteria, to define the duration of the program, and to ensure all previous actions were codified in SMC Chapter 3.27; and

WHEREAS, with the adoption of Ordinance No. 776 on April 10, 2017, the City Council designated Phase 1 of the 145th and 185th Light Rail Station Subareas as residential targeted areas eligible for the PTE program but established a “sunset” period of December 31, 2021 for the use of the PTE in these areas; and

WHEREAS, the purpose of the December 31, 2021 sunset was to provide for a short-term incentive to spur lot assemblages and the development of large multi-family projects in the areas closer to the Light Rail Stations; however given the real estate market, COVID-19, and Sound Transit’s construction schedule, development has not occurred as anticipated; and

WHEREAS, with the adoption of Ordinance No. 706, the City Council established three (3) phases for the 185th Light Rail Station Subarea; and

WHEREAS, with Ordinance No. 776, the City Council designated only Phase 1 of the Light Rail Stations Subareas as residential targeted areas eligible for the PTE; and

WHEREAS, at its November 30, 2020 and April 5, 2021 regular meetings, the City Council discussed the phasing of the Light Rail Station Subareas and an extension of the PTE for the Subareas beyond that set in Ordinance No. 776 and it was determined that expansion within the 185th Street Station Subarea was appropriate; and

WHEREAS, in 2021, the Washington State Legislature adopted Engrossed Second Substitute Senate Bill 5287 (ESSSB 5287), amending RCW Chapter 84.14 to further incentivize affordable housing in urban areas; and

WHEREAS, amendments approved by the Legislature available to the City are the ability to extend a property tax exemption for an additional 12 years after completion of the first

exemption term and to establish a 20-year property tax exemption when the Multi-Family housing is within one (1) mile of high capacity transit, both subject to certain criteria; and

WHEREAS, the City Council discussed the PTE program at its September 13, 2021 regular meeting and has considered the entire public record, public and stakeholder comments, written and oral; and

WHEREAS, the City Council has determined that the amendments to SMC Chapter 3.27 are in the best interests of the City of Shoreline and the need to provide affordable housing to its residents;

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

Section 1. Amendment – SMC Chapter 3.27 Property Tax Exemption. SMC Chapter 3.27 is amended as set forth in Exhibit A to this Ordinance.

Section 2. 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 3. 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 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five (5) days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 27, 2021

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Julie K Ainsworth-Taylor
Assistant City Attorney
on behalf of Margaret King, City Attorney

Date of Publication: _____, 2021
Effective Date: _____, 2021

Chapter 3.27

PROPERTY TAX EXEMPTION

SECTION 3.27.010 IS AMENDED TO READ AS FOLLOWS:

3.27.010 Purpose

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

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

SECTION 3.27.020 IS AMENDED TO READ AS FOLLOWS:

3.27.020 Definitions.

A. "Affordable housing" means residential housing that is rented or sold to a person or household whose annual household income does not exceed 70 percent of the median household income adjusted for family size for King County, determined annually by the U.S.

Department of Housing and Urban Development, for studio and one bedroom units and not exceeding 80 percent of the area median household income adjusted for family size for two bedroom or larger units.

B. "Department" means the city of Shoreline department of community and economic development.

C. "High-capacity transit" means public transit providing a substantially higher level of passenger capacity and operates with at least 15-minute scheduled frequency.

CD. "Household annual income" means the aggregate annual income of all persons over 18 years of age residing in the same household.

DE. "Multifamily housing" means a building or ~~project~~ a group of buildings having four or more dwelling units designed for permanent residential occupancy.

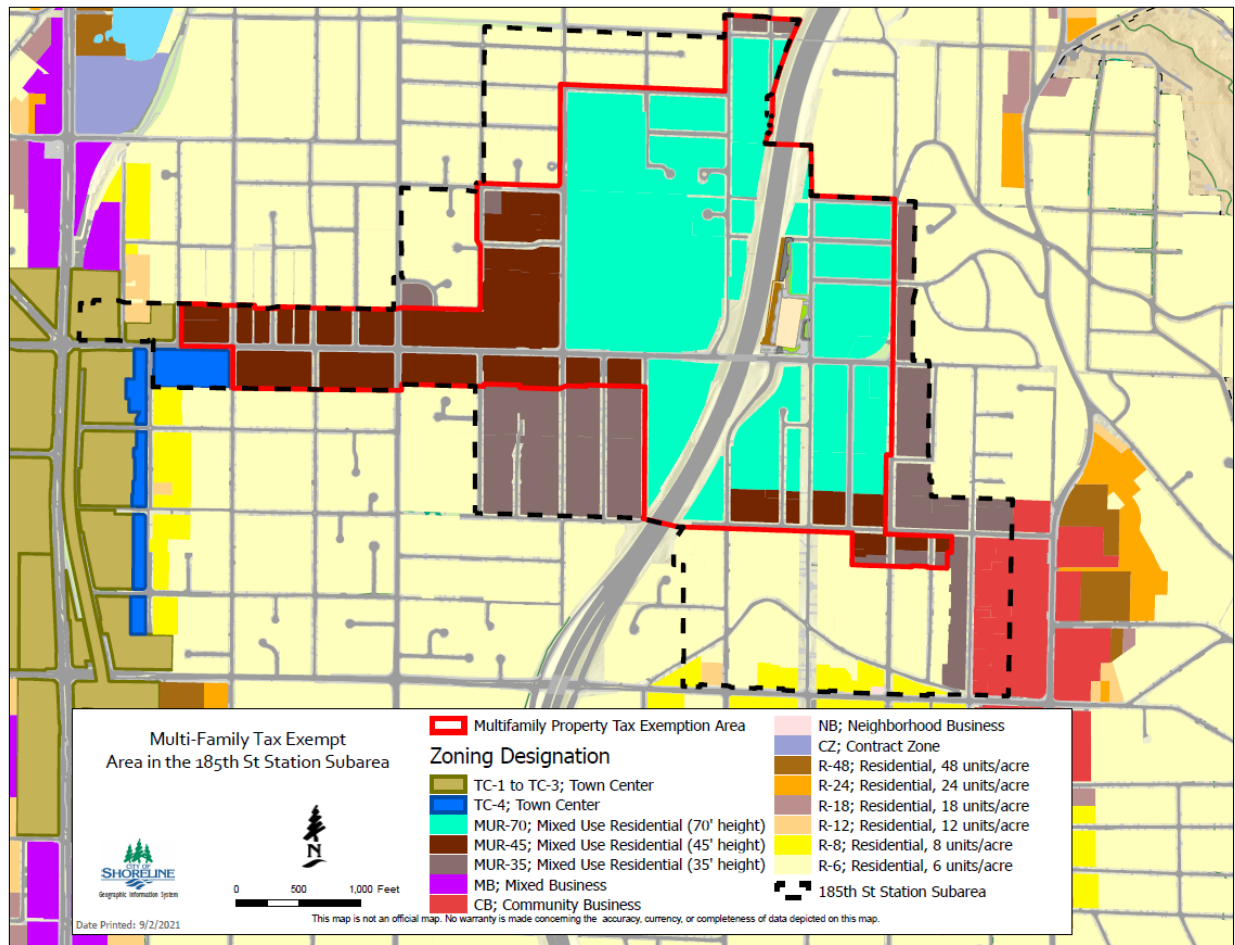
EF. "Owner" or "property owner" means the property owner of record.

FG. "Permanent residential occupancy" means multifamily housing that provides either rental or owner-occupancy for a period of at least one month, excluding hotels, motels, or other types of temporary housing that predominately offer rental accommodation on a daily or weekly basis.

SECTION 3.27.030 IS AMENDED AS FOLLOWS:

3.27.030 Designation of residential targeted areas.

Attachment I - 185th Street Station Subarea is deleted in its entirety and replaced with a new Attachment I as shown below:



SECTION 3.27.040 IS AMENDED TO READ AS FOLLOWS:

3.27.040 Eligibility standards and guidelines.

A. Eligibility Requirements. To be eligible for exemption from property tax under this chapter, the property must satisfy all of the following requirements:

1. The project must be located within one of the residential targeted areas designated in SMC 3.27.030;
2. The project must be multifamily housing consisting of at least four dwelling units within a residential structure or as part of a mixed used development, in which at least 50 percent of the space must provide for permanent residential occupancy;

3. The project must be designed to comply with the city's comprehensive plan, applicable development regulations, and applicable building and housing code requirements;
4. At least 20 percent of the housing units must be affordable housing as defined in SMC 3.27.020, except for housing units within the 145th Street Station Subarea and the 185th Street Station Subarea which must meet the median income requirements of the 20 percent affordability option as set forth in SMC 20.40.235;
5. For the rehabilitation of existing occupied multifamily projects, at least four additional residential units must be added except when the project has been vacant for 12 consecutive months or more;
6. The project must be scheduled for completion within three years from the date of issuance of the conditional certificate;
7. Property proposed to be rehabilitated must fail to comply with one or more standards of the applicable state or local building or housing codes. If the property proposed to be rehabilitated is not vacant, an applicant must provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate;
8. The mix and configuration of housing units used to meet the requirement for affordable units under this chapter shall be substantially proportional to the mix and configuration of the total housing units in the project; and
9. The applicant must enter into a contract with the city, approved by the city council, under which the applicant has agreed to the implementation of the project on terms and conditions satisfactory to the city. ~~The contract must be approved by the city council.~~

B. Duration of Tax Exemption. The following property tax exemptions are available for qualified properties in designated residential targeted areas:

1. Twelve-year tax exemption: ~~The value of new housing construction and rehabilitation improvements qualifying under this chapter shall be exempt from ad valorem property taxation. If the property otherwise qualifies for the exemption under this chapter and meets the conditions in subsection A of this section, an exemption for 12 successive years beginning January 1st of the year immediately following the calendar year after of issuance of the final certificate of tax exemption; or~~
2. Twenty-year tax exemption: If the property otherwise qualifies for the exemption under this chapter, meets the conditions in subsection A of this section, and the conditions set forth below, an exemption for 20 successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption:
 - a. The property is located within one mile of high-capacity transit of at least 15-minute scheduled frequency measured in a straight line from the property line at which access from the property to a public street is provided to the nearest existing or planned high-capacity transit stop or station; and
 - b. The Owner must record a covenant or deed restriction acceptable to the city ensuring continued rental of units for at least 99 years and sets forth criteria to maintain public benefit if the property is converted to a use other than permanent affordable low-income housing.

C. Extension of tax exemption. The Owner of property that received a tax exemption pursuant to subsection B(1) of this section, may apply for an extension for an additional 12 successive years. No extension will be granted for property that received a 20-year tax exemption pursuant to subsection B(2) of this section.

1. Only one (1) extension may be granted.
2. Failure to timely apply for an extension shall be deemed a waiver of the extension.
3. For the property to qualify for an extension:

- a. The property must have qualified for, satisfied the conditions of, and utilized the twelve-year exemption sought to be extended;
 - b. The Owner must timely apply for the extension on forms provided by the City within 18 months of expiration of the original exemption;
 - c. The property must meet the requirements of this chapter for the property to qualify for an exemption under subsection A as applicable at the time of the extension application, and
 - d. The property must continue to rent or sell at least 20 percent of the multifamily housing units as affordable housing units for low-income households for the extension period.
4. If an extension is granted by the City, at the end of both the tenth and eleventh years of a twelve-year extension, the applicant or the property owner at that time, must provide tenants of affordable units with notification of the applicant's or property owner's intent to provide the tenant with relocation assistance in an amount equal to one (1) month as provided in RCW 84.14.020, as amended.

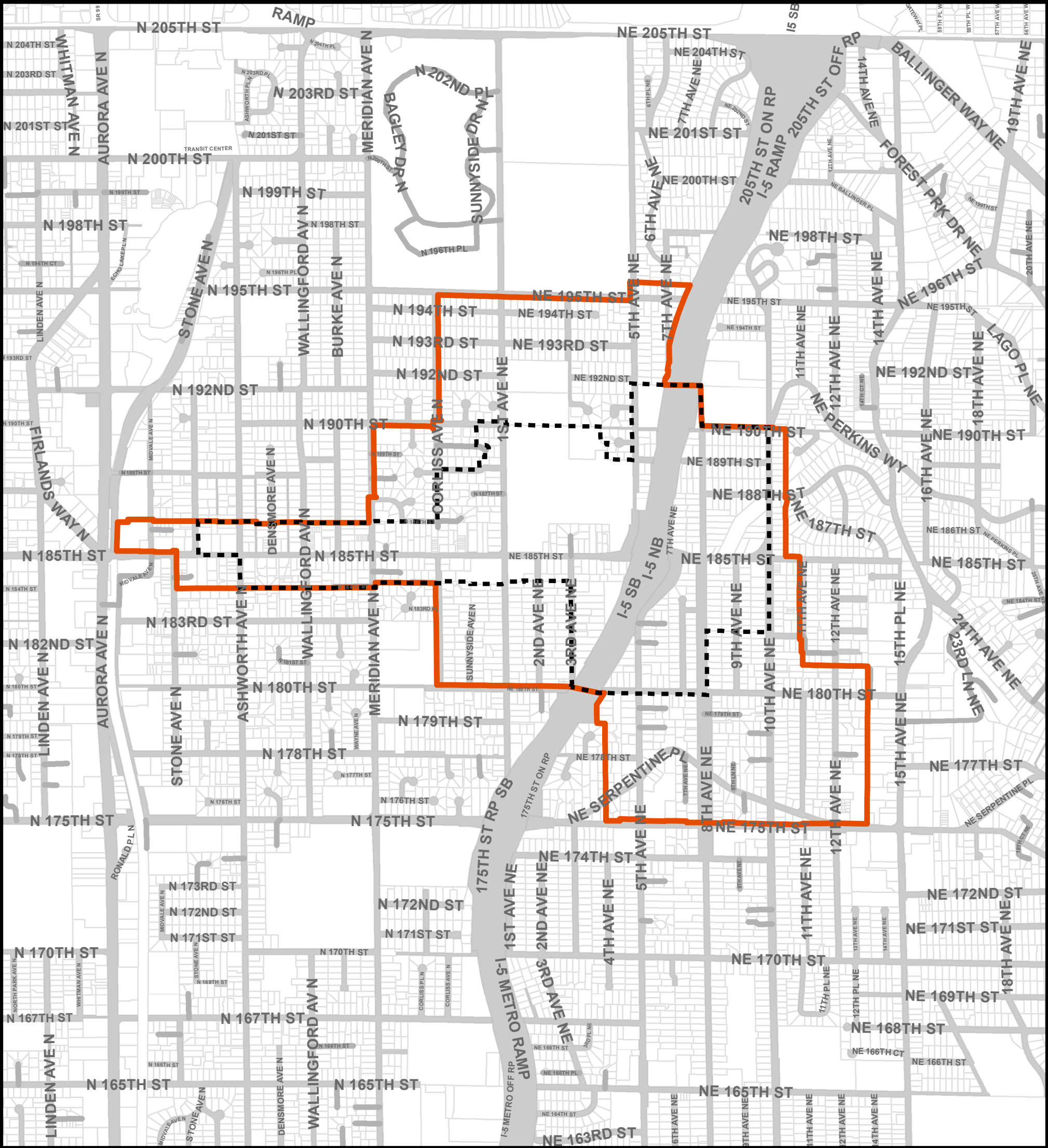
€ D. Limitation on Tax Exemption Value.

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

Ð E. Residential Targeted Areas – Specific Requirements.



1. Units within the 145th and 185th Street Station Subareas must meet the median income requirements of the 20 percent affordability option as set forth in SMC 20.40.235.
2. ~~The designation of residential targeted areas with the 145th and 185th Street Station Subareas shall automatically expire on December 31, 2021. Complete applications for exemption filed prior to this date will be considered vested under this chapter.~~

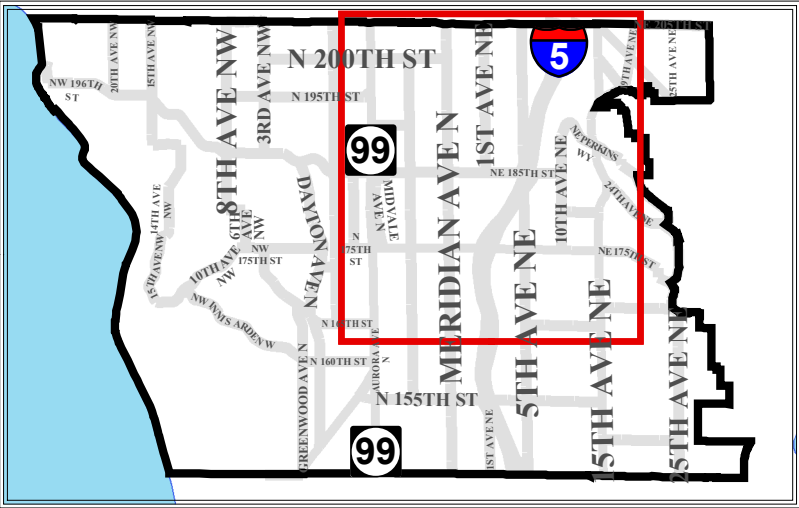
185th St Station Proposed MultiFamily Property Tax Exemption Change



185th St Station area MultiFamily Tax Exemption Proposed Changes

Legend

-  Multi Family Property Tax Exemption Area (Current)
-  Multi Family Property Tax Exemption Area (Proposed)



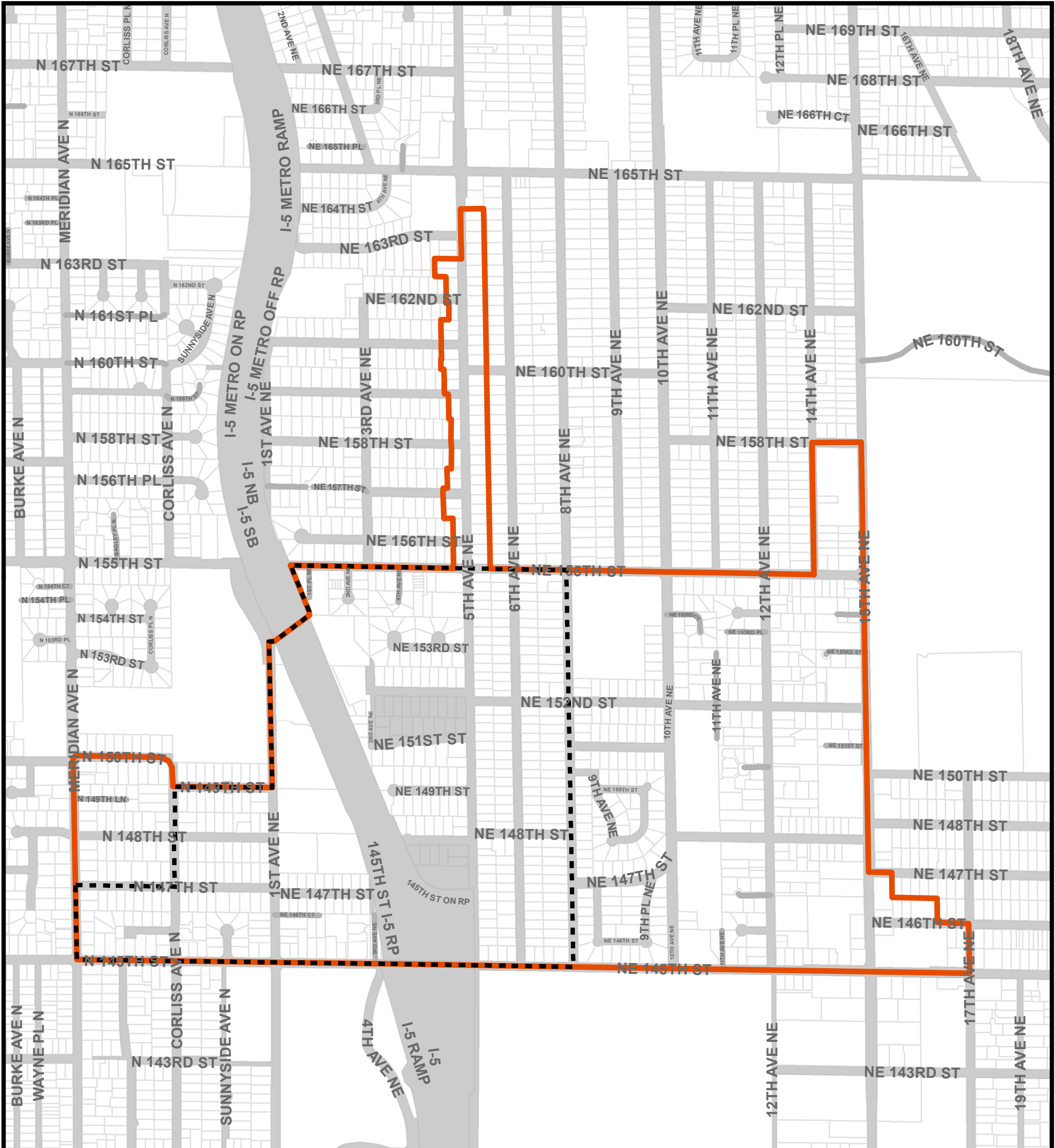
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No warranties of any sort, including accuracy, fitness, or merchantability, accompany this product.



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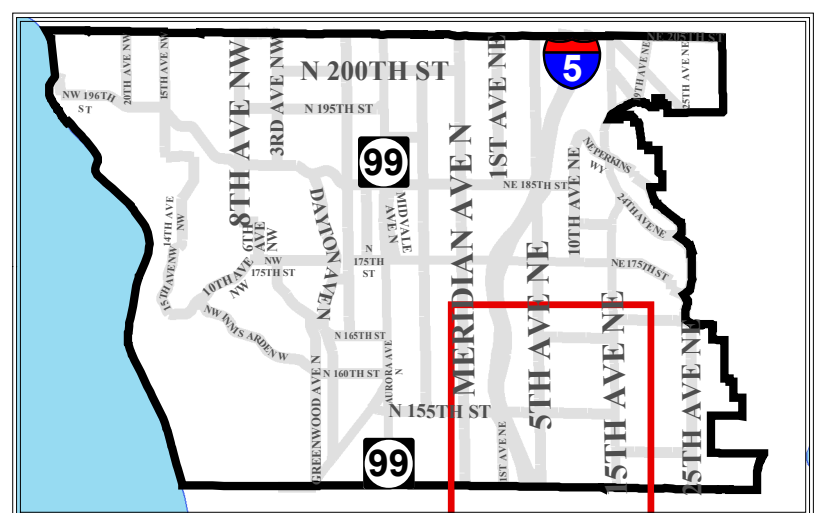
145th St Station Proposed MultiFamily Property Tax Exemption Change



145th St Station area MultiFamily Tax Exemption Proposed Changes

Legend

-  Multi Family Property Tax Exemption Area (Current)
 Multi Family Property Tax Exemption Area (Proposed)



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CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on Resolution No. 483 - Requiring Mandatory COVID-19 Vaccinations as a Qualification of Employment or Public Service with the City of Shoreline, as a Qualification for Providing Contracted Services at City Facilities, Authorizing the City Manager to Develop Additional Rules and Parameters for Implementing this Requirement, and Establishing a Deadline of Full Vaccination by December 1, 2021
DEPARTMENT:	City Manager's Office
PRESENTED BY:	John Norris, Assistant City Manager
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Tonight, the City Council is scheduled to take action on proposed Resolution No. 483 (Attachment A), which would establish a mandatory vaccination policy as a qualification of employment or volunteer public service with the City of Shoreline. It would also require that contractors providing services in City facilities be fully vaccinated. Proposed Resolution No. 483 would require that proof of full vaccination be provided by December 1, 2021.

Widespread vaccination is the primary means to prevent and curtail the spread of new variants of the COVID-19 virus, avoid the return of stringent public health measures, and end the COVID-19 pandemic. While non-pharmaceutical interventions such as wearing face coverings and social distancing help to reduce the spread of COVID-19, the COVID-19 vaccination has been proven as a safe and highly effective measure in preventing COVID-19 infection and limiting hospitalization and death.

As of September 22, 2021, the City of Shoreline has 221 employees (regular and extra-help) on payroll and 187, or 85%, of those employees have provided proof of being fully vaccinated. This does not include the Shoreline Police Department, as they are King County employees. The City's workforce is supplemented by contractors who provide in-person services within City facilities, appointed members of City Boards and Commissions and elected City officials. The City, to date, has not collected proof of vaccination from these individuals.

As of September 22, 2021, King County had 6,822 new COVID-19 cases in the most recent two-week period and 236 hospitalizations, approximately 3.5% of the new COVID-19 cases. Of the five key indicators of COVID-19 activity monitored by King

County, only two are meeting the target and that is that the risk of death from COVID-19 is changing (improving) as a result of vaccinations and the effective reproductive number indicates that the current outbreak wave is starting to shrink. The other criteria are not being met, which includes transmission rates (high transmission/181.1 per 100k), hospitalization trends are increasing, and over 10% of King County hospital beds are serving COVID-19 patients.

The City Council discussed proposed Resolution No. 483 on September 20, 2021 and was generally supportive of this proposal. The Council is scheduled to take action on proposed Resolution No. 483 tonight.

RESOURCE/FINANCIAL IMPACT:

The primary resource impact of implementing proposed Resolution No. 483 is the staff time to monitor and process vaccination verification forms and exemption/accommodation requests. There may be impacts as a result of the termination of employees who fail to provide proof of vaccination by the required deadline and the related resource impact of hiring and training replacements. This could also be true for the dismissal of volunteers or termination of contractors not meeting the City's mandatory vaccination requirements.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Resolution No. 483.

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

BACKGROUND

On June 21, 2021, the City Council discussed pursuing a mandatory COVID-19 vaccination policy for City employment. At that time, there was not sufficient interest by the City Council to require City staff to this develop policy. The staff report for this Council discussion can be reviewed at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport062121-8c.pdf>.

Since that time, COVID-19 transmission has significantly increased, primarily as a result of the transmission rate of the COVID-19 Delta variant and the number of unvaccinated individuals in the community. As of September 22, 2021, King County had 6,822 new COVID-19 cases in the most recent two-week period and 236 hospitalizations, approximately 3.5% of the new COVID-19 cases. Of the five key indicators of COVID-19 activity monitored by King County, only two are meeting the target and that is that the risk of death from COVID-19 is changing (improving) as a result of vaccinations and the effective reproductive number indicates that the current outbreak wave is starting to shrink. The other criteria are not being met, which includes transmission rates (high transmission/181.1 per 100k), hospitalization trends are increasing, and over 10% of King County hospital beds are serving COVID-19 patients.

Widespread vaccination is the primary means to prevent and curtail the spread of new variants of the COVID-19 virus, avoid the return of stringent public health measures, and end the COVID-19 pandemic. While non-pharmaceutical interventions such as wearing face coverings and social distancing help to reduce the spread of COVID-19, the COVID-19 vaccination has been proven as a safe and highly effective measure in preventing COVID-19 infection and limiting hospitalization and death.

As of September 22, 2021, the City of Shoreline has 221 employees (regular and extra-help) on payroll and 187, or 85%, of those employees have provided proof of being fully vaccinated. This does not include the Shoreline Police Department, as they are King County employees. The City's workforce is supplemented by contractors who provide in-person services within City facilities, appointed members of City Boards and Commissions and elected City officials. The City, to date, has not collected proof of vaccination from these individuals.

Tonight, the City Council is scheduled to take action on proposed Resolution No. 483, which would establish a mandatory vaccination policy as a qualification of employment or volunteer public service with the City of Shoreline. It would also require that contractors providing services in City facilities be fully vaccinated. Proposed Resolution No. 483 would require that proof of full vaccination be provided by December 1, 2021.

The City Council discussed proposed Resolution No. 483 on September 20, 2021. The staff report for this Council discussion can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport092021-8c.pdf>.

DISCUSSION

Proposed Resolution No. 483 (Attachment A) would require that as a qualification of employment or volunteer public service, that the following groups be fully vaccinated by December 1, 2021:

- City of Shoreline employees,
- Elected officials (City Councilmembers),
- Appointed members of boards and commissions (Planning Commissioners and Parks, Recreation and Cultural Services Board Members),
- City volunteers, and
- Those individuals under contract with the City to provide in-person services at City Facilities.

As is defined in proposed Resolution No. 483, “fully vaccinated” means two weeks after an individual has received the second dose in a two-dose series of a COVID-19 vaccine and a third, booster shot within 30 days of eligibility for the booster as determined by the CDC or Washington State Health Officer; or two weeks after a single-dose COVID-19 vaccine, and a second, booster shot within 30 days of eligibility for the booster as determined by the CDC or Washington State Health Officer.

The City can make vaccination a qualification of employment subject to the application of federal anti-discrimination laws, including the Americans with Disabilities Act (ADA) and Title VII of the Civil Rights Act of 1964 (Title VII”). The U.S. Equal Employment Opportunity Commission (EEOC) advised that while these laws do not prohibit employer-mandated COVID-19 vaccinations per se, they do require employers to undertake individualized risk assessments and offer reasonable accommodations to protect the legal rights of employees who cannot or will not be vaccinated for medical or religious reasons. As such, the City will provide an opportunity for employees, Councilmembers, appointed members of boards and commissions and volunteers to seek a medical or religious accommodation. There will be no exemptions for philosophical reasons for any individual.

The City Manager has drafted administrative policies and procedure that would address the consequences for individuals who do not comply with the vaccination policy. Any employee, appointed official or volunteer who fails to be fully vaccinated or has not received a medical or religious exemption by December 1, 2021, will no longer be permitted to undertake the essential duties of their position, and as such, will be terminated or removed from their appointment/volunteer role. Individuals may seek a deadline extension to this vaccination requirement from the City Manager in writing, but the City Manager will only consider a deadline extension when necessary, through no fault of the individual, such as a medical reason confirmed by a doctor.

Proposed Resolution No. 483 also provides that if a City Councilmember fails to be fully vaccinated or receive a medical or religious exemption by the deadline, they are not eligible to receive any benefits, such as the payment for health insurance or a payment in-lieu of receiving health insurance, and that the Council may remove them from any

assignments to intergovernmental/regional boards, commissions, or committees. For appointed board and commission members (Planning Commissioners and Parks, Recreation, and Cultural Services Board Members), failure to comply may result in removal by the City Manager from their board/commission with the concurrence of the City Council as provided in [SMC 2.20.020\(D\)](#). The decision to impose these sanctions is by an affirmative vote of a majority of the City Council.

The City's standard service contract requires that all services provided to the City be in compliance with all federal, state, and local statutes, rules, and ordinances applicable to the services being provided. Under this proposed Resolution, individuals providing in-person services in City facilities via contract will be required to be fully vaccinated. City facilities include all City-owned buildings and City-owned or managed open spaces, including but not limited to City parks and the Interurban Trail. All service contractors providing these in-person services will assume responsibility for vaccination verification and accommodation requirements and an authorized representative of a service contractor will be required to provide the City with a signed Employer Declaration that they have verified proof of full vaccination with any employee providing service per a City contract. The City will retain the right to investigate or inquire into a Service Contractor's compliance with the requirements of the City's established administrative policy.

RESOURCE/FINANCIAL IMPACT

The primary resource impact of implementing proposed Resolution No. 483 is the staff time to monitor and process vaccination verification forms and exemption/accommodation requests. There may be impacts as a result of the termination of employees who fail to provide proof of vaccination by the required deadline and the related resource impact of hiring and training replacements. This could also be true for the dismissal of volunteers or termination of contractors not meeting the City's mandatory vaccination requirements.

RECOMMENDATION

Staff recommends that the City Council adopt proposed Resolution No. 483.

ATTACHMENT

Attachment A: Proposed Resolution No. 483

RESOLUTION NO. 483

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, REQUIRING MANDATORY COVID-19 VACCINATIONS AS A QUALIFICATION OF EMPLOYMENT OR PUBLIC SERVICE WITH THE CITY OF SHORELINE; AS A QUALIFICATION FOR PROVIDING CONTRACTED SERVICES AT CITY FACILITIES; AUTHORIZING THE CITY MANAGER TO DEVELOP ADDITIONAL RULES AND PARAMETERS FOR IMPLEMENTING; AND ESTABLISHING A DEADLINE OF FULL VACCINATION BY DECEMBER 1, 2021.

WHEREAS, on January 31, 2020, the United States Secretary of Health and Human Services declared a nationwide public health emergency; and

WHEREAS, on February 29, 2020, Governor Jay Inslee issued Proclamation 20-05 declaring a state of emergency in all counties of the state related to the spread of the COVID-19 virus; and

WHEREAS, on March 4, 2020, the City Manager issued a Local Declaration of Public Health Emergency (“Declaration”) to address the significant health risks posed by the COVID-19 virus. The Declaration, issued pursuant to Shoreline Municipal Code (“SMC”) Chapter 2.50, and ratified by the Shoreline City Council on March 16, 2020, by Resolution No. 454, authorized the City Manager to take action and exercise powers on behalf of the City of Shoreline (“City”) in the event of an emergency; and

WHEREAS, On March 23, 2020, Governor Inslee issued a “Stay Home – Stay Healthy” order intended to reduce the spread and transmission of the COVID-19 virus, and has since issued several proclamations and orders related to the reopening of the state, including Proclamation 20-25.4 (“Safe Start-Stay Healthy”), Proclamation 20-25.14 (“Washington Ready”) and multiple amendments thereof; and

WHEREAS, the Food and Drug Administration (FDA) has provided Emergency Use Authorization (EUA) for multiple COVID-19 vaccinations beginning with Pfizer-BioNTech on December 11, 2020, Moderna on December 18, 2020, and Janssen on February 27, 2021. On August 23, 2021, the FDA approved the first COVID-19 vaccine, which has been known as the Pfizer-BioNTech COVID-19 vaccine and will now be marketed as *Comirnaty* for the prevention of the COVID-19 disease in individuals 16 years of age and older, and under EUA for individuals 12 – 15 years of age and for the administration of a third dose in certain immunocompromised individuals. The Moderna, which filed for FDA approval on August 25, 2021, and Janssen vaccines continue to be available under EUA for individuals 18 years and older; and

WHEREAS, on July 27, 2021, the Centers for Disease Control and Prevention released updated guidance on the need for urgently increasing COVID-19 vaccination rates amid high transmission rates; and

WHEREAS, at the present time, after months of improving COVID-19 epidemiological conditions, highly contagious COVID-19 variants are emerging, including the Delta variant; and

WHEREAS, COVID-19 transmission is increasing with more infections occurring within the King County area, primarily among unvaccinated people, with the Washington Department of Health reporting that over 96% of new cases in August 2021 arose from the more easily transmissible Delta variant; and

WHEREAS, area hospitals and healthcare facilities are reaching or exceeding existing intensive care unit (ICU) capacity, directly related to hospitalized COVID-19 patients; and

WHEREAS, on August 9, 2021, Governor Inslee issued Proclamation 21-14 requiring certain state employees and health care workers to be fully vaccinated against COVID-19 by October 18, 2021, as a condition of employment; and

WHEREAS, on August 10, 2021, King County Executive Dow Constantine issued an Order requiring COVID-19 vaccination for all executive branch employees of King County by October 18, 2021, as a condition of employment; and

WHEREAS, on August 21, 2021, Governor Inslee issued Proclamation 21-14.1 expanding the vaccination requirements to all employees working in higher education, K-12 education, most childcare and early learning facilities, and municipal parks and recreation programs serving children and youth, and re-imposing a statewide mask mandate for all individuals regardless of vaccination status in public indoor spaces; and

WHEREAS, in addition to contractors providing services for youth programs, other contractors and consultants provide in-person services at City Facilities; and

WHEREAS, vaccines have been shown to be safe and highly effective at preventing COVID-19 infection and in limiting hospitalization and death; and

WHEREAS, according to Public Health – Seattle and King County, COVID-19 Outcomes by Vaccination Status on January 17, 2021, a person not fully vaccinated was three (3) times more likely to test positive for COVID-19, 15 times more likely to be hospitalized for COVID-19, and 19 times more likely to die of COVID-19 related illness; and based on data through August 26, 2021, a person not fully vaccinated is now seven (7) times more likely to test positive for COVID-19, 50 times more likely to be hospitalized for COVID-19, and 30 times more likely to die of COVID-19 related illness; and

WHEREAS, on September 9, 2021, the President of the United States announced a COVID-19 action plan – Path out of the Pandemic, directing the federal Occupational Safety and Health Administration (OSHA) to promulgate rules that address vaccine mandates for business with more than 100 employees. Additionally, President Biden issued two Executive Orders requiring all federal workers to be vaccinated and federal contractors to comply with COVID-19 safety protocols that will likely require vaccination: and

WHEREAS, all people ages 12 and older have been eligible to receive a COVID-19 vaccine since May 10, 2021, providing ample time for all eligible employees to become fully vaccinated; and

WHEREAS, widespread vaccination is the primary means that the City of Shoreline has to protect employees, residents, and the community at large from COVID-19 infections, including persons who cannot be vaccinated for medical reasons, youth who are not yet eligible to receive a vaccine, immunocompromised individuals, and vulnerable persons such as persons in health care facilities and other congregate care facilities; and

WHEREAS, widespread vaccination is also the primary means to prevent and curtail the spread of new variants of the COVID-19 virus, avoid the return of stringent public health measures, and put the pandemic behind us; and

WHEREAS, in order to provide and maintain a safe workplace, protect the health of all of our employees and their families, and reduce and protect the community at large from the risks and adverse effects of COVID-19, the City Council has determined that it is necessary to adopt this Resolution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. Full Vaccine Requirement. As a qualification of employment or public service, all City of Shoreline employees, elected officials, appointed members of boards and commissions, volunteers for the City of Shoreline, and those individuals under contract with the City to provide in-person services at City Facilities, (collectively “Workers”) shall be required to be Fully Vaccinated by 12:01 am on December 1, 2021, and must provide proof of full vaccination by this deadline in accordance with policies or procedures that shall be established by the City Manager. All future Workers shall provide proof of full vaccination against COVID-19 prior to the date of hire, provision of services, or as a condition of contracting. Any person subject to Proclamation 21-14.1’s vaccine mandate deadline of October 18, 2021, shall also be subject to the vaccine mandate in this Resolution. The requirement for Full Vaccination is mandatory and only subject to such exceptions as required by law.

Section 2. City Manager Directive. In addition to those powers and duties granted to the City Manager under state law or the Shoreline Municipal Code, the City Manager is additionally hereby directed to enact and implement a mandatory COVID-19 vaccination requirement consistent with this Resolution for all current and future employees as a qualification of employment, for all public service volunteers as a qualification of a volunteer position, and for service contractors and consultants providing in-person services at City Facilities, provided that the requirement allows for a religious or medical exemption. The City Manager is further directed to adopt or implement any related policies and procedures and to work with our employees’ labor representatives regarding the impacts, if any, related to this mandatory requirement, including termination of employment, volunteer service, or contract services.

Section 3. City Council and Boards and Commissions. A City Councilmember is not eligible to receive benefits including, medical, dental, vision, life insurance, and long-term disability, or payment in lieu of these benefits, unless Fully Vaccinated in accordance with this Resolution. Additionally, failure of a member of the City Council or a City Board or Commission to be Fully Vaccinated by the December 1, 2021, may result in the following sanctions:

- A. For City Councilmembers: Removal from any assignments to intergovernmental boards, commissions, or committees; and/or
- B. For Board and Commission Members: Removal by the City Manager, with the concurrence of the City Council, as provided in SMC 2.20.020(D).

The decision to impose sanctions is by an affirmative vote of a majority of the City Council.

Section 4. Definitions. The following definition shall apply to this Resolution:

“Fully Vaccinated” means two weeks after a Worker has received the second dose in a two-dose series of a COVID-19 vaccine authorized for emergency use, licensed, or otherwise approved by the FDA (e.g., Pfizer-BioNTech, Comirnaty, or Moderna) and a third, booster shot within 30 days of eligibility for the booster, as eligibility is determined by the FDA, Centers for Disease Control and Prevention (CDC) and/or the Washington State Health Officer, as applicable; or two weeks after a Worker has received a single-dose COVID-19 vaccine authorized for emergency use, licensed, or otherwise approved by the FDA (e.g., Johnson & Johnson (J&J)/Janssen, and a second, booster shot within 30 days of eligibility for the booster, as eligibility is determined by the FDA, CDC and/or the Washington State Health Officer, as applicable. Should the FDA, CDC and/or the Washington State Health Officer or other agency with jurisdiction provide different criteria or requirements to be considered fully vaccinated, said requirements shall be included in this definition and the requirements of this Resolution, and the City Manager shall implement the requirements.

Section 5. Effective Date; Duration. This Resolution shall take effect and be in full force immediately upon passage by the City Council. The COVID-19 vaccine mandate this Resolution sets forth shall be in effect until expressly revoked by formal action of the City Council.

Section 6. Corrections by City Clerk. Upon approval of the City Attorney, the City Clerk is authorized to make necessary corrections to this Resolution, 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 7. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this Resolution 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 Resolution or its application to any person or situation.

PASSED BY THE CITY COUNCIL ON OCTOBER 4, 2021

Mayor Will Hall

ATTEST:

Jessica Simulcik Smith
City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Ordinance No. 941 - Repealing Shoreline Municipal Code Chapter 9.25 Retail Carryout Bag Regulations Due to State Preemption		
DEPARTMENT:	Recreation, Cultural and Community Services		
PRESENTED BY:	Autumn Salamack, Environmental Services Coordinator		
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 2020 Washington State Legislature passed Engrossed Substitute Senate Bill (ESSB) 5323, enacting a statewide ban on single-use plastic bags now codified at Chapter 70A.530 RCW. RCW 70A.530 preempts Shoreline Municipal Code (SMC) Chapter 9.25 Retail Carryout Bag Regulations that were originally enacted in April 2013.

Chapter 70A.530 was to be effective starting January 1, 2021. However, on December 18, 2020, the Washington State Governor issued Proclamation 20-82, delaying implementation of RCW 70A.530 until January 30, 2021 due to the COVID-19 pandemic. The Washington State Legislature, with Senate Concurrent Resolution 8402, extended Proclamation 20-82 until the termination of the COVID-19 state of emergency or until rescinded by gubernatorial or legislative action, whichever occurred first. In July 2021, the Governor established September 30, 2021 at 11:59 pm as the expiration date for Proclamation 20-82. Therefore, the statewide ban on single-use plastic bags set forth in RCW 70A.530 will go into effect on October 1, 2021.

Proposed Ordinance No. 941 (Attachment A) would repeal SMC Chapter 9.25 in its entirety. While this preemption results in SMC Chapter 9.25 having no force and effect, repealing of the Chapter will ensure no confusion in the future as to the applicable law. Tonight, Council is scheduled to discuss this proposed Ordinance. Proposed Ordinance No. 941 is currently scheduled to be brought back to Council for potential adoption on October 18, 2021.

RESOURCE/FINANCIAL IMPACT:

There is no direct significant financial impact of proposed Ordinance No. 941. The new state law increases the required pass-through charge for local retailers that SMC 9.25 has required from the five cents for each recyclable paper carryout bag provided to eight cents for every recycled content paper carryout bag or reusable carryout bag made of film plastic provided. In 2026, that charge increases to twelve cents for reusable carryout bags made of film plastic and eight cents for recycled content paper carryout bags.

RECOMMENDATION

No action is required tonight as this is a discussion item only. Staff recommends that Council discuss proposed Ordinance No. 941 and ask questions of staff. Staff further recommends that Council adopt proposed Ordinance No. 941, repealing SMC Chapter 9.25, to reflect the preemption of RCW 70A.530 when this proposed Ordinance is returned to the Council for potential action on October 18, 2021.

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

BACKGROUND

The 2020 Washington State Legislature passed ESSB 5323, now codified as Chapter 70A.530 Carryout Bags, enacting a statewide ban on single-use plastic bags. The intent of this ban is to reduce pollution by prohibiting single-use plastic carryout bags and charging a fee for acceptable bags in business establishments. RCW 70A.530 was subsequently amended in 2021 to address non-wood renewable fiber in paper carryout bags.

Chapter 70A.530 was to be effective starting January 1, 2021. However, on December 18, 2020, the Washington State Governor issued Proclamation 20-82, delaying implementation of RCW 70A.530 until January 30, 2021 due to the COVID-19 pandemic. The Washington State Legislature, with Senate Concurrent Resolution 8402, extended Proclamation 20-82 until the termination of the COVID-19 state of emergency or until rescinded by gubernatorial or legislative action, whichever occurred first. In July 2021, the Governor established September 30, 2021 at 11:59 pm as the expiration date for Proclamation 20-82. Therefore, the statewide ban on single-use plastic bags set forth in RCW 70A.530 will go into effect on October 1, 2021. It should also be noted that the Department of Ecology website for the statewide ban on single-use plastic bags currently notes this effective date of October 1, 2021. City staff has not received any communications from Ecology regarding any further delays for implementation, and believe that this legislation will become effective at that time.

DISCUSSION

RCW 70A.530 contains language that expressly preempts implementation of a local carryout bag ordinance such as [Shoreline Municipal Code \(SMC\) Chapter 9.25](#). This Code section provides the carryout bag regulations that were enacted in April 2013 with the adoption of [Ordinance No. 653](#). While this preemption results in SMC Chapter 9.25 having no force and effect, repealing of the Chapter will ensure no confusion in the future as to the applicable law. Proposed Ordinance No. 941 (Attachment A) would provide for this repeal of SMC Chapter 9.25.

The one exception provided by the Legislature in RCW 70A.530 is if the local ordinance established a pass-through charge of 10 cents. In that case, that charge could continue until 2026. SMC Chapter 9.25 establishes a pass-through charge of not less than 5 cents, so this exception is not applicable.

Content of RCW 70A.530

Key changes for local retailers related to the enactment of this new state law are summarized in the Frequently Asked Questions for the 2021 Plastic Bag Ban document (Attachment B). The state Plastic Bag Ban law will:

- Prohibit single-use plastic carryout bags in all retail and grocery stores, restaurants, takeout establishments, festivals, and markets.
- Require an 8-cent pass-through charge for all recycled content paper carryout bags and reusable carryout bags made of film plastic; increasing to 12-cents for plastic bags and 8-cents for paper bags in January 2026; the pass-through charge is a taxable retail sale.

- The fee may not be collected from anyone using a voucher or electronic benefits card issued under the Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Temporary Assistance for Needy Families (TANF), or Food Assistance Program (FAP).
- Require a minimum of 40 percent post-consumer recycled content and meet composting requirements in all retail-provided paper bags.
- Require that reusable bags made of plastic film contain 20 percent post-consumer recycled content and be at least 2.25 mil thick; increasing to 40 percent consumer recycled content in July 2022 and 4 mils thickness in January 2026.
- Require compliant paper and reusable plastic film bags to be labeled with the above specifications.
- Create consistent policy and fees across the state.
- This ban does not apply to food banks and food assistance programs. However, those programs are encouraged to take actions to reduce the use of single-use plastic carryout bags.
- Authorizes a deduction in business and occupation tax for the income amount derived from the pass-through charge (RCW 82.04.770).

Advisory Vote 32

Advisory Vote 32 was on the 2020 ballot and addressed ESSB 5323, stating that “The legislature imposed, without a vote of the people, a retail sales tax on pass through charges retail establishments collect for specified carryout bags, costing \$32,000,000 in its first ten years, for government spending.” Advisory Vote 32 received a 61.13% vote to repeal ESSB 5323. If the Legislature should consider this advisory vote in the next legislative session, staff believes that there is a low probability that repeal would actually occur. If a repeal were successful, the City would have sufficient time to adopt a new, local ordinance to become effective on the same day as the repeal.

Education & Outreach for Local Retailers and Consumers

RCW 70A.530 authorizes the Washington State Department of Ecology (Ecology) to adopt rules as necessary for the purpose of implementing, administering, and enforcing this new law. Ecology is also required, in collaboration with local governments, to provide educational and outreach materials/activities to inform retail establishments, consumers, and other interested individuals about the requirements of the RCW. Ecology or local governments were also tasked with working with retail establishments, retail associations, unions, and other organizations to create educational elements regarding the ban and benefits of reusable bags. Ecology has established a webpage providing information at: <https://ecology.wa.gov/Waste-Toxics/Reducing-recycling-waste/Waste-reduction-programs/Plastics/Plastic-bag-ban>.

The Department of Revenue began their taxpayer education efforts on the business and occupation tax exemptions for the plastic bag pass-through charge in December 2020 with a special notice

(https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/SpecialNotices/2020/sn_20_PlasticBags.pdf) linking to the Ecology bag ban website ([Ecology.wa.gov/Bag-Ban](https://ecology.wa.gov/Bag-Ban)), where businesses can learn more and find frequently asked questions.

City staff shared a print notice about the new law with applicable retail outlets listed in the City's database in December 2020 and July 2021. Information was also shared with the Chamber of Commerce, on social media, in the Currents newsletter, in Shoreline Area News and on the City's website, with links to the Ecology website and resources available for retailers.

The Department of Commerce, in consultation with Ecology, is to provide the Legislature with a report on the effectiveness of RCW 70A.530 by December 1, 2024.

COUNCIL GOAL(S) ADDRESSED

This action addresses City Council Goal #2: Continue to deliver highly-valued public services through management of the City's infrastructure and stewardship of the natural environment.

RESOURCE/FINANCIAL IMPACT

There is no direct significant financial impact of proposed Ordinance No. 941. The new state law increases the required pass-through charge for local retailers that SMC 9.25 has required from the five cents for each recyclable paper carryout bag provided to eight cents for every recycled content paper carryout bag or reusable carryout bag made of film plastic provided. In 2026, that charge increases to twelve cents for reusable carryout bags made of film plastic and eight cents for recycled content paper carryout bags.

RECOMMENDATION

No action is required tonight as this is a discussion item only. Staff recommends that Council discuss proposed Ordinance No. 941 and ask questions of staff. Staff further recommends that Council adopt proposed Ordinance No. 941, repealing SMC Chapter 9.25, to reflect the preemption of RCW 70A.530 when this proposed Ordinance is returned to the Council for potential action on October 18, 2021.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 941

Attachment B: Frequently Asked Questions for the 2021 Plastic Bag Ban

ORDINANCE NO. 941

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
REPEALING CHAPTER 9.25 RETAIL CARRYOUT BAG
REGULATIONS OF THE SHORELINE MUNICIPAL CODE DUE TO
STATE PREEMPTION**

WHEREAS, in 2013, the City Council adopted Ordinance No. 653, establishing SMC Chapter 9.25 Retail Carryout Bag Regulations, which sets forth regulations for retail carryout bags provided by retail establishments so as to help create an environmentally sustainable community, implement an effective waste reduction strategy, reduce greenhouse gas emissions, waste, litter, marine litter, and pollution, and conserve energy and natural resources; and

WHEREAS, in 2020, the Washington State Legislature adopted Engrossed Substitute Senate Bill 5323, now codified as RCW Chapter 70A.530 Carryout Bags, establishing a state-wide ban on single-use plastic bags effective January 1, 2021; and

WHEREAS, due to the COVID-19 pandemic, on December 18, 2020, the Washington State Governor issued Proclamation 20-82, delaying implementation of RCW 70A.530 until January 30, 2021. The Washington State Legislature, with Senate Concurrent Resolution 8402, subsequently extended Proclamation 20-82 until the termination of the COVID-19 state of emergency or until rescinded by gubernatorial or legislative action, whichever occurred first. In July 2021, the Governor established September 30, 2021 at 11:59 pm as the expiration date for Proclamation 20-82. Therefore, the statewide ban on single-use plastic bags set forth in RCW 70A.530 will go into effect on October 1, 2021; and

WHEREAS, with the enactment of RCW Chapter 70A.530, the State preempted any local government from implementing a local carryout bag ordinance such as SMC Chapter 9.25; and

WHEREAS, while SMC Chapter 9.25 has been rendered ineffective by the State's preemption, repealing this Chapter will ensure there is no confusion as to what regulations retail establishments must follow; and

WHEREAS, the City Council discussed the repeal of SMC Chapter 9.25 at its October 4, 2021 regular meeting and has considered the entire public record, public and stakeholder comments, written and oral; and

WHEREAS, the City Council has determined that the repeal of SMC Chapter 9.25 in its entirety is warranted due to the State's express preemption set forth in RCW 70A.530 and is in the best interests of the City of Shoreline so as to prevent confusion as to the applicable regulations;

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

Section 1. Repealer – SMC Chapter 9.25 Retail Carryout Bag Regulations. SMC Chapter 9.25 is repealed in its entirety.

Section 2. 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 3. 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 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five (5) days after publication.

PASSED BY THE CITY COUNCIL ON OCTOBER 18, 2021

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Julie K Ainsworth-Taylor
Assistant City Attorney
on behalf of Margaret King, City Attorney

Date of Publication: _____, 2021
Effective Date: _____, 2021

Washington's 2021 Plastic Bag Ban Frequently Asked Questions

The 2020 Washington State Legislature passed a statewide ban on single-use plastic bags. Washington's Plastic Bag Ban will reduce pollution by prohibiting single-use plastic carryout bags and charging a fee for acceptable bags in business establishments beginning in January 2021. Gov. Jay Inslee and the Legislature delayed implementation of the statewide plastic bag ban due to supply issues caused by the COVID-19 pandemic. This statewide ban on single-use plastic bags is currently scheduled to go into effect on October 1, 2021.

This statewide law ([RCW 70A.530](#)) preempts City [Ordinance No. 653](#), which enacted the carryout bag regulations in the City of Shoreline in April 2013. All applicable businesses must comply with the state law as of October 1, 2021.



Effective October 1, 2021, Washington state will:

- Prohibit single-use plastic carryout bags in all retail and grocery stores, restaurants, takeout establishments, festivals, and markets.
- Require an 8-cent charge for all recycled content paper carryout bags and reusable carryout bags made of film plastic.
- The fee may not be collected from anyone using a voucher or electronic benefits card issued under the Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Temporary Assistance for Needy Families (TANF), or Food Assistance Program (FAP).
- Require a minimum of 40 percent post-consumer recycled content and meet composting requirements in all retail-provided paper bags.
- Require that a reusable bag made of plastic film contain 20 percent post-consumer recycled content and be at least 2.25 mil thick.

- Require compliant paper and reusable plastic film bags to be labeled with the above specifications
- Create consistent policy and fees across the state.
- This ban does not apply to food banks and food assistance programs. However, those programs are encouraged to take actions to reduce the use of single-use plastic carryout bags.

Additional requirements take effect in the future. Learn more about the new state law and download point of sale infographics and fliers, including materials translated in different languages, at [Ecology.wa.gov/Bag-Ban](https://ecology.wa.gov/Bag-Ban).

Frequently Asked Questions

Who does the ban apply to?

- All retail, grocery, and convenience stores
- Any restaurant or establishment offering take-out or delivery food or goods
- Temporary stores or vendors
- Any event where food or goods are sold or distributed

What kind of bags are banned?

Any single-use, plastic carry-out bag provided at delivery, check stand, cash register, point of sale, or other point of departure to a customer.

What kind of bags are allowed?

- Paper bags made of at least 40% post-consumer recycled content. Paper bags must be labeled with their post-consumer recycled content.
- Plastic bags made of at least 20% post-consumer recycled content made of plastic film at least 2.25 mil thick. These plastic bags must be labeled "Reusable," including post-consumer recycled content.

What laws changed?

The plastic bag ban reenacts and amends [Chapter 43.21B.110 RCW](#). It also adds a new section to [Chapter 82.04 RCW](#). This law is located at [Chapter 70a.530 RCW](#).

What changes should local retailers be aware of?

Washington's Plastic Bag Ban preempts City of Shoreline [Ordinance No. 653](#), which enacted the carryout bag regulations for local retailers in April 2013. Key changes for local retailers include the following, effective October 1, 2021:

- The City ordinance required retailers charge at least five cents (\$0.05) for each 'grocery-sized' paper bag provided to customers. While thick reusable plastic bags were also allowed, no carryout charge was required. The state law requires retailers charge eight cents (\$0.08) for both large paper carryout bags and thick reusable plastic carryout bags.
- The City ordinance did not require recycled content for allowed heavy-weight plastic bags. The state law requires 20% post-consumer recycled content in thick reusable plastic bags until July 1, 2022. Thereafter, those bags must be made from a minimum of 40% post-consumer recycled

content. The percentage of post-consumer recycled content, the millimeter thickness, and "Reusable" text must be displayed in print on the outside of the plastic bag.

- The City ordinance allowed single-use plastic bags for prepared take-out foods and liquids, including to-go food vendors. Single-use plastic bags will not be allowed for take-out foods and liquids aside from small bags that are allowed for moisture control and for produce, meat, bulk foods, bakery goods, etc.
- The City ordinance pertained to retail establishments, defined as “any person, corporation, partnership, business, facility, vendor, organization, or individual that sells or provides food, merchandise, goods, or materials directly to a customer including home delivery, temporary stores, or vendors at farmers markets, street fairs, and festivals.” The state law applies to the following:
 - All retail, grocery, and convenience stores
 - Any restaurant or establishment offering take-out or delivery food or goods
 - Temporary stores or vendors
 - Any event where food or goods are sold or distributed
- The City ordinance noted that complaints of noncompliant businesses could be submitted to CRT for enforcement. Beginning in October 2021, people will be able to submit a report on the Department of Ecology’s website if they observe a business still using prohibited bags. Department of Ecology staff will use this information to help businesses follow the state's plastic bag ban.
 - *Note:* DOE’s enforcement plan is to follow up on complaints with a letter to the business, informing them of the new requirements and steps necessary to comply. If further complaints are received, DOE staff may work with the local government to reach out to the business owner. The local government also has the right to access and respond with further outreach to complaints within their local jurisdiction if requested.

What carry-out paper bags are allowed?

The bag ban allows large paper carry-out bags, which are required to be 1/8 barrel paper bags or 882 cubic inches or larger. They must be made of at least 40% post-consumer recycled content and be labeled as such on the outside of the bag.

Can a business use bags that are almost 2.25 millimeters thick?

Should a question arise, retailers should be prepared to show that the bags they are using are 2.25 millimeters thick or greater and are labeled as such. No leniency will be given for bags under 2.25 millimeters.

Are there any restrictions on customers bringing their own bags?

No. Customers are encouraged to bring and reuse their own bags when they shop. Some businesses may require customers to bag their own groceries in reusable bags. Customers should clean and disinfect their hands and reusable bags frequently.

Exceptions to the single-use plastic bag ban include those used by consumers inside stores for:

- Packaging bulk items, such as fruit, vegetables, nuts, grains, candy, greeting cards, or small hardware items such as nails, bolts, or screws
- Containing or wrapping items where dampness or sanitation might be a problem including, but not limited to

- Frozen foods
- Meat
- Fish
- Flowers
- Potted plants
- Containing unwrapped prepared food or bakery goods
- Containing prescription drugs

These bags are also exempt:

- Newspaper bags
- Mailing pouches
- Sealed envelopes
- Door hanger bags
- Dry cleaning bags
- Bags sold in packages with multiple bags, like food storage, garbage, or pet waste

Are bags used to wrap bakery goods banned?

Film plastic bags traditionally used by customers in stores for bulk items may be used for individual bakery goods, loaves of bread, and other pastries. They are exempt, as an in-store packaging, and can be used for produce, bulk foods, meat, ice cream, flowers, or any other items prone to moisture problems.

When are single-use plastic bags allowed for prepared food or bakery goods?

These goods may be wrapped in smaller plastic bags typically used for produce, but not in single-use plastic carry-out bags. Single-use plastic carry-out bags like those traditionally provided at point of sale are not allowed for prepared or bakery goods.

What about compostable bags?

Compostable film bags for products bagged in stores before checkout that meet the requirements for compostable products and film bags in [Chapter 70.360 RCW](#) are allowed. Businesses are allowed to give the bags to customers at checkout, with an optional fee. However, Ecology can't currently recommend their use because Washington lacks uniform composting infrastructure.

What are the requirements for reusable heavy-duty plastic bags sold in-store?

Reusable film plastic bags must contain a minimum of 20% post-consumer recycled content until July 1, 2022, and thereafter must be made from a minimum of 40% post-consumer recycled content. The percentage of post-consumer recycled content, the mil thickness, and "Reusable" must be displayed in print on the outside of the plastic bag. Bags meeting these requirements are still subject to the 8-cent charge.

Where does the 8-cent fee on paper and reusable bags go?

Businesses collect and keep this fee, to recover some of the cost of providing the bags.

Is the 8-cent fee taxable?

Yes. The Washington State Department of Revenue has confirmed that the 8-cent charge is subject to sales tax since retail stores are selling the bags.

Can retailers “eat the cost” of paper bags and heavy-duty plastic bags and not charge their customers?

No. The minimum 8-cent charge must be collected and is intended to promote the use of reusable bags by customers. The number of bags and total cost of recyclable paper bags or heavy-duty plastic bags sold must be shown on the customer’s sales receipt. This ensures a level playing field among retailers.

Does the 8-cent charge for paper and reusable plastic bags apply for businesses offering curbside pickup?

Yes, the 8-cent bag charge is for any bag provided to the customer, regardless of whether it is at pickup or point of sale.

What about low-income customers?

The charge does not apply to customers with electronic benefits cards under the Supplemental Nutrition Assistance Program (SNAP), the Washington State Food Assistance Program (FAP), the Women, Infants, and Children (WIC), or Temporary Assistance for Needy Families (TANF) support programs. The Plastic Bag Ban does not apply to food banks and other food assistance programs, but Ecology encourages these organizations to reuse bags whenever possible.

During the transition is Ecology going to offer any promotional assistance?

Ecology provided an outreach toolkit in October 2020 with targeted informational fliers, point of sale cards, and "Bring Your Own Bag" signage. Ecology urges all businesses to display plastic bag ban signs, create promotional materials like branded reusable bags, and to direct questions to this webpage.

Why did the state ban lightweight plastic carryout bags but allow heavyweight, thicker ones?

The thicker, stronger plastic bags — those more than 2.25 millimeters thick — have special uses for which paper is not a good option or not readily available. These bags must still be made of at least 20% post-consumer recycled content and have the recycled content printed on the outside of the bag. In 2025, the required thickness increases to 4 millimeters.

Aren’t the non-woven polypropylene bags sold as reusable bags by many retailers as much of a problem as the lightweight throwaway bags they’re replacing?

No. When regularly used, the impact of reusable bags is less than that of the many more lightweight plastic bags they’ve replaced. They carry from two to three times as much as typical throwaway plastic bags, which often need to be doubled for strength.

What is the plan for informing retailers about the new law?

Ecology developed training, education, and outreach materials to share with Washington businesses, associations, and their members. Ecology will continue to collaborate with:

- Northwest Grocery Association
- Alliances Northwest
- The Washington Hospitality Association
- The Washington State Association of Counties
- The Washington Retail Association
- The Association of Washington Cities

- The Korean Grocers Association

Please contact Ecology staff if your association would like to get involved: Shannon Jones, Western Washington recycling coordinator, shannon.jones@ecy.wa.gov, 425-649-7266.

Will Ecology offer any promotional assistance for retailers?

Yes. You can download informational fliers, point of sale cards, and "Bring Your Own Bag" signage at ecology.wa.gov/Bag-Ban.

How will this be enforced?

Members of the public will be able to report a business using prohibited bags through the Ecology website, starting in 2021. Ecology staff will then review the complaint and respond by providing the business with additional information, resources, and technical assistance. Initially, Ecology will work to assist lagging businesses to get current with this ban. However, repeated and continuous non-compliance may result in up to a \$250 fine.

For the most up to date information, please visit [Ecology.wa.gov/Bag-Ban](https://ecology.wa.gov/Bag-Ban).

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion on Joining the Race to Zero and the Local Governments for Sustainability - ICLEI150		
DEPARTMENT:	Recreation, Cultural and Community Services		
PRESENTED BY:	Autumn Salamack, Environmental Services Coordinator		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The City Council adopted the City's Climate Action Plan in September 2013, thereby committing to reducing greenhouse gas (GHG) emissions 25% by 2020, 50% by 2030, and 80% by 2050 (below 2009 levels). A 2019 evaluation of the City's GHG emissions revealed that we are not on track to meet those targets.

The City received an invitation to join the Cities Race to Zero, which would provide a Shoreline-specific, science-based 2030 emissions reduction target to achieve our fair share of the Paris climate goals and limit global warming to 1.5 degrees Celsius, and a customized list of high-impact actions, for our community to take to achieve that target, with associated technical assistance. The Cities Race to Zero is the local government engagement opportunity within the United Nation's initiative and is coordinated by city network partners, including ICLEI – Local Governments for Sustainability (ICLEI), of which the City of Shoreline is a member. The City received an invitation from ICLEI to join the Cities Race to Zero through the ICLEI150 Commitment Form (Attachment A) in July 2021.

Tonight, staff is looking for feedback from Council on joining the Cities Race to Zero and ICLEI150. If Council is supportive of this effort and would like the City to join, staff will bring back this item for potential Council action on October 18, 2021 to authorize the City Manager to submit the ICLEI150 Commitment Form and join the Cities Race to Zero.

RESOURCE/FINANCIAL IMPACT:

There is no cost to join the Race to Zero. There will be costs associated with voluntarily implementing actions in support of the goals established by the Race to Zero. These are actions likely to be included in our updated Climate Action Plan.

RECOMMENDATION

No action is required tonight as this is a discussion item only. However, staff recommends that the City join the Race to Zero by authorizing the City Manager to

submit the ICLEI150 Commitment Form when this item is scheduled to return to Council on October 18, 2021.

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

BACKGROUND

The City Council adopted the City's Climate Action Plan in September 2013, thereby committing to reducing greenhouse gas (GHG) emissions 25% by 2020, 50% by 2030, and 80% by 2050 (below 2009 levels). A 2019 evaluation of the City's GHG emissions revealed that we are not on track to meet those targets.

The [Race To Zero Campaign](#) is a global campaign established by the United Nations (UN) High-Level Climate Champions in 2020 to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth. The [Cities Race to Zero](#) is the local government engagement opportunity within the UN's initiative and is coordinated by city network partners, including [ICLEI – Local Governments for Sustainability \(ICLEI\)](#), of which the City of Shoreline is a member. The City received an invitation from ICLEI to join the Cities Race to Zero through the ICLEI150 Commitment Form (Attachment A) in July 2021.

DISCUSSION

The benefits of joining the Race to Zero include the following:

- Demonstrates our ongoing commitment to climate action, with recognition at both the national and global level.
- Provides a good context for kicking off our Climate Action Plan update with the community to center conversation on high-impact actions.
- Provides a Shoreline-specific, science-based 2030 emissions reduction target based on our 2019 completed GHG emissions inventory. This target is the level of emissions Shoreline must reduce to achieve our fair share of the Paris climate goals and limit global warming to 1.5 degrees Celsius. This would align with the 2019 Comprehensive Plan amendment to “Protect clean air and the climate for present and future generations through significant reduction of greenhouse gas emissions, to support Paris Climate Accord targets of limiting global warming to less than 1.5° C above pre-industrial levels.”
- Generates a customized list of high-impact actions for our community to take to achieve our 2030 target, and technical assistance for implementing those actions. This is a key benefit that can help frame meaningful community conversations about priority actions to include in our updated Climate Action Plan.

The requirements of joining the Cities Race to Zero are outlined below.

Requirements of Joining	Potential Actions to Satisfy Requirements
<p>Endorse the following Principles:</p> <ul style="list-style-type: none"> • The City recognizes the global climate emergency. • The City is committed to keeping global heating below the 1.5° Celsius goal of the Paris Agreement. • The City is committed to putting inclusive climate action at the center of all urban decision-making, to create thriving and equitable communities for everyone. • The City invites our partners – political leaders, CEOs, trade unions, investors, and civil society – to join us in recognizing the global climate emergency and help us deliver on science-based action to overcome it. 	<p>These principles could be endorsed in a climate emergency declaration at a Council meeting.</p>
<p>Pledge at the head-of-organization level to get to zero greenhouse gas emissions as soon as possible and by 2050 at the latest. Set a 2030 interim target reflecting maximum fair share effort to reach 50% global CO2 reductions.</p>	<p>We can make this pledge via any official documentation, such as a Council decision or climate emergency declaration.</p>
<p>Plan the actions necessary to achieve both the 2030 and 2050 targets within 12 months of joining.</p>	<p>This will be part of the City's Climate Action Plan update.</p>
<p>Proceed with at least one high-impact action to achieve the targets during 2021.</p>	<p>Council action to prohibit fossil fuels – including natural gas – in new commercial construction, per the August 16th City Council discussion, would satisfy this requirement. Once The City receives our customized list of high-impact actions, staff can evaluate for other opportunities as needed.</p>
<p>Publish report Race to Zero actions by 2022</p>	<p>This could be satisfied by reporting via a unified ICLEI-Carbon Disclosure Project reporting platform, which the City already uses for reporting emissions.</p>

Additional information on the benefits and requirements of joining the Cities Race to Zero and ICLEI150 is included in Attachment B. Tonight, staff is looking for feedback from Council on joining the Cities Race to Zero and ICLEI150. If Council is supportive of this effort and would like the City to join, staff will bring back this item for potential Council action on October 18, 2021 to authorize the City Manager to submit the ICLEI150 Commitment Form and join the Cities Race to Zero.

COUNCIL GOAL(S) ADDRESSED

This action addresses City Council Goal #2: Continue to deliver highly-valued public services through management of the City's infrastructure and stewardship of the natural environment.

RESOURCE/FINANCIAL IMPACT

There is no cost to join the Race to Zero. There will be costs associated with voluntarily implementing actions in support of the goals established by the Race to Zero. These are actions likely to be included in our updated Climate Action Plan.

RECOMMENDATION

No action is required tonight as this is a discussion item only. However, staff recommends that the City join the Race to Zero by authorizing the City Manager to submit the ICLEI150 Commitment Form when this item is scheduled to return to Council on October 18, 2021.

ATTACHMENTS

Attachment A: ICLEI150 Race to Zero Commitment Sign-On

Attachment B: ICLEI150 Leading with Climate Science Race to Zero Explainer



ICLEI150 COMMITMENT FORM

I have read the information below about the ICLEI150 and the Race to Zero commitment and I understand all that is expected of me, my staff, and ICLEI USA. By signing below, I agree to participate and to allow ICLEI to publish our commitment, target, and actions on the ICLEI USA website and to report this information to the global Cities Race to Zero platform.

I pledge to join the ICLEI150 on the Race to Zero on behalf of _____,
_____.
(name of city/county)
(name of state)

Race To Zero is a global campaign (established June 2020) of the United Nations' Climate Champions to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth.

ICLEI's Climate Neutrality Framework provides a framework to engage with the Race to Zero, and calls for the necessary level of ambition and daring leadership to keep global temperature rise below the 1.5°C goal of the Paris Agreement and to put climate action at the center of all urban decision-making, taking full advantage of ICLEI's five development pathways: low-emissions, resilient, circular, nature-based, and people-centered / equitable. The Climate Neutrality framework directs our work with you as an ICLEI member.

The "ICLEI150" represents a movement of 150 local governments across the ICLEI USA network that are stepping up to join the Cities Race to Zero to cut global emissions in half by 2030 and to zero by 2050.

The ICLEI150 communities in the Race to Zero participants will:

1. **Pledge:** at the head-of-organization level to get to zero greenhouse gas emissions as soon as possible and by 2050 at the latest. Set a 2030 interim target reflecting maximum fair share effort to reach 50% global CO2 reductions.
2. **Plan:** the actions necessary to achieve both the 2030 and 2050 targets within 12 months of joining.
3. **Proceed:** with high-impact action to achieve the targets during 2021
4. **Publish:** report Race to Zero actions by 2022

ICLEI USA will provide ICLEI150 leaders and communities with:

- Your community's 2030 Science-Based Target, putting you on a path to climate neutrality by 2050.
- Community-specific high-impact actions to meet the 2030 target.
- Technical assistance to proceed with one or more high-impact actions during 2021.
- Personalized support package, pairing ICLEI's resources with your community's goals.
- Reporting your commitment and actions to the global Race to Zero platform. (Targets are reported via the CDP-ICLEI Unified Reporting Platform).
- National and international recognition for your ambition and action from ICLEI USA and ICLEI World Secretariat.
- Provide opportunities to speak about and share your community's Race to Zero ambition.

As a leader joining the Cities Race to Zero, I endorse the following principles:

1. We recognize the global climate emergency.
2. We are committed to keeping global heating below the 1.5°Celsius goal of the Paris Agreement.
3. We are committed to putting inclusive climate action at the center of all urban decision-making, to create thriving and equitable communities for everyone.
4. We invite our partners – political leaders, CEOs, trade unions, investors, and civil society – to join us in recognizing the global climate emergency and help us deliver on science-based action to overcome it.

As an ICLEI150 Leader, I will:

- **Commit my staff to work with ICLEI** to develop our “member journey” of technical and implementation aspects of the Race to Zero.
- **Spend 15 minutes each month** amplifying the Race to Zero movement within their community, with other elected officials, and at national and international forums.
- **Provide a 1- to 2-minute video** highlighting specific examples of what they are doing or planning to do to equitably reduce GHG emissions and why they are excited to be an ICLEI 150 leader in the Race to Zero. Submit [Here](#) within 30 days or email to sarah.ditton@iclei.org.
- **Provide a statement** about why the Race to Zero initiative is important to me and my community (in the box below). Please include a link to a portrait or include an attachment in your submission email. This will be used on the ICLEI USA website and social media to highlight your ambition.



I anticipate my community will need ICLEI’s assistance to complete the following steps of the Race to Zero:

- ☐ A declaration of a climate emergency and/or a commitment to climate neutrality
- ☐ A Science-Based Target
- ☐ Planning and implementing at least one inclusive and equitable climate action
- ☐ Reporting progress
- ☐ Unsure. I need ICLEI technical advisors to help create my plan.

Elected Official Signature

Date



ICLEI150

LEADING WITH CLIMATE SCIENCE

An explainer for ICLEI USA leaders working toward climate neutrality as part of the UNFCCC's Cities Race to Zero Initiative.

Stay up to date on ICLEI150's Race to Zero Initiatives at <http://icleiusa.org/race-to-zero>

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RACE TO ZERO OVERVIEW

Race To Zero is a global campaign (established by the UN High-Level Climate Champions in 2020) to rally leadership and support from businesses, cities, regions, investors for a healthy, resilient, zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth. The Cities Race to Zero is the local government engagement opportunity within the UN's initiative and is coordinated by city network partners, C40, CDP, Climate Mayors, Global Covenant of Mayors, ICLEI, and others.



ICLEI USA is turning Cities Race to Zero into an actionable work plan for U.S. cities, towns, and counties.

The objective is to globally activate a decarbonized economy to keep atmospheric warming below 1.5°C. This global movement puts cities on track for the emissions reductions they must achieve by 2030 on the way to zero emissions by 2050.

There are two main ways ICLEI USA members can join the Race to Zero:

1. Joining the ICLEI150 (more on page 4) by signing, at the head-of-organization level, the **ICLEI150 commitment form** and sending it to kale.roberts@iclei.org. **ICLEI will report your participation in the Race to Zero** and work with your team to accomplish each step of the race; or
2. Sign up on the **Cities Race to Zero** portal.

This toolkit contains the informational materials for city and county leadership to participate in the ICLEI150 support package for the Race to Zero. It explains the intention and logistics of the ICLEI150, declaring your administration's commitment to using leading practices to direct your climate targets and action.

CITIES RACE TO ZERO COMMITMENTS

The Race to Zero is an opportunity to listen to the demands of constituents, develop new green economies, and foster innovation. With ICLEI's assistance, ICLEI leaders participating in the Cities Race to Zero will:

1. **Endorse:** the following Principles:

- a. We recognize the global climate emergency.
- b. We are committed to keeping global heating below the 1.5°Celsius goal of the Paris Agreement.
- c. We are committed to putting inclusive climate action at the center of all urban decision-making, to create thriving and equitable communities for everyone.
- d. We invite our partners – political leaders, CEOs, trade unions, investors, and civil society – to join us in recognizing the global climate emergency and help us deliver on science-based action to overcome it.

2. **Pledge:** at the head-of-organization level to get to zero greenhouse gas emissions as soon as possible and by 2050 at the latest. Set a 2030 interim target reflecting maximum fair share effort to reach 50% global CO2 reductions.

3. **Plan:** the actions necessary to achieve both the 2030 and 2050 targets within 12 months of joining.

4. **Proceed:** with high-impact action to achieve the targets during 2021

5. **Publish:** report Race to Zero actions by 2022

ABOUT ICLEI150

ICLEI150 is a movement of local governments across the ICLEI U.S. network stepping up to join the Cities Race to Zero to cut global emissions in half by 2030 and to zero by 2050.

Respond to the moment and be recognized for real action by joining ICLEI150.

When you join ICLEI150, ICLEI will provide your community with:

- National and international recognition for your ambition and action from ICLEI USA and ICLEI World Secretariat.
- Your community's 2030 Science-Based Target, offering your city or county its calculated share of the Paris Agreement goal and putting you on a path to climate neutrality by 2050.
- Community-specific high-impact actions to meet the 2030 target.
- Technical assistance to proceed with one or more high-impact actions during 2021.
- Personalized support package, pairing ICLEI's resources with your community's goals.

ICLEI USA embraced the challenge and the opportunity of the Cities Race to Zero. With your community's climate data already in our industry-leading emissions management software, ClearPath, and technical expertise, ICLEI USA is uniquely positioned to provide your community support on ambitious greenhouse gas reductions.

Knowing this, Angie Fyfe, ICLEI USA's Executive Director, committed to Special Presidential Envoy for Climate, John Kerry, that we will engage 150 U.S. local governments in the Race to Zero. The ICLEI150 opportunity is now underway.

PARTICIPATING IN ICLEI150

**GETTING STARTED:
PLEDGE TO REACH
ZERO EMISSIONS AS
SOON AS POSSIBLE**



**All local governments in
the ICLEI USA network
are welcome to
participate in ICLEI150.**

Pledges bring both recognition and accountability—but they must urgently be followed by action. Within 12 months of joining the Race to Zero your community must:

1. Pledge at the head-of-organization level to reach (net) zero greenhouse gas emissions as soon as possible and by 2050 at the latest.

Local governments can make this pledge via any official documentation such as a council decision, commission decision, or strategy paper. Notify ICLEI of the pledge. For inspiration, see:

- Ann Arbor, MI's **A2Zero Carbon Neutrality Plan**
- Pittsburgh, PA's **Carbon Neutral by 2050 Executive Order**
- and Montgomery County, MD's **Emergency Climate Mobilization Resolution.**

2. Set an interim 2030 target that reflects maximum effort toward or beyond a fair share of 50% CO2 reductions by 2030.

ICLEI will support the city or county in developing their 2030 Science-Based Targets (more on pages 6-7).

YOUR 2030 SCIENCE-BASED TARGET: OVERVIEW



If you have a completed 2016 to 2019 community-wide greenhouse gas inventory, ICLEI's technical experts will calculate your science-based target (SBT). This target is the level of emissions your city or county must reduce to achieve your fair share of the Paris climate goals. ICLEI's technical advisors will review the SBT with city contacts.

Embrace this target and encourage your community, colleagues, and other elected officials to develop and embrace their targets. Ways you can publicly embrace your 2030 Science-Based Target:

- Align your budget with the climate imperative
- Communicate around a 2030 goal, crafting messaging that speaks for the world 9 years from now.
- Encourage your city council or county government to adopt a resolution integrating the target
- Include the target in the next climate action plan
- Put out a public statement of the climate action plan and your commitment to achieving it
- Add to or develop a climate target dashboard on your government website

WHY A SCIENCE-BASED TARGET?

Science-based targets build internal and external support needed to achieve ambitious greenhouse gas reductions and boost public confidence in local climate action. They show local governments what they need to do by 2030 and 2050, spurring innovation and collaboration.

< WHAT IS A SCIENCE- BASED TARGET?

Science-based targets are climate goals in line with the latest climate science. They represent your community's fair share of the ambition necessary to meet the Paris Agreement commitment of keeping warming below 1.5°C. To achieve this goal, the Intergovernmental Panel on Climate Change (IPCC) states that we must reduce global emissions by 50% by 2030 and achieve climate neutrality by 2050. Equitably reducing global emissions by 50% requires that high-emitting, wealthy nations reduce their emissions by more than 50%.

ICLEI'S METHODOLOGY

The foundation of ICLEI's science-based target calculation methodology is based on the One Planet Cities Challenge (OPCC) calculation methodology. While our methodology is based on the OPCC, ICLEI adapted it to fit our diverse network of local governments.

KEY DIFFERENCES

Baseline years range from 2016-2019

Justification: Many local governments produce inventories every 2-5 years. ICLEI prefers the science-based target baseline emissions to be precisely calculated rather than extrapolated based on a 2018 normalization.

ICLEI can provide a separate target for scope 3 emissions

Justification: Many local governments have influence over their scope 3 emissions allowing them to plan and implement high-impact actions (HIAs) to reduce them.

Minimally compliant inventories must be compliant with ICLEI's U.S Community Protocol (USCP) or the GPC Basic reporting level.

Justification: Many local governments within ICLEI USA's network build inventories in compliance with the U.S Community Protocol. Other local governments build inventories in compliance with the GPC Basic reporting level. The GPC Basic reporting level requires all activities required by the U.S. Community Protocol, except the use of energy in potable water and wastewater treatment and distribution.

[Click for info on "Inventory Guidance for Science-Based Targets"](#)



ACT NOW: HIGH- IMPACT ACTION



ICLEI's technical staff will meet with your team to develop high-impact actions to achieve the 2030 target. Once identified, ICLEI will provide technical assistance to help your team begin implementation.

ICLEI's Carbon Neutrality Framework and ClearPath planning module will support high-impact actions. ICLEI will draw from and leverage our partners, including American Cities Climate Challenge, America's Pledge, C40 Green and Just Recovery, and Project Drawdown.

ICLEI150 participants are invited to participate in ICLEI's technical assistance workshops targeting high-impact actions. Topics may include building electrification, strategies for working with your utility provider, electric vehicle charging infrastructure, etc. **ICLEI will report your participation as Cities Race to Zero Element 3: Plan.**

ICLEI technical advisors will help local governments understand their respective science-based targets (SBTs) and then help to identify the High Impact Actions (HIAs) that can help them meet those targets. ICLEI will provide guidance on best practices for HIA implementation, helping cities to focus their reduction strategies on activities that will deliver the intended results, and maintain confidence that their approach will move them towards their RTZ goals and commitments. This guidance will include sector- and regional-specific technical workshops and resource modules that address the high-impact policy concepts and initiatives. Lastly, ICLEI will strengthen each local government's reduction trajectory as they map their Race to Zero on the ClearPath tool planning module.



HOW WILL ICLEI SUPPORT YOUR HIGH IMPACT ACTIONS?

REPORT OUT: LET THE WORLD KNOW YOUR PROGRESS



The world needs your immediate action. As you work to achieve your goal, reporting will give your progress visibility and develop internal and external support for climate neutrality.

ICLEI views the Race to Zero as a long-term commitment to achieving your 2030 target and then your climate neutrality by 2050. Reporting your progress allows ICLEI and your team to co-develop the next steps in your journey and I amplify your progress and actions through its media and partner channels.

HOW TO REPORT THE RACE TO ZERO?



Report progress at least annually, including via, to the extent possible, platforms that feed into the UNFCCC Global Climate Action Portal. Cities can report targets and progress, as part of their existing commitments through the CDP-ICLEI Unified Reporting System. ICLEI technical experts will be available to answer reporting questions.

For cities that have reported to the CDP-ICLEI Unified Reporting System in the past, there are no additional reporting questions for the Race to Zero. Cities that have never reported can contact CDP at cities@cdp.net to sign up. The reporting system is free to use.

[Click here for more Race to Zero reporting guidance.](#)



YOUR ICLEI WORK PLAN IN THE UNFCCC'S CITIES RACE TO ZERO

Attachment B

For those with a GHG inventory

ICLEI Support

For those creating or updating GHG inventory

Commit to join the Race to Zero.

Commit to reach zero emissions by 2050 at the latest

Ready.
Set.
Go.

Recognize your leadership

Ready.
Set.
Go.

Commit to join the Race to Zero.

Commit to reach zero emissions by 2050 at the latest

Address any data needs

Review GHG inventory data for completeness and accuracy // Provide GHG inventory tools and training

Create a community GHG inventory

Accept your SBT and report it in the CDP-ICLEI Unified Reporting System

Share the Race to Zero process with other communities

Calculate your 2030 science-based target (SBT)

Supply modeled high-impact actions. Host technical workshops

Accept your SBT and report it in the CDP-ICLEI Unified Reporting System

Share the Race to Zero process with other communities

Enroll in ICLEI technical workshop

Publish intention to pursue High-Impact Action

Proceed with high-impact action(s)

Report annually

COP 26

Recognize your efforts at COP26

Provide implementation technical assistance

Support climate reporting

COP 26

Enroll in ICLEI technical workshop

Publish intention to pursue High-Impact Action

Proceed with high-impact action(s)

Report annually

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