



City of Shoreline | 17500 Midvale Avenue North | Shoreline, WA 98133  
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**SHORELINE CITY COUNCIL  
VIRTUAL/ELECTRONIC REGULAR MEETING AGENDA  
Monday, April 4, 2022 at 7:00 p.m. on Zoom**

Join Zoom Webinar: <https://zoom.us/j/95015006341>  
Call into Webinar: 253-215-8782 | Webinar ID: 950 1500 6341  
(long distance fees may apply)

**The City Council is providing opportunities for public comment by submitting written comment or by joining the meeting webinar (via computer or phone) to provide oral public comment:**



**[Sign-Up to Provide Oral Testimony](#)** *Pre-registration is required by 6:30 p.m. the night of the meeting.*



**[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		7:00
2. ROLL CALL		
(a) Proclaiming Sexual Assault Awareness Month	<u>2a-1</u>	
3. APPROVAL OF THE AGENDA		
4. REPORT OF THE CITY MANAGER		
5. COUNCIL REPORTS		
6. PUBLIC COMMENT		
<i>Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. Speakers are asked to sign up by 6:30 p.m. the night of the meeting via the <u><a href="#">Remote Public Comment Sign-in form</a></u>. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed up.</i>		
7. CONSENT CALENDAR		
(a) Approval of Special Meeting Minutes of Annual Strategic Planning Workshop of March 4 & 5, 2022	<u>7a1-1</u>	
(b) Adoption of Resolution No. 488 - Approving the Relocation Plan and the City Manager Property Acquisition Authority for the State Route 523 (N/NE 145 <sup>th</sup> Street) & I-5 Interchange Project	<u>7b-1</u>	
(c) Adoption of Ordinance No. 957 - Authorizing the Use of Eminent Domain for Acquisition of Certain Real Properties to Construct the State Route 523 (N/NE 145 <sup>th</sup> Street) & I-5 Interchange Project	<u>7c-1</u>	
(d) Approval of Property Tax Exemption Program Contract for the Shoreline Multifamily, LLC Project Located at 18551 Aurora Avenue N	<u>7d-1</u>	

## 8. STUDY ITEMS

- |  |                             |      |
|--|-----------------------------|------|
| (a) Discussion of Ordinance No. 960 - Amending Shoreline Municipal Code Chapter 12.30 Public Tree Management   | <a href="#"><u>8a-1</u></a> | 7:20 |
| (b) Discussion of Ordinance No. 961 Unlimited Tax General Obligation (UTGO) Bond 2022 – Park Improvement and Park Land Acquisition and Ordinance No. 962 Amending Ordinance No. 829 Limited Tax General Obligation Bond Anticipation Notes | <a href="#"><u>8b-1</u></a> | 7:35 |
| (c) Discussion of the Transportation Master Plan Update: Draft Transit, Shared-use Mobility, and Pedestrian Plan   | <a href="#"><u>8c-1</u></a> | 7:45 |
| (d) Update on the Wastewater Rate Study Project and Policy Discussion  | <a href="#"><u>8d-1</u></a> | 8:25 |

## 9. ADJOURNMENT

8:55

*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](http://shorelinewa.gov/councilmeetings). Council meetings are shown on the City's website at the above link and on Comcast Cable Services Channel 21 and Ziply 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.*

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**Council Meeting Date: April 4, 2022**

**Agenda Item: 2(a)**

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**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Proclamation of Sexual Assault Awareness Month		
<b>DEPARTMENT:</b>	Recreation, Cultural and Community Services		
<b>PRESENTED BY:</b>	Bethany Wolbrecht-Dunn, Community Services Manager		
<b>ACTION:</b>	<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

**PROBLEM/ISSUE STATEMENT:**

In observance of April as Sexual Assault Awareness Month, this proclamation recognizes the serious and widespread problem of sexual assault and the importance of support and advocacy in the aftermath of trauma. In Washington State, 45% of women and 22% of men report having experienced sexual violence in their lifetime. Rape is the most under-reported crime in the United States and costs the United States more than any other crime. This form of violence is a serious public health problem, both physically and psychologically. It is critical to have a coordinated response and system of care in place to address the consequences of sexual assault. Community education is a vital component of eliminating sexual violence.

The King County Sexual Assault Resource Center (KCSARC) is the City's local sexual assault service provider and its purpose is to alleviate, as much as possible, the trauma of sexual assault for victims and their families. Their mission is to give voice to victims, their families, and the community; create change in beliefs, attitudes, and behaviors about violence; and instill courage for people to speak out about sexual assault.

**RECOMMENDATION**

The Mayor should read the proclamation.

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



## PROCLAMATION

**WHEREAS**, in Washington State, 45% of women and 22% of men report having experienced sexual violence in their lifetime, and 29% of the survivors who were supported by community sexual assault organizations statewide identified as Black, Indigenous and people of color in 1029. Of those identifying ethnicity, 21% identified as Latinx/Hispanic; and

**WHEREAS**, rape is amount the most underreported crimes for many reasons, including victim's fear of being disbelieved or further traumatized within the legal system. Additional barriers, such as language, immigration status, gender bias, and systemic racism further oppress and silence victims, and

**WHEREAS**, individual and community impacts of sexual violence are rooted in and compounded by racism, sexism, heterosexism, and other forms of oppression. Black, Indigenous and other people of color, people living in poverty, LGBTQ+ people, elders, people with disabilities, and other people targeted by oppression are disproportionately affected by sexual violence in significant and complete ways; and

**WHEREAS**, Negative impacts of sexual violence trauma on adults, youth, and children include fear, concern for safety, physical and mental health conditions, including symptoms of post-traumatic stress disorder, injury, and missed work or school; and

**WHEREAS**, working together as a community, we can alleviate the trauma of sexual violence by ensuring supportive resources are available to all survivors, while standing up to and actively disruption harmful attitudes and behaviors that contribute to sexual violence;

**NOW THEREFORE**, I, Keith Scully, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim the month of April as

## SEXUAL ASSAULT AWARENESS MONTH

in the City of Shoreline and join advocates and communities throughout King County in taking action to prevent sexual violence by standing with survivors. Together, we commit to a safer future for all children, young people, adults, and families in our community.

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Keith Scully, Mayor



**CITY OF SHORELINE**  
**SHORELINE CITY COUNCIL**  
**SUMMARY MINUTES OF SPECIAL MEETING**  
Annual Strategic Planning Workshop

**Friday, March 4 and Saturday, March 5, 2022**

**The Lodge at St. Edward State Park, 14477 Juanita Drive NE, Kenmore, WA 98028  
And Via Zoom**

**March 4, 2022 – 8:30 a.m.**

**PRESENT:** Mayor Keith Scully, Deputy Mayor Betsy Robertson, and Councilmembers Doris McConnell, Laura Mork, Eben Pobe, John Ramsdell, and Chris Roberts

**ABSENT:** None

**STAFF:** Debbie Tarry, City Manager; John Norris, Assistant City Manager; Randy Witt, Public Works Director; Margaret King, City Attorney; Melissa Muir, Human Resources Director; Rachael Markle, Planning and Community Development Director; Sara Lane, Administrative Services Director; Colleen Kelley, Recreation, Cultural and Community Services Director; Ryan Abbott, Interim Shoreline Police Chief; Nate Daum, Economic Development Program Manager; Pollie McCloskey, City Council Executive Assistant; Christina Arcidy, City Manager's Office Management Analyst; and Rick Kirkwood, Tax and Budget Supervisor

**GUESTS:** Allegra Calder, Principal, BERK Consulting, Workshop Facilitator; Brook Buettner, North Sound RADAR Navigator Program Manager

At 8:35 a.m., the Special Meeting was called to order by Mayor Scully. Mayor Scully welcomed everyone to the Strategic Planning Workshop and then turned over the meeting to Allegra Calder, the workshop facilitator, to review the agenda and conduct introductions. Ms. Calder then led the participants through an introductory exercise.

Following the introductory exercise, Assistant City Manager John Norris highlighted some of the City's and the Council's significant accomplishments for 2021, and asked participants what accomplishments from 2021 were meaningful to them, if any accomplishments were missed from the list staff put together, and if any accomplishments required explanation. Both Councilmembers and staff shared accomplishments that were meaningful.

The Council then began discussing their Council Goal Work Plan. City Manager Debbie Tarry began by providing an overview of the City's progress on accomplishing the Council's current 2021-2023 Goals and highlighted that many Action Steps under the Goals are still ongoing. Ms. Tarry also highlighted which Action Steps were completed.

The City Manager then reviewed the staff-proposed 2022-2024 Council Goals and Action Steps and highlighted a number of the new proposed Action Steps for Council's consideration and discussion. Councilmembers provided feedback and proposed edits on some of the staff-proposed changes to the Work Plan and asked questions about the proposals. Mayor Scully discussed Council Goal #5 and stated that he would like to see stronger language somewhere in the Goal regarding the City ensuring that there is adequate homeless shelter capacity in the City. Councilmember Roberts stated that he felt Council Goal #4 should include language focused on anti-discrimination, in addition to the City working to become an Anti-Racist community. There was also a question about why Action Step #3 under Council Goal #5 was proposed to be removed, and the City Manager explained that this Action Step was expanded and moved under Goal #4. Finally, there was also a discussion about adding language into the Council Goals about the City exploring Age Friendly Community policies. It was suggested that this could potentially be included under Council Goal #1. There was also a discussion about the unification of utility services in the City but it was agreed that it was not the right time to add anything to the Council Goals on this topic.

Following the Council Goal discussion, the City Manager opened the discussion of the 2022 Levy Lid Lift reauthorization. Ms. Tarry provided an overview of the City's financial sustainability goals and Administrative Services Director Sara Lane and Tax and Budget Supervisor Rick Kirkwood provided a PowerPoint presentation that outlined the topic and provided information on the 10-Year Financial Sustainability Plan and the reality of the City's structural revenue imbalance with the limitation on property tax inflation without a levy lid lift. Councilmembers asked questions about the drivers of expenditure cost increases and how property taxation works given the increase in assessed valuation that is occurring in the community.

Staff then walked through policy questions for Council consideration regarding a potential 2022 Levy Lid Lift, including what the initial levy rate and levy inflation rate should be if the Council were to place a levy lid lift on the ballot this year. A question was asked by Council about the level of participation in the property tax exemption program run by King County. Staff responded that this is generally an underutilized program.

Staff then walked through some various scenarios looking at economic forecasting for various levy inflation rates and initial levy rate resets. Councilmembers asked questions about revenue growth and expenditures. A question was also asked about the plan for funding the North Maintenance Facility and whether the surpluses from a higher levy rate reset could be used to help fund an upgraded maintenance facility. Mayor Scully provided comments that he feels the Council should move forward with the levy lid lift. He also stated that he would like Council to discuss the emerging program and resource needs staff provided information on in the agenda materials and whether staff should model the impact of the levy rate if various expansion areas are included for funding. Mayor Scully called out Code Enforcement as a service that should be considered. Councilmember Roberts agreed that there should be an inflationary factor in a levy lid lift, but he stated that he is hesitant to go over a certain level for a levy rate reset, and that he would be comfortable with an initial levy rate range of \$1.30 to \$1.39 per \$1,000 of assessed valuation. Deputy Mayor Robertson and Councilmembers McConnell and Mork also stated that

they support looking at cost modeling for the potential service expansion areas identified by staff and that Council can prioritize services for potential inclusion in a levy lid lift in the future.

Ms. Calder summarized the discussion by stating that Council is supportive of the moving forward with placing a levy lid lift on the 2022 General Election ballot for Shoreline voter consideration, and that Council is interested in looking at the expansion alternatives identified by staff and costing them out. Following the conclusion of this discussion, participants broke for lunch around 11:55 a.m.

Following the lunch break, Ms. Calder reconvened participants at 1:00 p.m. to discuss the update of Council Goal 5, Action Step 5 – Effective and Efficient Delivery of Public Safety Services. For this discussion, the Council and staff were joined by Brook Buettner, North Sound RADAR Navigator Program Manager. The City Manager provided a short introduction of this topic and then turned the discussion over to City Manager's Office Management Analyst Christina Arcidy who provided a PowerPoint presentation on this item. This began with a discussion of the proposed expansion of the RADAR Program and included a discussion of the King County Mobile Crisis Team and a proposed North King County Crisis Triage Facility. Deputy Mayor Robertson then provided an update of a recent meeting she and the City Manager had with Washington State Governor Jay Inslee and the other North King County RADAR cities on a possible Crisis Triage Facility.

Mayor Scully asked a question regarding the needed funding contribution from Shoreline to expand the RADAR program and provided a comment that he feels that navigator response should ideally be provided outside the umbrella of law enforcement when safe to do so. Councilmembers Ramsdell also asked follow-up questions regarding the Crisis Triage Facility and provided his strong support to continue working to site a facility in North King County. Overall, there was strong Council support to continue working to expand the RADAR program.

Ms. Arcidy then provided information on other types of law enforcement and community services that could potentially be responded to in an alternative way and Council discussed some of the challenges of addressing the inequitable treatment of low-income misdemeanor defendants and lowering the Court failure to appear rate. Staff explained that this would require more information and data from the City's criminal justice and judicial partners.

The City Manager then introduced the final topic of the day's agenda, which was a discussion of the Planning Commission and Planning Department Work Plan over the next three years. Planning and Community Development Director Rachael Markel provided an overview of the role of the Planning Commission, identified the types of issues the Planning Commission addresses, and walked through four broad categories of regulatory and legislative issues the Commission works on. Ms. Markel also provided an overview of staff work needed to support the work of the Planning Commission.

Deputy Mayor Robertson asked about the intersection of the Parks, Recreation and Open Space (PROS) Plan and the Comprehensive Plan Update, which is on the 2023 Planning Commission Work Plan. The Deputy Mayor also requested that the Council receive a similar update on the work plan of the Parks, Recreation and Cultural Services (PRCS)/Tree Board for the next couple

of years at a future Council meeting. Councilmember Mork asked about the Energy Code update and Clean Buildings Act. Ms. Markel responded that Building Code Updates in Title 15 of the Shoreline Municipal Code generally are not reviewed by the Planning Commission, but that staff could provide an update to the Commission on the Building Code updates. Councilmember Roberts provided a comment that he feels that the City should do something more about the ‘missing middle’ housing issue to provide more housing options in Shoreline. He also stated that he is going to propose to allow duplexes and triplexes throughout the City as part of the Comprehensive Plan Docket Amendment process that is forthcoming before Council. Deputy Mayor Robertson asked a clarifying question about what this type of proposal would mean given potential state legislation that may mandate missing middle regulation for communities statewide. Councilmember Ramsdell stated his support for exploring this type of regulation. Councilmember Pobee then asked about renter protections and Deputy Mayor Robertson also expressed her support that the Council explore renter protection regulations in the future.

Councilmembers also asked when an update on the pilot program regarding regulations for ground floor commercial spaces in multifamily buildings should be looked at. Staff provided some thoughts on this as something to continue to monitor. Councilmember McConnell asked about the City’s housing affordability work and if there is anything else the City could do to support this. Council and staff had a discussion of actions already taken by the City and some of the new affordable housing projects coming online. There were also some questions about the City’s Multi-Family Tax Exemption Program. Councilmember Mork then discussed the Deep Green Incentive Program and the importance of other sustainability programs. Councilmember Mork also discussed the idea of the creation of an environmental sustainability board. Councilmember Roberts suggested that this be discussed on Saturday as part of the discussion of compensating Board and Commission members.

At 4:00 p.m., the Councilmembers and staff reflected on the first day of the Workshop, and the special meeting was adjourned at 4:15 p.m.

**March 5, 2022 – 8:30 a.m.**

PRESENT: Mayor Keith Scully, Deputy Mayor Betsy Robertson, and Councilmembers Doris McConnell, Laura Mork, Eben Pobe, John Ramsdell, and Chris Roberts

ABSENT: None

STAFF: Debbie Tarry, City Manager; John Norris, Assistant City Manager

GUESTS: Allegra Calder, Principal, BERK Consulting, Workshop Facilitator

Mayor Scully called to order the Special Meeting at 8:33 a.m. to continue with the second day of the Workshop. Mr. Calder began with a quick recap of the agenda and led the group through a warm-up introductory exercise. The Council then reviewed the Council Goals and Action Steps that were discussed the preceding day and reconfirmed the proposed edits to the Goals and Action Steps that they would like staff to make. Staff reconfirmed that the proposed Council Goals and Action Steps would return to Council for another review at a forthcoming regular Council meeting later in March.

The Council then discussed the Council policy issues listed on the agenda, and the City Manager and Assistant City Manager provided overviews of each topic. The initial topic was a review of the designated SODA (Stay Out of Drug Area) and SOAP (Stay Out of Areas of Prostitution) Ordinances. Some Councilmembers stated their feelings that street-level prostitution is not an issue in Shoreline, and they want to continue this good track record. Mayor Scully and Councilmember Roberts stated their concerns with the underlying philosophy of these types of ‘stay out of area’ ordinances. Deputy Mayor Robertson stated that she would want to hear more from the Police Department regarding the value of these types of ordinances before eliminating them. Other Councilmembers, including Mayor Scully, agreed with the Deputy Mayor that hearing from the Police Department would be important. After further discussion, Councilmembers McConnell, Mork, and Pobe and Deputy Mayor Robertson were comfortable with reviewing this topic at a future study session but did not think that this was an issue that required a proactive review now. Mayor Scully and Councilmembers Roberts and Ramsdell were also interested in holding a study session on this topic and felt that this should be looked at more closely by the Council in the near term. Given the position of the majority of Councilmembers on this issue, it was agreed that this would not be a high priority but would be an issue the Council would review in the future.

The Council then discussed the update on the Equity and Social Justice Workgroup, listening sessions, and community outreach. Deputy Mayor Robertson and Councilmember Pobe both stated their support for this work and their appreciation for the work of the staff and community on these topics. Other Councilmembers also provide comments of support to continue this work as proposed by staff.

The Council then discussed the Council resolution policies and guidelines. Some Councilmembers stated their support for the current Council guideline that there be a ‘local connection’ for City Council resolutions. Other Councilmembers stated that this should be

addressed on case-by-case basis, but there should also be an understanding of the impact of the time it takes to put Council resolutions together and to discuss whether a resolution should be considered. Overall, the Council was generally supportive of keeping the current Council policy on resolutions in place. The Council also discussed the topic of a resolution for supporting the federal Medicare for All Plan, which generated this discussion topic, and Council stated that this could be discussed between Councilmembers and the City Manager to see if there was support for bringing a specific resolution forward.

The Council then discussed City mailed communications provided to renters in the city. A few Councilmembers discussed the concern of postal carriers not distributing citywide mailings, such as the Currents Newsletter, to individual mailboxes in apartment buildings, and the mailings being left in a common space of the building. Councilmember Roberts also discussed the City reviewing our regulations to make sure that community members have access to apartment building lobbies to distribute flyers and written communication with permission from a property manager. Councilmember Mork stated that mailings getting to individual residents of apartment buildings was also an issue for the Ronald Wastewater District and suggested that the City continue to promote Alert Shoreline as an alternative. Councilmember Pobee stated that he did speak with multiple residents of three apartment buildings, and they did receive the Currents Newsletter in their individual mailboxes at their buildings. Other ideas shared by Councilmembers included providing mailed communication to renters to inform them how to connect with the City and providing grant funding for clustered locked mailboxes to help prevent mail theft. Council was generally supportive of the current staff protocols about sending mailed communications to renters in the community, and asked staff to continue to look at these alternatives in the future.

The Council then discussed point-of-sale sidewalk repair programs. Mayor Scully provided comment that he is concerned about equity issues with this type of program, including when the City pays for sidewalk repair using existing funding sources and when individual homeowners would be required to repair the sidewalk adjacent to their property at the point of sale. Councilmember Roberts explained his interest in this issue and that he would like staff to continue to explore this. Councilmember Mork stated that if this concept were to move forward, while sidewalks are repaired, side sewers should also be reviewed, as some sewer utilities are looking at similar point of sale regulations for side sewer repairs. Councilmember McConnell stated that she has some concerns with this concept. Staff stated that they would continue to explore this type of program in the future.

At 10:40 a.m., the Council took a 10-minute break. Councilmember Pobee also left the Strategic Planning Workshop at this time due to an unexpected emergent issue. The Workshop resumed at 10:50 a.m.

Following this short break, the Council continued with the Council Policy issues, with the next topic being considerations for in-person Council meetings. The City Manager walked through this topic and the policy questions identified in the material provided to Council. While some Councilmembers were hesitant to return to in-person meetings, the majority of Councilmembers stated that they would like to return to in-person meetings as soon as it made sense to do so, but no specific return date was set. This included making sure all of the hybrid meeting technology is

in place in the Council Chambers before an in-person Council meeting is advertised, and that Councilmembers have an opportunity to test the equipment in the Chambers prior to an actual Council meeting. The majority of Councilmembers also agreed that they would not require meeting attendees to wear masks/face coverings and would follow the City's current COVID-19 protocols for all City facilities.

Similarly, the majority of Councilmembers were comfortable returning to in-person Council Workshop Dinner Meetings in the coming months, but no specific date was set for Dinner Meetings to resume. Council did state that they would like Dinner Meetings to be held in-person and not include a remote option for invited guests or staff to participate. Council also agreed that the public would be allowed to attend the meetings in-person or remote, but the Dinner Meetings would not be recorded.

Council also generally agreed that the Planning Commission and the PRCS/Tree Board should return to in-person meetings when it makes sense for those boards to do so, which includes making sure the hybrid meeting technology in the Council Chambers for the Planning Commission and City Hall Conference Room 303 for the PRCS/Tree Board are installed and ready to use. Deputy Mayor Robertson also stated that the PRCS/Tree Board could be given the option to utilize the Council Chambers for their meetings until City Hall Conference Room 303 is ready for hybrid meetings.

The Council also discussed staff in-person presence at Council meetings, and while some Councilmembers felt that staff should be in-person in the Council Chambers for Council meetings, the majority of Councilmembers felt that staff could present to Council remotely. The City Manager stated that her expectation is that staff will be flexible, and that staff will need to see what works best with regards to presenting information at Council meetings and potentially adjust if needed. Finally, Council also discussed Council proclamations at Council meetings, and the Council agreed that proclamations can be both presented to a person or group to accept the proclamation, and just read aloud or noted by the presiding officer that the City issued the proclamation. The Council felt that if there was a meaningful connection to someone receiving the proclamation, then it would make sense to invite a guest to the Council meeting to accept it, but that this should not always need to occur and that the protocol can be varied by proclamation issued.

Council then took a short break at 11:45 a.m. to get lunch. At 11:55 a.m., Council resumed the Workshop and held a working lunch to discuss the final two Council Policy Issue topics. The first topic discussed was compensation for members of boards, commissions, and other City advisory committees. Councilmember Roberts began the discussion by stating he feels that the City should provide some sort of per meeting stipend for board and commission members. Deputy Mayor Robertson agreed and suggested exploring a need-based stipend for those members of boards or commission that would qualify. The majority of Councilmembers agreed that that members of standing boards and commissions should receive a stipend but that they should not be needs based, and if a board member felt they did not need the stipend, they could decline it. The majority of Councilmembers also felt that if a stipend is provided, it should not be an hourly rate, but rather paid at a per meeting rate, as the number of meetings varies by advisory board. Council also discussed if advisory boards should be paid the same rate per meeting.

Council agreed to further review this issue as part of the budget review process for the 2023-2024 Biennium, and that if approved as part of the Biennial Budget, stipends would commence for the Planning Commission, PRCS/Tree Board and Salary Commission in January 2023. It was also discussed that staff would explore whether Municipal Code amendments would be needed to include the stipend language in the Code sections establishing the City's three standing Advisory Boards.

Deputy Mayor Robertson also discussed the idea of expansion of the Planning Commission and PRCS/Tree Board to a size of nine (9) members to expand the Boards' areas of expertise. Mayor Scully stated that potentially expanding the PRCS/Tree Board may make sense given their various roles and responsibilities. Councilmember Mork also discussed the concept of an additional advisory board focused on environmental sustainability, but that it is understood that, if approved, it would take some time to establish the board and staff it. Councilmember Mork also asked about board sub-committees. There was general agreement that looking at board size expansion as a policy question is something that the Council would be interested in exploring in the future. Councilmember McConnell stated that she is generally supportive of the City's current advisory board structure.

The final policy topic was a discussion on the prohibition on the use of public facilities in support or opposition of ballot measures. Deputy Mayor Robertson stated that she requested this topic and appreciated the information provided in the agenda packet materials. Other Councilmembers agreed with that it was helpful to be provided with this information again and that the State statutes and rules on this topic were very clear.

The Council wrapped up the Special Meeting with their reflections on the Strategic Planning Workshop. Councilmembers also thanked the staff and facilitator Allegra Calder for their support during the Workshop. The Special Meeting was adjourned at 12:35 p.m.

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Jessica Simulcik Smith, City Clerk



**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Adoption of Resolution No. 488 - Approving the Relocation Plan and the City Manager Property Acquisition Authority for the State Route 523 (N/NE 145 <sup>th</sup> Street) & I-5 Interchange Project		
<b>DEPARTMENT:</b>	Public Works		
<b>PRESENTED BY:</b>	Tricia Juhnke		
<b>ACTION:</b>	<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:**

The State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 Interchange Project (Interchange Project), has an ambitious schedule to be completed prior to the Shoreline South/148<sup>th</sup> Station opening with light rail service in 2024. The Interchange Project is entering the right-of-way (ROW) acquisition phase. Property appraisals are underway, and settlement offers and negotiations with property owners will begin soon.

Currently, the City Manager has property acquisition and relocation claims authority up to \$50,000 under Shoreline Municipal Code (SMC) Section 2.60.090. The SMC allows for project specific adjustments in these acquisition policies. In order to keep the ROW process moving in a timely manner for the Interchange Project, staff is requesting that the City Council take action on proposed Resolution No. 488, which is project specific.

Proposed Resolution No. 488 increases the City Manager's signing authority to \$1 million for property acquisition for the Interchange Project. Additionally, it approves the Relocation Plan that authorizes the City Manager to approve documented relocation claims up to the limits prescribed by federal or state law regardless of amount.

**RESOURCE/FINANCIAL IMPACT:**

The Interchange Project has sufficient funds for property acquisition; this Resolution and accompanying Ordinance do not negatively impact the project funding or financial impact. Proposed Resolution No. 488 impacts project resources and costs in two primary ways:

1. It reduces staff time needed to prepare staff reports and present property specific acquisitions or relocation to Council for approval.
2. In saving time in approving acquisitions, it reduces the likelihood of property costs increasing while staff receives Council approval.

Property values are professionally determined under contract with a Washington State Department of Transportation (WSDOT)-approved ROW consultant and are not affected by this proposed Resolution. All properties over \$25,000 are appraised by an

independent firm, then that appraisal is reviewed by a second independent firm. Offers are subject to WSDOT review. Since the City does not have a real estate division and staff with the expertise for property acquisition, the City is required to use a ROW consultant as approved by WSDOT. This ROW consultant prepares offers based on appraisals and federal regulations on the City's behalf. The ROW expert also provides guidance on relocation claims submitted to the City citing appropriate code.

### **RECOMMENDATION**

Staff recommends that the City Council adopt proposed Resolution No. 488 for the Relocation Plan and granting the City Manager property acquisition authority of up to \$1 million for the State Route 523 (N/NE 145th Street) & Interstate-5 (I-5) Interchange Project.

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

## **BACKGROUND**

The City of Shoreline is implementing improvements identified in the Council Approved [145<sup>th</sup> Street Multimodal Corridor Study](#) to improve access and safety for all travel modes using the corridor and to improve access to Sound Transit's 145<sup>th</sup> Street Light Station. The State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 Interchange Project (Interchange Project) will reduce congestion, improve traffic operations, pedestrian and bike access, and create a "gateway" into Shoreline on this segment of the corridor. The City has been successful in securing funds from multiple sources for design, right-of-way (ROW) acquisition and construction of this project. Funding from Sound Transit and Transportation Improvement Board are being used to fund property acquisition.

The Interchange Project has an ambitious schedule to be completed prior to the Shoreline South/148<sup>th</sup> Station opening with light rail service in 2024. The Interchange Project is entering the ROW acquisition phase and is currently conducting property appraisals and reviews and will be ready to make offers in the near future. In order to streamline the ROW acquisition process, staff is requesting that Council increase the City Manager's purchasing authority and approve the current Relocation Plan for the 145<sup>th</sup> Street Interchange Project. Proposed Resolution No. 488 provides for this increase in the City Manager's signing authority and approves the Relocation Plan that authorizes the City Manager to approve documented relocation claims up to the limits prescribed by federal or state law regardless of amount.

## **DISCUSSION**

The City Council discussed proposed Resolution No. 488 at their March 21, 2022, Council meeting. 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/2022/staffreport032122-9a.pdf>.

Following discussion of this proposed Resolution, the Council provided direction to staff to bring proposed Resolution No. 488 back for action at tonight's Council meeting.

## **COUNCIL GOAL(S) ADDRESSED**

The Interchange Project directly supports two of the City Council goals:

- Goal 2 - Continue to deliver highly-valued public services through management of the City's infrastructure and stewardship of the natural environment; and
- Goal 3 - Continue preparation for regional transit in Shoreline.

## **RESOURCE/FINANCIAL IMPACT**

The Interchange Project has sufficient funds for property acquisition; this Resolution and accompanying Ordinance do not negatively impact the project funding or financial impact. Proposed Resolution No. 488 impacts project resources and costs in two primary ways:

1. It reduces staff time needed to prepare staff reports and present property specific acquisitions or relocation to Council for approval.

2. In saving time in approving acquisitions, it reduces the likelihood of property costs increasing while staff receives Council approval.

Property values are professionally determined under contract with a Washington State Department of Transportation (WSDOT)-approved ROW consultant and are not affected by this proposed Resolution. All properties over \$25,000 are appraised by an independent firm, then that appraisal is reviewed by a second independent firm. Offers are subject to WSDOT review. Since the City does not have a real estate division and staff with the expertise for property acquisition, the City is required to use a ROW consultant as approved by WSDOT. This ROW consultant prepares offers based on appraisals and federal regulations on the City's behalf. The ROW expert also provides guidance on relocation claims submitted to the City citing appropriate code.

### **RECOMMENDATION**

Staff recommends that the City Council adopt proposed Resolution No. 488 for the Relocation Plan and granting the City Manager property acquisition authority of up to \$1 million for the State Route 523 (N/NE 145th Street) & Interstate-5 (I-5) Interchange Project.

### **ATTACHMENTS**

Attachment A: Proposed Resolution No. 488

**RESOLUTION NO. 488**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON APPROVING THE RELOCATION PLAN AND INCREASING CITY MANAGER PROPERTY ACQUISITION AUTHORITY FOR STATE ROUTE 523 (N/NE 145TH STREET) & INTERSTATE-5 (I-5) INTERCHANGE PROJECT.**

WHEREAS, for many years the City has been seeking to redevelop the State Route 523 Corridor, commonly referred to as N/NE 145<sup>th</sup> Street, to provide safety and transportation improvements, and has designed a project in this regard, the State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project (“145<sup>th</sup> Interchange Project”); and

WHEREAS, the 145<sup>th</sup> Interchange Project is contained in the City’s Capital Improvement Plan and the City has obligated the Central Puget Sound Regional Transit Authority (Sound Transit) Funding Agreement funds for the 145<sup>th</sup> Street Interchange Project; and

WHEREAS, pursuant to SMC 2.60.090(A)(2), the City Manager may acquire real property as part of an approved and funded project contained in the City’s Capital Improvement Plan up to \$50,000 unless another amount is specifically authorized for a particular project; and

WHEREAS, SMC 2.60.090(A)(3) states that when property acquisition requires relocation of the residents that exceeds the City Manager’s acquisition authority, the City Manager may authorize relocation claims up to the limits prescribed by federal or state law provided that the City Council has approved a project relocation plan; and

WHEREAS, the 145<sup>th</sup> Interchange Projects requires a number of property acquisitions which, given the present real estate market, are expected to exceed the City Manager’s authority granted in SMC 2.50.090(A)(2); and

WHEREAS, the City has developed a Relocation Plan for the 145<sup>th</sup> Interchange Project which includes good faith parcel relocation costs estimates that exceed the City Manager’s acquisition authority and the City Council may approve a higher relocation limit for the 145<sup>th</sup> Interchange Project and issue an addendum to that Relocation Plan due to changes in acquisition requirements; and

WHEREAS, given the potential for property acquisition and relocation costs to exceed the City Manager’s authority set forth in SMC 2.60.090(A) for the 145<sup>th</sup> Interchange Project, the City Council has determined that it would be more efficient to increase that authority;

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

**Section 1. Real Property Acquisition Authority.** The City Manager is authorized to acquire real property for the State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange

Project when the cost of the property is no greater than \$1,000,000.00, subject to SMC 2.60.090(A)(2)(a)-(b). All purchases in excess of this amount shall be approved by the City Council.

**Section 2. Relocation Plan.** Exhibit A is approved as the Project Relocation Plan for the State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project. The City Manager is authorized to approve properly documented relocation claims up to the limits prescribed by federal or state law, regardless of the amount.

**Effective Date.** This Resolution shall take effect and be in full force upon passage.

**ADOPTED BY THE CITY COUNCIL ON APRIL 4, 2022.**

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Mayor Keith Scully

**ATTEST:**

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Jessica Simulcik Smith, City Clerk



SR 523 (N/NE  
145TH STREET) &  
I-5 INTERCHANGE  
IMPROVEMENTS  
**City of Shoreline**

March 2022

# RELOCATION PLAN AMENDMENT

March 2022 – Roxanne Grimm – DCI Engineers



**INTRODUCTION:**

This project is situated in the City of Shoreline, (the “City”) located in King County, just north of Downtown Seattle bordering the northern Seattle City limits. The City of Shoreline is located along the Puget Sound. The city was incorporated in 1988 with an estimated population of 56,730 and has a total land area of 12.3 square miles.

DCI Engineers has been engaged to carry out relocation services for the project on behalf of the City of Shoreline.

This Relocation Plan is prepared in accordance with Chapter 12 of the Washington State Department of Transportation Right of Way Manual and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended. The relocation services provided on this project will adhere to State and Federal regulations.

**A. GENERAL****1. Assurances:**

The displacing agency or assigned agent will inform the displaced parties of relocation payments and the services that will be provided. Displacee’s needs have been inventoried and evaluated. From this analysis, a plan has been developed which will provide for timely and efficient relocation of the displaced parties.

No person, lawfully occupying real property, will be required to move from the acquired dwelling or business without being provided a written assurance of at least ninety (90) days prior to the earliest date by which they could be required to vacate the property. No person to be displaced from a residential dwelling shall be required to move unless at least one comparable replacement property is made available. If no housing is available within the financial means of the displaced persons, Housing Last Resort will be made available.

**2. Project Description**

SR-523 (145<sup>th</sup> Street N/NE) in Shoreline is a major east-west route for northwest King County. The street connects Shoreline neighborhoods with businesses, parks and services, as well as linking Seattle, Lake Forest Park, Kenmore and Bothell. In the coming years, 145<sup>th</sup> Street will also be a primary connection to Sound Transit Light Rail at 145<sup>th</sup> and I-5. I-5 is a major north-south route that also serves King County, as well as the commuters and residents of the U.S. west coast states.

The SR-523 (145<sup>th</sup> Street N/NE) & I-5 Interchange Improvements project will add safety and operational improvements including replacing the two signalized intersections for the interchange with roundabouts, relocated utilities, street lighting, a shared-use path in some sections and sidewalk improvements with bicycle facilities in areas. The bounds of the project are along SR-523 between 1<sup>st</sup> Ave NE and 6<sup>th</sup> Ave NE.

**3. Number of Displacements:**

The project calls for the partial or full acquisition of 11 parcels of which 3 property acquisitions are anticipated to require the displacement of 13 residential (0 owner occupants, 10 tenant occupants and 3 landlords).



**B. INVENTORY OF INDIVIDUAL NEEDS****1. Occupancy Survey**

The proposed project will require the relocation of individuals/families and/or personal property form the following residential parcels:

Parcel No.: 7568700765 522 NE 145th ST
---



Displacee No.: 001  
Displacee Name: Ray Bernsten  
Relocation Type: Non-Residential (Landlord)

According to King County records this property is improved with 1050 square foot home. It sits on a 6,399 square foot lot with 2 bedrooms and 2 bathrooms. The home uses oil as the main source of heat.

According to records the home was purchased by Ray Bernsten, a married person as his separate estate on 12/20/2013. This property was recently rezoned to MUR-70, Mixed Use Residential (70' height) in anticipation of the opening of the Sound Transit Light Rail Stations in 2023. Since the rezone this property and many of the neighboring properties have been solicited by several developers to sell their property for potential assemblage. It is expected that most, if not all of these properties, will be purchased by developers within the next year. At this time the ROW plans do not show an impact to the residence, but the parcel is being included in the relocation plan in case it is determined that a relocation is needed. The landlord asked that we not contact the tenants at this time.

**Estimated Reestablishment: \$50,000.00**

Displacee No.: 002-003

Displacee Name: Tenant Names TBD (Landlord requested tenants not be contacted at this time)

Relocation Type: Residential Tenant

According to Ray Bernstein (landlord), the residence is occupied by two (2) adult tenants. There are no language restrictions. The 2 tenants are not related. The monthly rent is \$1,600. The tenants also pay utilities. The 2 tenants split rent and utilities equally.

Currently, the median rent is around \$2,500 /mo. for roughly 1,800 sf for a 2 bed, 2 bath home.

**Estimated Moving Cost: \$5,000.00**

**Estimated Rent Supplement: \$65,000.00**

## Displacee Information

<b>Project Title:</b>		<b>Parcel No.:</b> 7568700765
<b>Legal Name of Business:</b>		<b>Displacee No.:</b> 001
<b>Owner(s) Name(s), is different from above:</b> Ray Bernsten		
<b>Date of Purchase:</b> 12/20/2013	<b>Email Address:</b>	<b>Business Phone:</b>
<b>Subject Site Address:</b>  522 NE 145 <sup>th</sup> ST  Shoreline, WA 98155	<b>Business Mailing Address:</b>  6913 23 <sup>rd</sup> Ave NE  Seattle, WA 98115	<b>Alternate Phone:</b>
		<b>Cell Phone:</b> 509-446-1127
<b>Title VI Required Information:</b> <b>Ethnic Identification Category:</b> <input type="checkbox"/> African American <input type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input checked="" type="checkbox"/> Caucasian <input type="checkbox"/> Hispanic American <input type="checkbox"/> Other _____ <b>MWBE:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>DBE:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Minority Women Business Enterprise) (Disadvantaged Business Enterprise)		

## Unit Information

<b>Building Type:</b> <input checked="" type="checkbox"/> SFR <input type="checkbox"/> Duplex <input type="checkbox"/> Triplex <input type="checkbox"/> Fourplex <input type="checkbox"/> Apartment <input type="checkbox"/> Other _____		
<b>Total Sq Ft:</b> 1050	<b>Lot Size:</b> 6399	<b>Number of Units:</b>
<b>Garage/Carport:</b> 0	<b>ADA Installations:</b>	

## Tenant Information

<b>Unit No.:</b>	<b>Unit No.:</b>	<b>Unit No.:</b>
<b>Tenant Name:</b>	<b>Tenant Name:</b>	<b>Tenant Name:</b>
<b>Tenant Phone No.:</b>	<b>Tenant Phone No.:</b>	<b>Tenant Phone No.:</b>
<b>Sq Ft of Unit:</b>	<b>Sq Ft of Unit:</b>	<b>Sq Ft of Unit:</b>

<b>Rent Amount: \$</b>	<b>Rent Amount: \$</b>	<b>Rent Amount: \$</b>
<b>Utilities:</b> <b>Water pd by:</b> _____ <b>Sewer pd by:</b> _____ <b>Power pd by:</b> _____	<b>Utilities:</b> <b>Water pd by:</b> _____ <b>Sewer pd by:</b> _____ <b>Power pd by:</b> _____	<b>Utilities:</b> <b>Water pd by:</b> _____ <b>Sewer pd by:</b> _____ <b>Power pd by:</b> _____
<b>Heat Source:</b> Oil	<b>Water Source:</b> City Water	<b>Sewer Source:</b> Sewer
<b>Leases on File:</b> Yes <input type="checkbox"/> No <input type="checkbox"/>  <b>Copies Obtained:</b> Yes <input type="checkbox"/> No <input type="checkbox"/>		<b>File Schedule "E" or "C":</b>  <i>*Must provide copies of recent tax return</i>
<b>Personal Property on-site owned by Landlord:</b>  <b>Any outside specialists needed:</b> Yes <input type="checkbox"/> No <input type="checkbox"/>  <b>Time required to vacate:</b>		
<b>Plans to Reestablish:</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <b>Advance Payment Needed:</b> Yes <input type="checkbox"/> No <input type="checkbox"/>		
<b>Site Requirements:</b>		

#### Relocation Cost Estimate

<b>Reestablishment Expenses: \$</b> 50,000.00	<b>Moving Cost: \$</b>	<b>Site Search Cost: \$1500.00</b>
<b>Specialist:</b>		<b>Date:</b> 03/09/22

## Displacee Information

<b>Project Title:</b>		<b>Parcel No.:</b> 7568700765
<b>Name of Displacee(s):</b> TBD		<b>Displacee No.:</b> 002
<b>Date of Occupancy:</b>	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant	<b>Cell Phone:</b>
<b>Site Address:</b> 522 NE 145 <sup>th</sup> ST Shoreline, WA 98155	<b>Mailing Address:</b> 522 NE 145 <sup>th</sup> ST Shoreline, WA 98155	<b>Work Phone:</b>
		<b>Home Phone:</b>
		<b>Email Address:</b>

## Residential Information

<b>Total Sq Ft:</b> 1,050	<b>No. Bedrooms:</b> 2	<b>No. Bathrooms:</b> 1	<b>Total No. Rooms:</b> 5	<b>Lot Size:</b> 6,399 SF	<b>Year Built:</b> 1948		
<b>Subject DS&amp;S:</b>	<b>Garage Stalls:</b> None	<b>Other major site improvements:</b> None					
<b>Building Type:</b> <input checked="" type="checkbox"/> Single Story <input type="checkbox"/> 1.5 Story <input type="checkbox"/> 2 Story <input type="checkbox"/> Split Level <input type="checkbox"/> Basement <input type="checkbox"/> Other _____							
<b>Replacement Preference:</b> <input type="checkbox"/> Purchase <input type="checkbox"/> Rent		<input type="checkbox"/> Own Transportation <input type="checkbox"/> Need Transportation <input type="checkbox"/> Need Public Transportation					
<b>Adults:</b> 001	<b>M</b> <input type="checkbox"/>	<b>F</b> <input type="checkbox"/>	<b>Ethnic Identification Category:</b> <input type="checkbox"/> African American <input type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> Caucasian <input type="checkbox"/> Hispanic American <input type="checkbox"/> Other  <i>Title VI Required Information</i>	<b>Utilities:</b> <b>Heat</b> <input type="checkbox"/> NatGas <input type="checkbox"/> Electric <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Propane  <b>Water</b> <input type="checkbox"/> Well <input checked="" type="checkbox"/> City Water  <input type="checkbox"/> Septic <input checked="" type="checkbox"/> Sewer	<b>Dwelling Type:</b> <input checked="" type="checkbox"/> Single Family Dwelling <input type="checkbox"/> Apartment <input type="checkbox"/> Duplex <input type="checkbox"/> Mobile Home <input type="checkbox"/> Condominium <input type="checkbox"/> Recreational Vehicle		
002	<input type="checkbox"/>	<input type="checkbox"/>					
	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Children:</b>	<b>FT</b> <input type="checkbox"/>	<b>PT</b> <input type="checkbox"/>				<b>M</b> <input type="checkbox"/>	<b>F</b> <input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
			<b>Move Type:</b> <input checked="" type="checkbox"/> Schedule Move Payment <b>Number of Rooms</b> _____ <input type="checkbox"/> Commercial Move <input type="checkbox"/> Actual Cost Move Advanced Move Payment Needed: <input type="checkbox"/> Yes <input type="checkbox"/> No				

<b>Disability Issues/Special Needs/Comments:</b>
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### Financial Information

<b>Head of Household:</b>		<b>Spouse/Partner/Roommate:</b>																																					
<b>Employer:</b>		<b>Employer:</b>																																					
<b>Occupation:</b>		<b>Occupation:</b>																																					
<b>Location:</b>	<b>No. of miles from home:</b>	<b>Location:</b>	<b>No. of miles from home:</b>																																				
<b>Owner:</b> <table border="1"> <tr><td>Mortgage Balance</td><td>\$</td></tr> <tr><td>Interest Rate</td><td></td></tr> <tr><td>Loan Type</td><td></td></tr> <tr><td>Remaining Term</td><td></td></tr> <tr><td>Monthly Payment (P&amp;I)</td><td>\$</td></tr> <tr><td>Lender Name</td><td></td></tr> <tr><td>Contact Number</td><td></td></tr> <tr><td>Taxes &amp; Insurance</td><td>\$</td></tr> </table>		Mortgage Balance	\$	Interest Rate		Loan Type		Remaining Term		Monthly Payment (P&I)	\$	Lender Name		Contact Number		Taxes & Insurance	\$	<b>Tenant:</b> <table border="1"> <tr><td>Monthly Rent</td><td>\$</td></tr> <tr><td>Monthly Utilities</td><td></td></tr> <tr><td>Heat</td><td>\$</td></tr> <tr><td>Power</td><td>\$</td></tr> <tr><td>Sewer</td><td>\$</td></tr> <tr><td>Water</td><td>\$</td></tr> <tr><td>Lot/Ground Rent</td><td>\$</td></tr> <tr><td>Rent Subsidy</td><td>\$</td></tr> <tr><td>Gross Monthly Income</td><td>\$</td></tr> </table> <p>Source of Income: <input type="checkbox"/> Wages <input type="checkbox"/> Retirement  <input type="checkbox"/> Social Security <input type="checkbox"/> Other _____</p> <p><i>*Note: Utilities only include heat, light, water &amp; sewer</i></p> <table border="1"> <tr><td>Damage/Security Deposit</td><td>\$</td></tr> </table>		Monthly Rent	\$	Monthly Utilities		Heat	\$	Power	\$	Sewer	\$	Water	\$	Lot/Ground Rent	\$	Rent Subsidy	\$	Gross Monthly Income	\$	Damage/Security Deposit	\$
Mortgage Balance	\$																																						
Interest Rate																																							
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Monthly Payment (P&I)	\$																																						
Lender Name																																							
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Taxes & Insurance	\$																																						
Monthly Rent	\$																																						
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Heat	\$																																						
Power	\$																																						
Sewer	\$																																						
Water	\$																																						
Lot/Ground Rent	\$																																						
Rent Subsidy	\$																																						
Gross Monthly Income	\$																																						
Damage/Security Deposit	\$																																						

### Relocation Cost Estimate

<b>RHP: \$</b>	<b>Moving Cost:</b> \$	<b>Date:</b>	<b>Relocation Specialist:</b>
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Parcel No.: 7568700770  
516 NE 145th ST



Displacee No.: 001  
Displacee Name: John Chou  
Relocation Type: Non-Residential (Landlord)

According to King County records this property is improved with 760 square foot home. It sits on a 6,402 square foot lot with 2 bedrooms and 2 bathrooms. The home has a 180 square foot carport and oil is the main source of heat.

According to records the home was purchased by John and Sandy Chou, a married couple on 12/17/2019. Sandy Chou released interest with a QCD to John Chou at the time of purchase. This property was recently rezoned to MUR-70, Mixed Use Residential (70' height) in anticipation of the opening of the Sound Transit Light Rail Stations in 2023. Since the rezone this property and many of the neighboring properties have been solicited by several developers to sell their property for potential assemblage. It is expected that most, if not all of these properties, will be purchased by developers within the next year.

At this time the ROW plans do not show an impact to the residence, but the parcel is being included in the relocation plan in case it is determined that a relocation is needed. The landlord asked that we not contact the tenants at this time.

**Estimated Reestablishment: \$50,000.00**

Displacee No.: 002-004

Displacee Name: Tenant Names TBD (Landlord requested tenants not be contacted at this time)

Relocation Type: Residential Tenant

According to John Chou (landlord) there are three (3) tenants occupying the residence. The 760 square foot home is rented by 3 adult males of Hispanic ethnicity. They are all unrelated and all the tenants speak little English. According to the landlord, Mr. Chou, one of the tenants has cancer, it is unclear of whether they are still working, but are still paying rent. Rent for the residence is \$1,750 per month and all utilities are paid by the tenants. It is assumed that rent is split equally amongst the 3 tenants.

Currently, the median rent is around \$2,500 /mo. for roughly 1,800 sf for a 2 bed, 2 bath home.

**Estimated Moving Cost: \$5,000.00**

**Estimated Rent Supplement: \$95,000.00**



**Displacee Information**

<b>Project Title:</b>		<b>Parcel No.:</b> 7568700770
<b>Legal Name of Business:</b>		<b>Displacee No.:</b> 001
<b>Owner(s) Name(s), is different from above:</b> John Chou		
<b>Date of Purchase:</b> 12/19/2019	<b>Email Address:</b>	<b>Business Phone:</b>
<b>Subject Site Address:</b> 516 NE 145 <sup>th</sup> ST Shoreline, WA 98155	<b>Business Mailing Address:</b> PO Box 75461 Seattle, WA 98175	<b>Alternate Phone:</b>
		<b>Cell Phone:</b> 206-660-2778
<b>Title VI Required Information:</b> <b>Ethnic Identification Category:</b> <input type="checkbox"/> African American <input checked="" type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> Caucasian <input type="checkbox"/> Hispanic American <input type="checkbox"/> Other _____ <b>MWBE:</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <b>DBE:</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <small>(Minority Women Business Enterprise)</small> <small>(Disadvantaged Business Enterprise)</small>		

**Unit Information**

<b>Building Type:</b> <input checked="" type="checkbox"/> SFR <input type="checkbox"/> Duplex <input type="checkbox"/> Triplex <input type="checkbox"/> Fourplex <input type="checkbox"/> Apartment <input type="checkbox"/> Other _____		
<b>Total Sq Ft:</b> 760	<b>Lot Size:</b> 6,402 SF	<b>Number of Units:</b> 3
<b>Garage/Carport:</b> Carport (180 SF)	<b>ADA Installations:</b>	

**Tenant Information**

<b>Unit No.:</b>	<b>Unit No.:</b>	<b>Unit No.:</b>
<b>Tenant Name:</b>	<b>Tenant Name:</b>	<b>Tenant Name:</b>
<b>Tenant Phone No.:</b>	<b>Tenant Phone No.:</b>	<b>Tenant Phone No.:</b>
<b>Sq Ft of Unit:</b>	<b>Sq Ft of Unit:</b>	<b>Sq Ft of Unit:</b>

<b>Rent Amount: \$583</b>	<b>Rent Amount: \$583</b>	<b>Rent Amount: \$583</b>
<b>Utilities:</b> <b>Water pd by: <u>Tenant</u></b> <b>Sewer pd by: Tenant</b> <b>Power pd by: Tenant</b>	<b>Utilities:</b> <b>Water pd by: Tenant</b> <b>Sewer pd by: Tenant</b> <b>Power pd by: Tenant</b>	<b>Utilities:</b> <b>Water pd by: Tenant</b> <b>Sewer pd by: Tenant</b> <b>Power pd by: Tenant</b>
<b>Heat Source: Oil</b>	<b>Water Source: City Water</b>	<b>Sewer Source: Sewer</b>
<b>Leases on File: Yes <input type="checkbox"/> No <input type="checkbox"/></b>  <b>Copies Obtained: Yes <input type="checkbox"/> No <input type="checkbox"/></b>		<b>File Schedule "E" or "C":</b>  <i><b>*Must provide copies of recent tax return</b></i>
<b>Personal Property on-site owned by Landlord:</b>  <b>Any outside specialists needed: Yes <input type="checkbox"/> No <input type="checkbox"/></b>  <b>Time required to vacate:</b>		
<b>Plans to Reestablish: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b> <b>Advance Payment Needed: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></b>  <b>Site Requirements:</b>		

### Relocation Cost Estimate

<b>Reestablishment Expenses: \$50,000</b>	<b>Moving Cost: \$</b>	<b>Site Search Cost: \$1500.00</b>
<b>Specialist:</b>		<b>Date: 03/08/22</b>

## Displacee Information

<b>Project Title:</b>		<b>Parcel No.:</b> 7568700770
<b>Name of Displacee(s):</b>		<b>Displacee No.:</b> 002
<b>Date of Occupancy:</b>	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant	<b>Cell Phone:</b>
<b>Site Address:</b> 516 NE 145 <sup>th</sup> ST Shoreline, WA 98155	<b>Mailing Address:</b> 516 NE 145 <sup>th</sup> ST Shoreline, WA 98155	<b>Work Phone:</b>
		<b>Home Phone:</b>
		<b>Email Address:</b>

## Residential Information

<b>Total Sq Ft:</b> 760	<b>No. Bedrooms:</b> 2	<b>No. Bathrooms:</b> 2	<b>Total No. Rooms:</b> 6	<b>Lot Size:</b> 6,402 SF	<b>Year Built:</b> 1948		
<b>Subject DS&amp;S:</b>	<b>Garage Stalls:</b> 180 SF	<b>Other major site improvements:</b>					
<b>Building Type:</b> <input checked="" type="checkbox"/> Single Story <input type="checkbox"/> 1.5 Story <input type="checkbox"/> 2 Story <input type="checkbox"/> Split Level <input type="checkbox"/> Basement <input type="checkbox"/> Other _____							
<b>Replacement Preference:</b> <input type="checkbox"/> Purchase <input type="checkbox"/> Rent		<input type="checkbox"/> Own Transportation <input type="checkbox"/> Need Transportation <input type="checkbox"/> Need Public Transportation					
<b>Adults:</b> Male (1) Age: 40+	<b>M</b> <input checked="" type="checkbox"/>	<b>F</b> <input type="checkbox"/>	<b>Ethnic Identification Category:</b> <input type="checkbox"/> African American <input type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> Caucasian <input checked="" type="checkbox"/> Hispanic American <input type="checkbox"/> Other <i>Title VI Required Information</i>	<b>Utilities:</b> <b>Heat</b> <input type="checkbox"/> NatGas <input type="checkbox"/> Electric <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Propane <b>Water</b> <input type="checkbox"/> Well <input checked="" type="checkbox"/> City Water <input type="checkbox"/> Septic <input checked="" type="checkbox"/> Sewer	<b>Dwelling Type:</b> <input checked="" type="checkbox"/> Single Family Dwelling <input type="checkbox"/> Apartment <input type="checkbox"/> Duplex <input type="checkbox"/> Mobile Home <input type="checkbox"/> Condominium <input type="checkbox"/> Recreational Vehicle		
Male (2) Age: 40+	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
Male (3) Age: 40+	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
<b>Children:</b>	<b>FT</b> <input type="checkbox"/>	<b>PT</b> <input type="checkbox"/>				<b>M</b> <input type="checkbox"/>	<b>F</b> <input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
			<b>Move Type:</b> <input type="checkbox"/> Schedule Move Payment <input type="checkbox"/> Commercial Move Advanced Move Payment Needed:				
			Number of Rooms _____ <input type="checkbox"/> Actual Cost Move <input type="checkbox"/> Yes <input type="checkbox"/> No				

<b>Disability Issues/Special Needs/Comments:</b>
--

### Financial Information

<b>Head of Household:</b>		<b>Spouse/Partner/Roommate:</b>																																					
<b>Employer:</b>		<b>Employer:</b>																																					
<b>Occupation:</b>		<b>Occupation:</b>																																					
<b>Location:</b>	<b>No. of miles from home:</b>	<b>Location:</b>	<b>No. of miles from home:</b>																																				
<b>Owner:</b> <table border="1"> <tr><td>Mortgage Balance</td><td>\$</td></tr> <tr><td>Interest Rate</td><td></td></tr> <tr><td>Loan Type</td><td></td></tr> <tr><td>Remaining Term</td><td></td></tr> <tr><td>Monthly Payment (P&amp;I)</td><td>\$</td></tr> <tr><td>Lender Name</td><td></td></tr> <tr><td>Contact Number</td><td></td></tr> <tr><td>Taxes &amp; Insurance</td><td>\$</td></tr> </table>		Mortgage Balance	\$	Interest Rate		Loan Type		Remaining Term		Monthly Payment (P&I)	\$	Lender Name		Contact Number		Taxes & Insurance	\$	<b>Tenant:</b> <table border="1"> <tr><td>Monthly Rent</td><td>\$</td></tr> <tr><td>Monthly Utilities</td><td></td></tr> <tr><td>Heat</td><td>\$</td></tr> <tr><td>Power</td><td>\$</td></tr> <tr><td>Sewer</td><td>\$</td></tr> <tr><td>Water</td><td>\$</td></tr> <tr><td>Lot/Ground Rent</td><td>\$</td></tr> <tr><td>Rent Subsidy</td><td>\$</td></tr> <tr><td>Gross Monthly Income</td><td>\$</td></tr> </table> <p>Source of Income: <input type="checkbox"/> Wages <input type="checkbox"/> Retirement  <input type="checkbox"/> Social Security <input type="checkbox"/> Other _____</p> <p><i>*Note: Utilities only include heat, light, water &amp; sewer</i></p> <table border="1"> <tr><td>Damage/Security Deposit</td><td>\$</td></tr> </table>		Monthly Rent	\$	Monthly Utilities		Heat	\$	Power	\$	Sewer	\$	Water	\$	Lot/Ground Rent	\$	Rent Subsidy	\$	Gross Monthly Income	\$	Damage/Security Deposit	\$
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Gross Monthly Income	\$																																						
Damage/Security Deposit	\$																																						

### Relocation Cost Estimate

<b>RHP: \$</b>	<b>Moving Cost:</b> \$	<b>Date:</b>	<b>Relocation Specialist:</b>
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Parcel No.: 2832100190  
14235 4th Ave NE



Displacee No.: 001  
Displacee Name: Lakeside School  
Relocation Type: Nonresidential (Landlord)

Parcel #2832100190 contains approximately 896,089 SF of land. Situated on the NE corner of the parcel sits a single-family residence. The dwelling is located at 14235 4th Ave NE, Seattle, WA 98125 near intersecting N 145th St and 4<sup>th</sup> Ave NE. The 1,120 SF home sits upon a lot approximately 6,400 SF (~80' x 80') in size. King County Assessor records does not assess the home as a separate dwelling on the 896,089 SF parcel. Lakeside School holds ownership of the dwelling and rents to the school's groundskeeper. According to current project design plans, the dwelling will not survive construction. We currently plan for total acquisition of the dwelling with relocation for the landlord and tenant occupants, pending final design. Reestablishment will most likely be on a Lakeside property cottage.

Currently, the average sold price for a similar home in Shoreline is \$770,000 (or \$546 per square foot).

**Estimated Reestablishment: \$50,000.00**

Displacee No.: 002

Displacee Name: Chima Jatabarry, Abdoulie Jatabarry, Mariama Sowe, Fatoumata Jatabarry & Kujegi Jatabarry

Relocation Type: Residential Tenant

The home is rented to the Lakeside School groundskeeper and family. The home is a 3 bedroom occupied by 3 adults and 2 children. The tenants took occupancy September 1, 2016. The single story + basement home is equipped with 1.5 bathrooms. The tenants have a \$500.00 security deposit and pay \$2250.00 in monthly rent, plus \$100.00 for monthly heat and \$90.00 for monthly power.

Currently, the median rent is around \$3,000 /mo. for roughly 2,000 sf for a 3 bed, 2 bath home.

**Estimated Moving Cost: \$5,000.00**

**Estimated Rent Supplement: \$52,000.00**

## Displacee Information

<b>Project Title:</b>		<b>Parcel No.:</b> 2832100190
<b>Legal Name of Business:</b> Lakeside School		<b>Displacee No.:</b> 001
<b>Owner(s) Name(s), is different from above:</b>		
<b>Date of Purchase:</b>	<b>Email Address:</b> Dan Dawkins  Dan.dawkins@lakesideschool.org	<b>Business Phone:</b>
<b>Subject Site Address:</b>  14050 1 <sup>st</sup> Ave NE  Seattle, WA 98125	<b>Business Mailing Address:</b>  14050 1 <sup>st</sup> Ave NE  Seattle, WA 98125	<b>Alternate Phone:</b>
		<b>Cell Phone:</b> Dan Dawkins  206-510-9690
<b>Title VI Required Information:</b> <b>Ethnic Identification Category:</b> <input type="checkbox"/> African American <input type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> Caucasian <input type="checkbox"/> Hispanic American <input type="checkbox"/> Other _____		
<b>MWBE:</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <b>DBE:</b> Yes <input type="checkbox"/> No <input type="checkbox"/> <small>(Minority Women Business Enterprise)</small> <small>(Disadvantaged Business Enterprise)</small>		

## Unit Information

<b>Building Type:</b> <input checked="" type="checkbox"/> SFR <input type="checkbox"/> Duplex <input type="checkbox"/> Triplex <input type="checkbox"/> Fourplex <input type="checkbox"/> Apartment <input type="checkbox"/> Other _____		
<b>Total Sq Ft:</b> 1,120	<b>Lot Size:</b> Approx 80' x 80'	<b>Number of Units:</b> 1
<b>Garage/Carport:</b> None	<b>ADA Installations:</b>	

## Tenant Information

Tenant Information		
Unit No.: 1	Unit No.:	Unit No.:
Tenant Name: Chima Jatabarry, Mariama Sowe, Fatoumata Jatabarry, Kujegi Jatabarry, Abdoulie Jatabarry  Tenant Phone No.:	Tenant Name:   Tenant Phone No.:	Tenant Name:   Tenant Phone No.:
Sq Ft of Unit: 1,120	Sq Ft of Unit:	Sq Ft of Unit:
Rent Amount: \$2,250.00	Rent Amount:	Rent Amount:

<b>Utilities:</b> <b>Water pd by: Landlord</b> <b>Sewer pd by: Landlord</b> <b>Power pd by: Tenant</b>	<b>Utilities:</b> <b>Water pd by:</b> <b>Sewer pd by:</b> <b>Power pd by:</b>	<b>Utilities:</b> <b>Water pd by:</b> <b>Sewer pd by:</b> <b>Power pd by:</b>
<b>Heat Source:</b>	<b>Water Source:</b>	<b>Sewer Source:</b>
<b>Leases on File: Yes <input type="checkbox"/> No <input type="checkbox"/></b>  <b>Copies Obtained: Yes <input type="checkbox"/> No <input type="checkbox"/></b>		<b>File Schedule "E" or "C":</b>  <i>*Must provide copies of recent tax return</i>
<b>Personal Property on-site owned by Landlord:</b>  <b>Any outside specialists needed: Yes <input type="checkbox"/> No <input type="checkbox"/></b>  <b>Time required to vacate:</b>		
<b>Plans to Reestablish: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></b> <b>Advance Payment Needed: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></b>		
<b>Site Requirements:</b>		

### Relocation Cost Estimate

<b>Reestablishment Expenses: \$50,000</b>	<b>Moving Cost: \$</b>	<b>Site Search Cost: \$1500.00</b>
<b>Specialist:</b>		<b>Date: 03/08/22</b>



**Displacee Information**

<b>Project Title:</b>		<b>Parcel No.:</b> 2832100190
<b>Name of Displacee(s):</b> Chima Jatabarry, Mariama Sowe, Fatoumata Jatabarry, Kujegi Jatabarry, Abdoulie Jatabarry		<b>Displacee No.:</b> 002
<b>Date of Occupancy:</b> 9/1/2016	<input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant	<b>Cell Phone:</b>
<b>Site Address:</b> 14235 4 <sup>th</sup> Ave NE Seattle, WA 98125	<b>Mailing Address:</b> 12435 4 <sup>th</sup> Ave NE Seattle, WA 98125	<b>Work Phone:</b>
		<b>Home Phone:</b>
		<b>Email Address:</b>

**Residential Information**

<b>Total Sq Ft:</b> 1,120	<b>No. Bedrooms:</b> 3	<b>No. Bathrooms:</b> 1.5	<b>Total No. Rooms:</b> 7	<b>Lot Size:</b> Approx. 80'x80'	<b>Year Built:</b> 1948-49		
<b>Subject DS&amp;S:</b>	<b>Garage Stalls:</b> 0	<b>Other major site improvements:</b> None					
<b>Building Type:</b> <input checked="" type="checkbox"/> Single Story <input type="checkbox"/> 1.5 Story <input type="checkbox"/> 2 Story <input type="checkbox"/> Split Level <input checked="" type="checkbox"/> Basement <input type="checkbox"/> Other _____							
<b>Replacement Preference:</b> <input type="checkbox"/> Purchase <input checked="" type="checkbox"/> Rent		<input type="checkbox"/> Own Transportation <input type="checkbox"/> Need Transportation <input type="checkbox"/> Need Public Transportation					
<b>Adults:</b> Chima Jatabarry	<b>M</b> <input type="checkbox"/>	<b>F</b> <input type="checkbox"/>	<b>Ethnic Identification Category:</b>  <input type="checkbox"/> African American <input type="checkbox"/> Asian/Pacific Islander <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> Caucasian <input type="checkbox"/> Hispanic American <input type="checkbox"/> Other <i>Title VI Required Information</i>	<b>Utilities:</b>  <b>Heat</b> <input type="checkbox"/> NatGas <input type="checkbox"/> Electric <input type="checkbox"/> Oil <input type="checkbox"/> Propane  <b>Water</b> <input type="checkbox"/> Well <input type="checkbox"/> City Water  <input type="checkbox"/> Septic <input type="checkbox"/> Sewer	<b>Dwelling Type:</b>  <input type="checkbox"/> Single Family Dwelling <input type="checkbox"/> Apartment <input type="checkbox"/> Duplex <input type="checkbox"/> Mobile Home <input type="checkbox"/> Condominium <input type="checkbox"/> Recreational Vehicle		
Mariama Sowe	<input type="checkbox"/>	<input type="checkbox"/>					
Abdoulie Jatabarry	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Children:</b> Fatoumata Jatabarry	<b>FT</b> <input type="checkbox"/>	<b>PT</b> <input type="checkbox"/>				<b>M</b> <input type="checkbox"/>	<b>F</b> <input type="checkbox"/>
Kujegi Jatabarry	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
<b>Move Type:</b> <input type="checkbox"/> Schedule Move Payment <input type="checkbox"/> Commercial Move Advanced Move Payment Needed:			<b>Number of Rooms</b> _____ <input type="checkbox"/> Actual Cost Move <input type="checkbox"/> Yes <input type="checkbox"/> No				

**Disability Issues/Special Needs/Comments:** None

### Financial Information

<b>Head of Household:</b>		<b>Spouse/Partner/Roommate:</b>									
<b>Employer:</b>		<b>Employer:</b>									
<b>Occupation:</b>		<b>Occupation:</b>									
<b>Location:</b>	<b>No. of miles from home:</b>	<b>Location:</b>	<b>No. of miles from home:</b>								
<b>Owner:</b> <b>Mortgage Balance</b> \$ <b>Interest Rate</b> <b>Loan Type</b> <b>Remaining Term</b> <b>Monthly Payment (P&amp;I)</b> \$ <b>Lender Name</b> <b>Contact Number</b> <b>Taxes &amp; Insurance</b> \$		<b>Tenant:</b> <b>Monthly Rent</b> \$2250.00 <b>Monthly Utilities</b> <table border="1"> <tr> <td><b>Heat</b></td> <td>\$100.00</td> </tr> <tr> <td><b>Power</b></td> <td>\$90.00</td> </tr> <tr> <td><b>Sewer</b></td> <td>\$0.00</td> </tr> <tr> <td><b>Water</b></td> <td>\$0.00</td> </tr> </table> <b>Lot/Ground Rent</b> \$0.00 <b>Rent Subsidy</b> \$0.00 <b>Gross Monthly Income</b> \$ <b>Source of Income:</b> <input type="checkbox"/> Wages <input type="checkbox"/> Retirement <input type="checkbox"/> Social Security <input type="checkbox"/> Other _____ <i>*Note: Utilities only include heat, light, water &amp; sewer</i> <b>Damage/Security Deposit</b> \$500.00		<b>Heat</b>	\$100.00	<b>Power</b>	\$90.00	<b>Sewer</b>	\$0.00	<b>Water</b>	\$0.00
<b>Heat</b>	\$100.00										
<b>Power</b>	\$90.00										
<b>Sewer</b>	\$0.00										
<b>Water</b>	\$0.00										

### Relocation Cost Estimate

<b>RHP: \$</b>	<b>Moving Cost:</b> \$	<b>Date:</b>	<b>Relocation Specialist:</b>
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## **2. Summary of Replacement Sites:**

Inspection of available housing in the area suggests that there should be no problem finding decent, safe, and sanitary replacement housing.

The table below shows a breakdown of the number of units needed and the number of units currently available specifically by housing size and rental housing properties.

<b>Type of Unit</b>	<b>Units Needed</b>	<b>Units Available</b>
Home for Sale (2-3 Bedroom home, 700SF – 1,700SF)	2	6
Home for Sale (3-4 Bedroom home, 980SF – 2,200SF)	1	7
Rental Housing	3	12
Rooms for Rent	5	177

## **C. INVENTORY OF AVAILABLE HOUSING**

### **1. Decent, Safe and Sanitary Requirements:**

Inspection of available housing in the area suggests that there should be decent, safe and sanitary (DSS) replacement housing.

### **2. Residential**

Single Family Dwelling Purchase – According to Redfin.com which includes listings from the Northwest Multiple Listing Service (NWMLS), as of March 2, 2022, there are 13 active residential (single-family residence) listings with two to five bedrooms and one to three bathrooms on a standard residential lot, which would be suitable for the displacee's needs. These listings are all located within the City of Shoreline and range from \$749,950 to \$2,295,000.

Single Family Dwelling Rental – A similar search was conducted for single-family residential rentals and according to Zillow.com, there are 12 active residential rentals ranging in price from \$2,050/mo to \$3,350/mo.

Rooms for rent – A search was conducted for rooms for rent in the area and according to Craigslist, there are over 175 rooms ranging in price from \$900/mo to \$3,075/mo.

## **D. ANALYSIS OF INVENTORIES**

### **1. Summary of Available Housing**

Owners – The housing market in this area is competitive. In the last 90 days 122 have sold in the City of Shoreline in which more than half of those were under contract in less than 30 days. Several homes on the market are advertised toward developers in result of the nearby Sound Transit project and MUR-70 zoning update. These homes have a longer duration on the market, but homes advertised towards single family are under contract at a rate which indicates a competitive (hot) market.

Tenants – It is estimated that there are 10 displaced residential tenants. There are plenty of replacement rentals in the area. Some of the tenants have not been contacted at this time at the request of their landlords. Enough information was gathered from the landlords to complete the plan. After moving into the right of way phase, all affected displacees will be contacted and given General Information Notices.

## **E. SOURCES OF INFORMATION**

Sources for real estate offerings: The Northwest Multiple Listings Service (NWMLS) website is a reliable source to determine the inventory of residential rental properties available and was used for the development of this information. Other online searches of Craigslist, Redfin and Zillow were made to verify additional available properties.

Other: Specific subject property information was found through the King County Assessor's website. Criteria provided under the Uniform Relocation Act (URA).

## **F. RELOCATION PROJECT OFFICE**

The project office for this project location is provided below and is adequately staffed with a relocation agent to assist all displacees.

DCI Engineers  
707 W 2<sup>nd</sup> Avenue  
Spokane, WA 99201  
Direct: 509-960-0079

## **G. ALTERNATIVE AND/OR LAST RESORT HOUSING NEEDS**

### **1. Impact on Available Housing**

This project should not have an impact on available housing in the area. Sound Transit currently has an ongoing project in the area, however, the acquisitions of their project is complete.

### **2. Last Resort Housing**

The area appears to have several single-family dwelling neighborhoods. Due to the dated conditions and the location of the single-family dwellings and the potential for limited incomes for most of the tenants, it appears that several displaced individuals in this project will fall into Housing of Last Resort. In this project area, most commonly used criteria for housing of last resort will likely be replacement housing payments in excess of the URA limit. Other alternatives are available such as rehabilitation or construction of a replacements dwelling, but they would be far more expensive.

### **3. Subsidized Housing**

Any displacee currently receiving any subsidized housing payments will be advised to continue with such benefits. If any other displaced persons meet the financial need requirement, they will be advised of the opportunity to apply for section 8 or other Public Housing assistance programs.

## **H. PARCELS INCLUDED**

756870-0770

756870-0765

283210-0190

**I. SUMMARY OF ESTIMATED RELOCATION COST**

Residential – Mortgage interest rates are at record lows. Research indicates that many homeowners refinanced to lower their monthly payment and lower interest rates since interest rates dropped in result of the COVID-19 pandemic. However, the impacts of the COVID-19 pandemic are beginning to lessen in 2022. Mortgage interest rates are predicted to raise 3 times throughout 2022. If mortgage interest rates rise as predicted prior to relocation activities, those property owners who took advantage of the low interest rates, even interest only loans, will no longer be able to obtain a replacement mortgage with the same favorable interest rate. The costs associated with compensating an owner for the loss of favorable financing on the existing mortgage in the financing of replacement housing (also referred to as “Mortgage Interest Differential Payment (MIDP)”) will be calculated. In addition, costs associated with reimbursing residential property owners for the incidental purchase expenses of replacement housing will be paid.

**Residential**

Estimated RHP:	\$362,000.00
Incidentals/MIDP:	\$4,500.00
Estimated Moving Cost:	\$1,500.00
<b>Total Relocation Estimate:</b>	<b>\$368,000.00</b>



**Washington State  
Department of Transportation**

Transportation Building  
310 Maple Park Avenue S.E.  
P.O. Box 47300  
Olympia, WA 98504-7300  
360-705-7000  
TTY: 1-800-833-6388  
[www.wsdot.wa.gov](http://www.wsdot.wa.gov)

## **Last Resort Housing**

## **New Payment Option**

## **90 Day Owner Occupants**

FHWA has approved a new Last Resort Housing Plan (LRH Plan) for Washington State. This optional payment plan goes into effect on January 1, 2022, with the ability to re-evaluate and request an extension from FHWA on an annual basis.

The LRH Plan is intended to address the current competitive housing market in Washington State. This optional payment will provide additional relocation assistances in situation where displacees are making offers to purchase replacement properties but aren't having success due to properties selling for over the list price.

## **LRH PLAN PROCESS**

When a project is located within a competitive market where properties are selling for a premium over asking price, an agency may choose to complete a market analysis to determine the average sale price to list price ratio. If the analysis shows properties in a project area are selling for above list price, then the entire project will be declared eligible for this policy under Last Resort Housing. The agency will update the market analysis no fewer than 4 times per year to ensure a reasonable LRH payment is being offered.

The basic concept of the LRH Plan is to add a payment to the Replacement Housing Payment (RHP) based on a predetermined percentage of the list price of the most comparable home.

## **APPLYING THE OPTIONAL LRH PLAN**

1. Complete a market analysis of your agency's project area to determine if the LRH Plan will apply.
  - a. This analysis can be completed each time a 90 Day Owner Occupant is displaced or periodically on a project wide basis, but no fewer than 4 times per year.
  - b. Determine the best, and simplest way to capture the results of the market analysis to include in your Housing Comparison Worksheet writeup (a copy will be required for each RHP approval).
2. Compute a RHP for eligible 90-day Owner Occupants following the standard process.
  - a. The Price Differential Report has been updated to assist you (LPA542).

3. Once your RHP and LRH Plan payment are approved, you can complete an updated Notice of Eligibility informing the displacee of the payments available to them.
4. If after 6 months, the displacee has not secured replacement property, and updated LRH payment amount will need to be recomputed.

### EXAMPLE CALCULATION

If it is determined by the agency that homes are selling for 105% of the list price, the agency would add a LRH payment that is equal to 5% of the asking price of the most comparable home.

Example:

Most Comparable Dwelling:	\$450,000
Displacement Dwelling Value:	<u>\$430,000</u>
Replacement Housing Payment:	\$20,000 RHP
Last Resort Housing Plan Payment:	<u>+ \$22,500 (5% of \$450,000 = \$22,500)</u>
<b>Total Relocation Payment available:</b>	<b>\$42,500</b>

These additional funds will assist the displacee by providing additional purchasing power for a replacement property.

Washington State has a very diverse real estate landscape, and more than one Multiple Listing

Service is used depending on the location of your agency's project. Because of this, the LRH Plan policy must be flexible to allow for a market analysis to be completed using a variety of resources. The resource used to complete the market analysis is not as important as the validity of the information and the consistency of the resource used project wide. This means your agency would not want to use a variety of resources on a single project. Determine early in the project planning phase which resource the project will use to complete the market analysis and keep it consistent.

Possible resources to complete a market analysis include, but are not limited to:

- NWMLS, Realtor.com, Redfin, Zillow, various appraisal associations, etc.

Each project will need to identify which methodology will be used to calculate the LRH Plan payment in the project Relocation Plan. Documentation will be required in each file where a payment is made.

### THINGS TO REMEMBER

- LRH Plan must be offered on a project wide basis
- This new option may begin being offered starting January 1, 2022
- LRH Plan is only eligible to 90-Day Owner Occupants (not available to tenants wanting to use relocation benefits to become homeowners)
- If relocation has already begun on a project (notices mailed) this option is not available
- If a Relocation Plan has been approved but relocation has not started (notices NOT mailed), a Supplemental Relocation Plan can be submitted adding this option
- If a project begins relocation during an approved calendar year, then the project would be allowed to continue with this option, should the plan not be extended, until all the relocations for that specific project have been completed.

## **CITY COUNCIL AGENDA ITEM**

### **CITY OF SHORELINE, WASHINGTON**

**AGENDA TITLE:** Adoption of Ordinance No. 957 - Authorizing the Use of Eminent Domain for Acquisition of Certain Real Properties to Construct the State Route 523 (N/NE 145<sup>th</sup> Street) & I-5 Interchange Project

**DEPARTMENT:** Public Works

**PRESENTED BY:** Tricia Juhnke

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

**PROBLEM/ISSUE STATEMENT:**

The State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project, (Interchange Project), has an ambitious schedule to be completed prior to the Shoreline South/148<sup>th</sup> Station opening with light rail service in 2024. The Interchange Project is entering the right-of-way (ROW) acquisition phase. Property appraisals are underway, and settlement offers and negotiations with property owners will begin soon.

Eminent domain is a power granted to political subdivisions, such as the City of Shoreline, through State law (RCW 8.12) to acquire private property at fair market value for a public use. City staff requests Council to adopt proposed Ordinance No. 957 to provide for eminent domain use on the Interchange Project as a precautionary step to keep the Project on schedule. City staff have included all the acquisition properties in the City of Shoreline (both partial and full acquisitions) as part of this proposed Ordinance. In the event a settlement agreement cannot be reached with a property owner, eminent domain is the next step. Passage of proposed Ordinance No. 957, which was discussed by the City Council on March 21, 2022, authorizes the City Manager or designee to proceed with eminent domain in the event the negotiations with any specific property owner reaches an impasse.

**RESOURCE/FINANCIAL IMPACT:**

The Interchange Project has sufficient funds for property acquisition; this proposed Ordinance No. 957 does not negatively impact the project funding or financial impact and does not in itself affect a settlement amount. If use of eminent domain is authorized under this ordinance, negotiations will continue as normal. Council passing this proposed Ordinance is the first step for moving forward with the use of eminent domain if negotiations come to an impasse. There are some associated costs for notices and correspondence: a notice of the final action (adoption of Ordinance No. 957) will be published in the Seattle Times once a week for two successive weeks; and notice sent certified mail to every property owner impacted by the final action at least 15 days prior to final action; all at the City's expense.



A Statutory Evaluation Allowance (SEA) is available to the property owner if an offer is made under the threat of eminent domain to help defray the owner's expenses. Under RCW 8.25.020, when the City is acquiring property by eminent domain or under the threat of it, property owners are entitled to reimbursement of up to \$750 for costs they incurred evaluating the City's offer.

### **RECOMMENDATION**

Staff recommends that the City Council adopt proposed Ordinance No. 957 authorizing the use of eminent domain for acquisition of certain real properties to construct the State Route 523 (N/NE 145th Street) & Interstate-5 (I-5) Interchange Project.

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

## **BACKGROUND**

The City of Shoreline is implementing improvements identified in the Council-approved [145<sup>th</sup> Street Multimodal Corridor Study](#) to improve access and safety for all travel modes using the corridor and to improve access to Sound Transit's 145<sup>th</sup> Street Light Station. The State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 Interchange Project (Interchange Project) will reduce congestion, improve traffic operations, pedestrian and bike access, and create a "gateway" into Shoreline on this segment of the corridor. The City has been successful in securing funds from multiple sources for design, right-of-way (ROW) acquisition and construction of this project. Funding from Sound Transit and Transportation Improvement Board are being used to fund property acquisition.

The Interchange Project has an ambitious schedule to be completed prior to the Shoreline South/148<sup>th</sup> Station opening with light rail service in 2024. The Interchange Project is entering the ROW acquisition phase and is currently conducting property appraisals and reviews and will be ready to make offers in the near future.

Eminent domain is a power granted to political subdivisions, such as the City of Shoreline, through State law (RCW 8.12) to acquire private property at fair market value for a public use. City staff requests Council to adopt proposed Ordinance No. 957 to provide for eminent domain use on the Interchange Project as a precautionary step to keep the Project on schedule. City staff have included all the acquisition properties in the City of Shoreline (both partial and full acquisitions) as part of this proposed Ordinance. In the event a settlement agreement cannot be reached with a property owner, eminent domain is the next step. Passage of proposed Ordinance No. 957 authorizes the City Manager or designee to proceed with eminent domain in the event the negotiations with any specific property owner reaches an impasse.

## **DISCUSSION**

The City Council discussed proposed Ordinance No. 957 at their March 21, 2022 Council meeting. 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/2022/staffreport032122-9a.pdf>.

Following discussion of this proposed Ordinance, the Council provided direction to staff to bring proposed Ordinance No. 957 back for action at tonight's Council meeting.

A notice of the final action regarding adoption of Ordinance No. 957 has been published in the Seattle Times once a week for two successive weeks, and the notice was sent by certified mail to every property owner impacted by the final action at least 15 days prior to final action, all at the City's expense. Publication in the Seattle Times was on March 17, 2021, and March 24, 2021, and notice was sent by certified mail on March 10, 2021. Property appraisals are currently being conducted and offers will be prepared over the next few months.

### **COUNCIL GOAL(S) ADDRESSED**

The 145<sup>th</sup> Street Interchange Project directly supports two of the City Council goals:

- Goal 2 - Continue to deliver highly-valued public services through management of the City's infrastructure and stewardship of the natural environment.
- Goal 3 - Continue preparation for regional transit in Shoreline.

### **RESOURCE/FINANCIAL IMPACT**

The Interchange Project has sufficient funds for property acquisition; this proposed Ordinance No. 957 does not negatively impact the project funding or financial impact and does not in itself affect a settlement amount. If use of eminent domain is authorized under this ordinance, negotiations will continue as normal. Council passing this proposed Ordinance is the first step for moving forward with the use of eminent domain if negotiations come to an impasse. There are some associated costs for notices and correspondence: a notice of the final action (adoption of Ordinance No. 957) will be published in the Seattle Times once a week for two successive weeks; and notice sent certified mail to every property owner impacted by the final action at least 15 days prior to final action; all at the City's expense.

A Statutory Evaluation Allowance (SEA) is available to the property owner if an offer is made under the threat of eminent domain to help defray the owner's expenses. Under RCW 8.25.020, when the City is acquiring property by eminent domain or under the threat of it, property owners are entitled to reimbursement of up to \$750 for costs they incurred evaluating the City's offer.

### **RECOMMENDATION**

Staff recommends that the City Council adopt proposed Ordinance No. 957 authorizing the use of eminent domain for acquisition of certain real properties to construct the State Route 523 (N/NE 145th Street) & Interstate-5 (I-5) Interchange Project.

### **ATTACHMENTS**

Attachment A: Proposed Ordinance No. 957

**ORDINANCE NO. 957**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING ACQUISITION OF CERTAIN REAL PROPERTIES LOCATED ALONG THE N 145<sup>th</sup> STREET CORRIDOR, BY NEGOTIATED VOLUNTARY PURCHASE, UNDER THREAT OF CONDEMNATION, BY CONDEMNATION, OR BY SETTLING CONDEMNATION LITIGATION, FOR THE PURPOSE OF SECURING ADDITIONAL LAND FOR CONSTRUCTION OF THE STATE ROUTE 523 (N/NE 145<sup>th</sup> STREET) & INTERSTATE-5 (I-5) INTERCHANGE PROJECT; FINDING PUBLIC USE AND NECESSITY; AUTHORIZING JUST COMPENSATION FROM THE GENERAL FUND; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, pursuant to Chapter 35.67 RCW and Chapter 35.92 RCW, the City has the authority to provide for a multimodal transportation system that serves its citizens in a safe and efficient manner; and

WHEREAS, the City has been planning for alteration to State Route 523 (N/NE 145<sup>th</sup> Street) to address a variety of known problems along the corridor including safety concerns, increasing traffic congestion, narrow sidewalks with numerous obstructions, lack of bicycle facilities, and limited transit service, and has been working with the State of Washington, King County, and City of Seattle, all having an interest in the State Route 523 (N/NE 145<sup>th</sup> Street) corridor; and

WHEREAS, the City Council finds that acquisition of the properties located within the City generally depicted and described in Exhibit A, attached hereto (the “Acquired Properties”), is necessary for the construction of the State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project; and

WHEREAS, just compensation for the Acquired Properties can be funded through the City’s funding agreement with the Central Puget Sound Regional Transit Authority (Sound Transit); and

WHEREAS, there will be sustained efforts to negotiate with the owners of the Acquired Properties, and eminent domain action will be taken judiciously after reasonable efforts to reach a negotiated settlement with the owners; and

WHEREAS, in the event that negotiated acquisition of the Acquired Properties is not fully successful, it is essential that the City be prepared to initiate condemnation proceedings; and

WHEREAS, the owners of the Acquired Properties were given notice according to state statute that this condemnation Ordinance was included for discussion by the City Council at its March 21, 2022 meeting and for final action at its April 4, 2022 meeting, and were afforded an opportunity to submit comment at or for those meetings; and

WHEREAS, the City has provided notice of the adoption of this Ordinance in the manner set forth in RCW 8.12.005 and 8.25.290; and

WHEREAS, the City of Shoreline has the power to acquire lands through eminent domain for the purpose of providing for the widening, extending, altering of any street, avenues, and highway; and

WHEREAS, acquisition of the Acquired Properties is categorically exempt from SEPA review under WAC 197-11-800(5)(a);

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

**Section 1. Condemnation Authorized.** The City Manager is hereby authorized to take necessary steps to acquire all necessary property interests in the land located within the City of Shoreline, County of King, State of Washington, depicted and legally described in Exhibit A attached hereto and by this reference incorporated herein (the “Acquired Properties”) which is necessary for the public use of the widening, extending, and altering of State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project, and is hereby condemned, appropriated and taken for such public use, subject to the making or paying of just compensation to the owners thereof in the manner provided by law.

The City Manager or designee is hereby authorized and directed to execute all documents for the acquisition of all interests in the Acquired Properties and bring proceedings in the manner provided for by law to condemn, take, damage, and appropriate the Acquired Properties described in this Ordinance pursuant to the powers granted to the City of Shoreline including RCW 35A.64.200 and Chapters 8.12 and 8.25 RCW. This authorization includes the right to condemn all reversionary interests, easements, and options in said Acquired Properties.

The City Attorney is authorized to begin and prosecute legal proceedings in the manner provided by the law to purchase, condemn, take, appropriate, and otherwise acquire the land and all other interests and property rights and privileges necessary to carry out the purposes of this Ordinance. The City Attorney is also authorized to make minor amendments to any property descriptions or maps of the properties, generally depicted on the attached Exhibit A, as may become necessary to correct scrivener’s errors or to conform the legal description to the precise boundaries of the Acquired Properties.

**Section 2. Finding of Public Use and Necessity.** The Shoreline City Council finds that the acquisition of the Acquired Properties is for a public use and purpose, to-wit: to provide for the widening, extending, and altering of State Route 523 (N/NE 145<sup>th</sup> Street) & Interstate-5 (I-5) Interchange Project. The City Council further finds the properties generally depicted in Exhibit A are necessary for the proposed public use and for the benefit of the public. The Whereas clauses set forth above are hereby incorporated into and made part of the Council’s findings.

**Section 3. Compensation.** Compensation to be paid to the owners of the Acquired Properties identified in Section 1, above, and costs and expenses of litigation authorized by this Ordinance, shall be paid from the City’s General Capital Fund.

**Section 4. Effective Date and Publication.** 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.

**PASSED BY THE CITY COUNCIL ON APRIL 4, 2022.**

\_\_\_\_\_  
Mayor Keith Scully

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

\_\_\_\_\_  
Julie Ainsworth-Taylor,  
Assistant City Attorney  
on behalf of Margaret J. King  
City Attorney

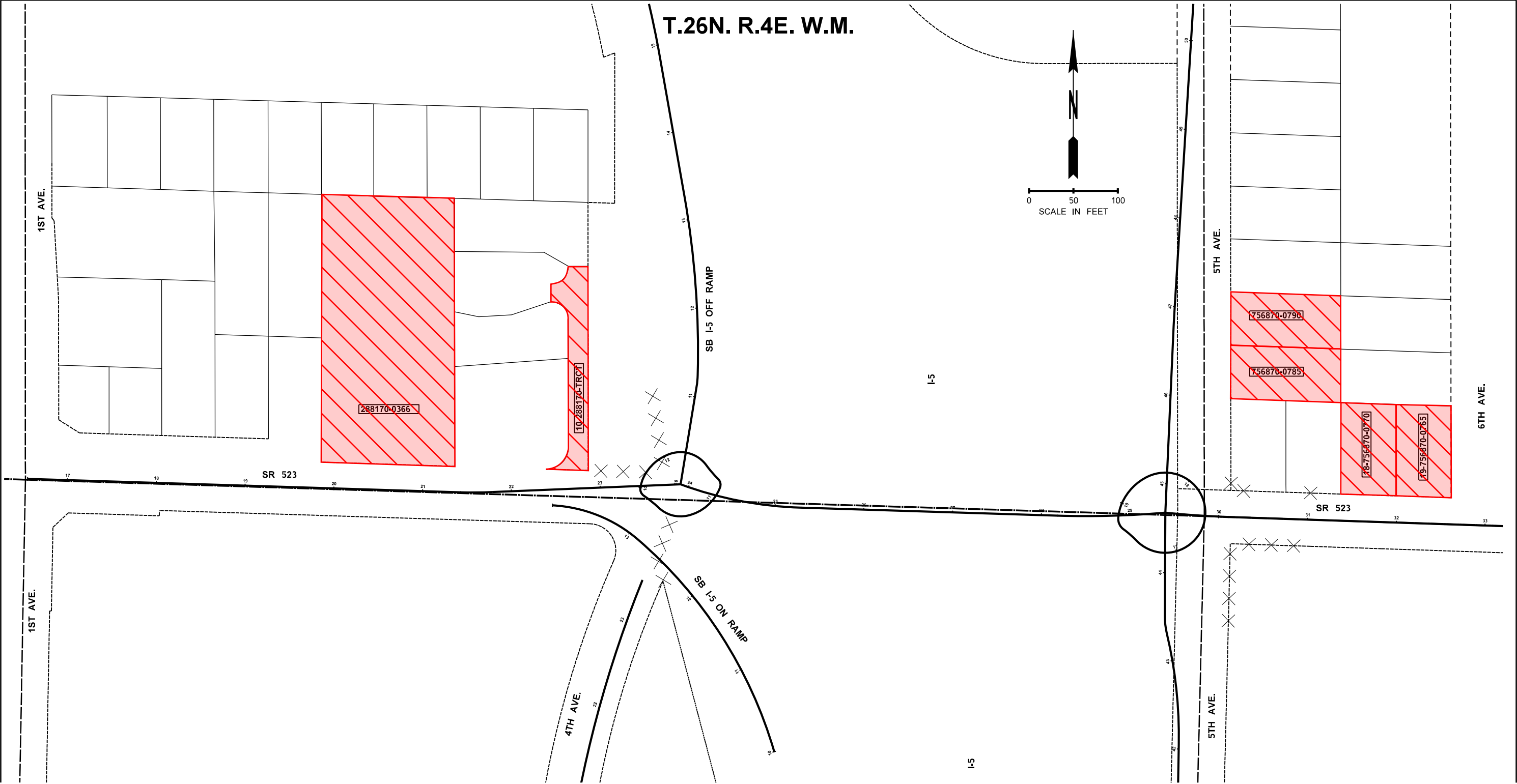
Publication Date: \_\_\_\_\_, 2022  
Effective Date: \_\_\_\_\_, 2022

# Condemnation Parcel Map

King County Tax Parcel Nos.

288170-0366  
288170-TRCT  
756870-0790

756870-0785  
756870-0770  
756870-0765



**EXHIBIT A**  
**FEE ACQUISITION**  
**PARCEL NO. 288170-0366**

That portion of the SE Quarter of the SW Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 19+85.39 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan dated September 14, 2021 and 29.00 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 21+35.46 and 29.00 feet Northerly therefrom;

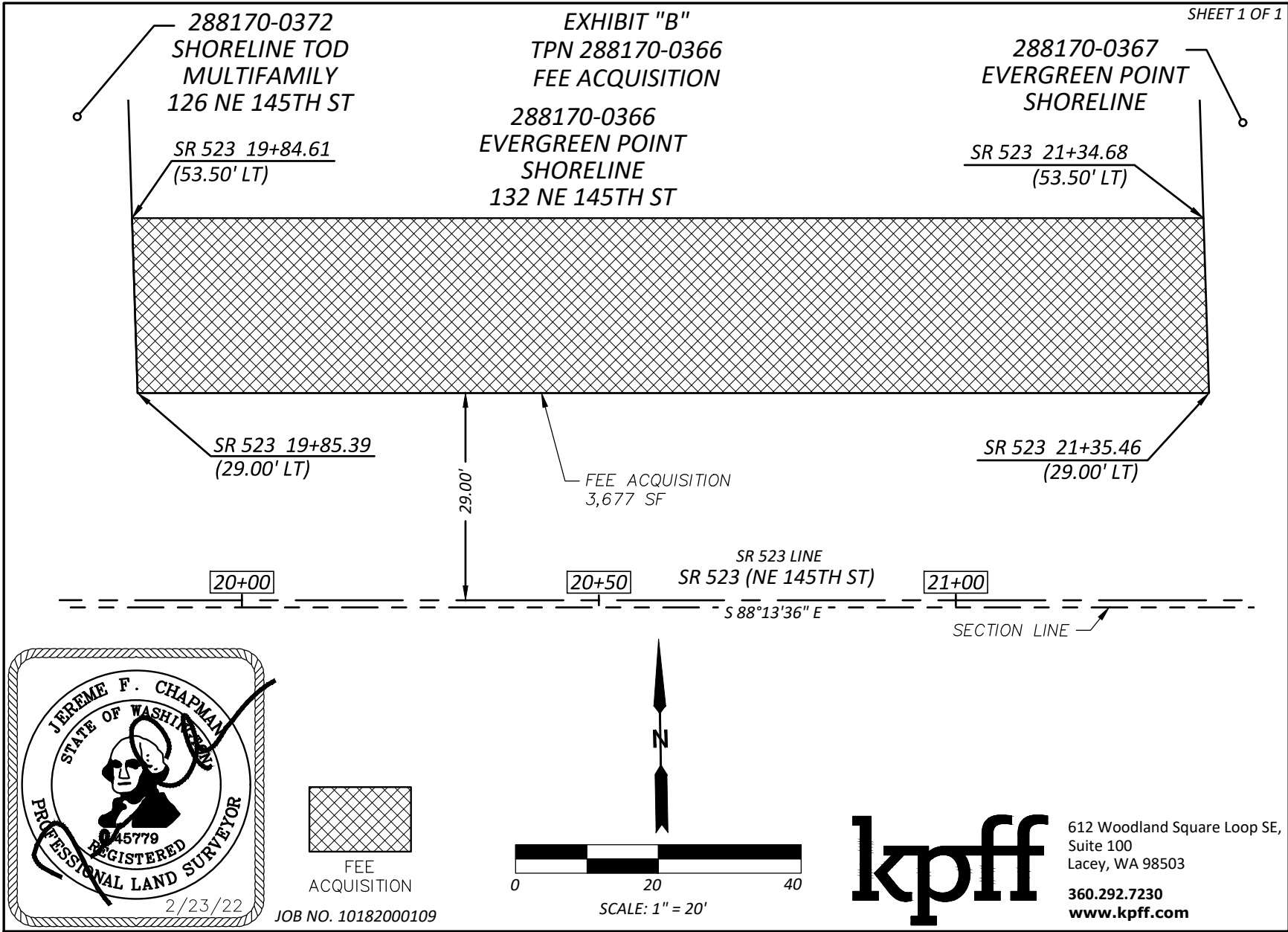
Thence Northerly to a point opposite SR 523 line HES 21+34.68 and 53.50 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 19+84.61 and 53.50 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

Containing 3,677 Square Feet.





**EXHIBIT A**  
**TEMPORARY SLOPE EASEMENT**  
**PARCEL NO. 288170-0366**

That portion of the SE Quarter of the SW Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 19+84.61 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan dated September 14, 2021 and 53.50 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 21+34.68 and 53.50 feet Northerly therefrom;

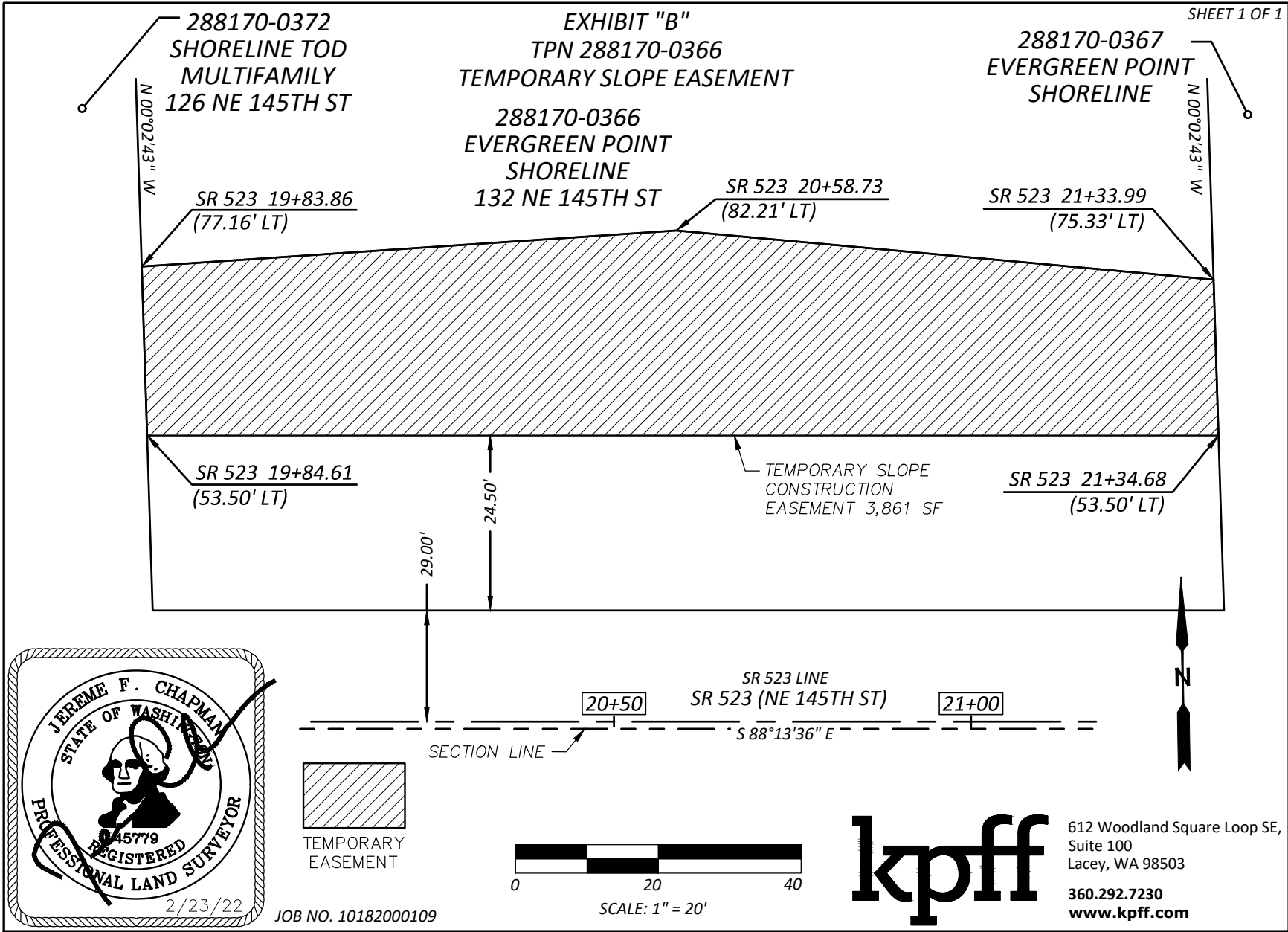
Thence Northerly to a point opposite SR 523 line HES 21+33.99 and 75.33 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 20+58.73 and 82.21 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 19+83.86 and 77.16 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

Containing 3,861 Square Feet.



**EXHIBIT A**  
**FEE ACQUISITION**  
**PARCEL NO. 288170-TRCT**

That portion of the SE Quarter of the SW Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 22+39.60 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan dated September 14, 2021 and 23.33 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 22+87.29 and 19.87 feet Northerly therefrom;

Thence Northerly to a point opposite SR 523 line HES 22+89.18 and 66.30 feet Northerly therefrom to a non-tangent curve having a radius of 569.97 feet, bearing N14°11'42W;

Thence Westerly along said curve through a central angle of 2°16'12", an arc distance of 22.58 feet to a point opposite SR 523 line HES 22+66.99 and 62.11 feet Northerly therefrom;

Thence Southerly to a point opposite SR 523 line HES 22+66.38 and 47.25 feet Northerly therefrom to a tangent curve to the right having a radius of 25.00 feet;

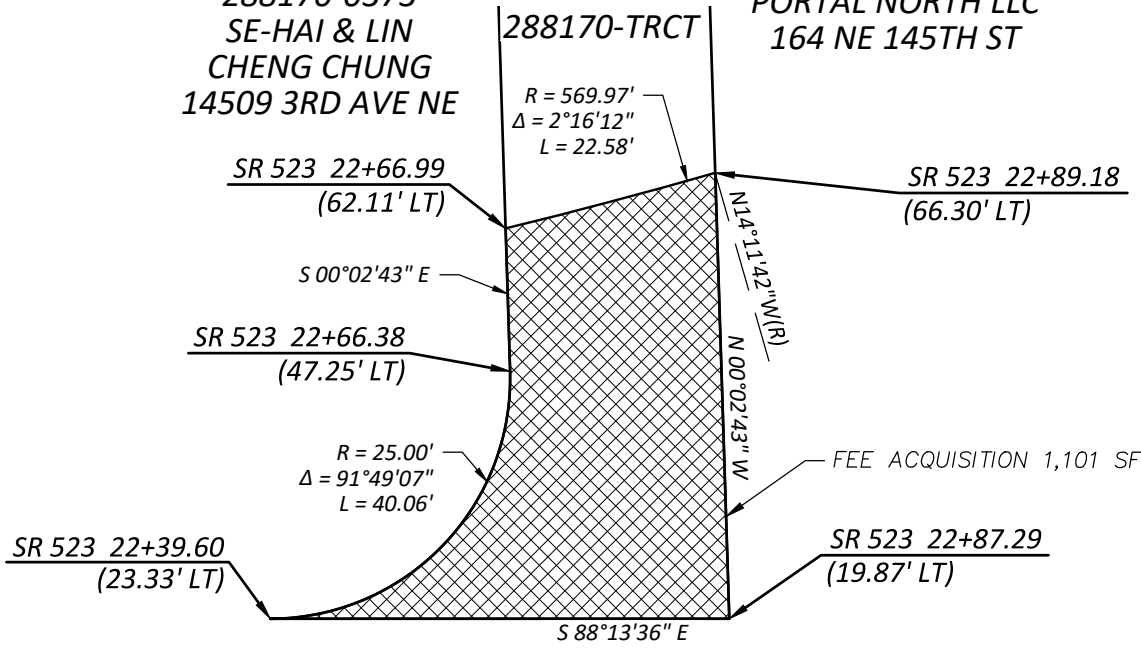
Thence Southwesterly along said curve through a central angle of 91°49'07", an arc distance of 40.06 feet to the Point of Beginning.

Containing 1,101 Square Feet.

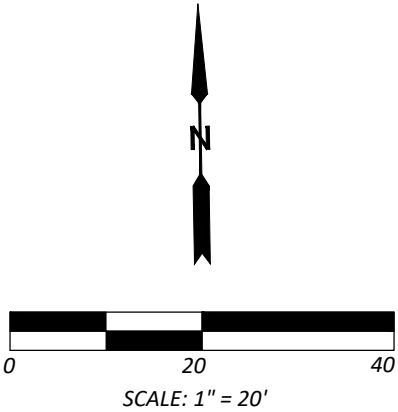
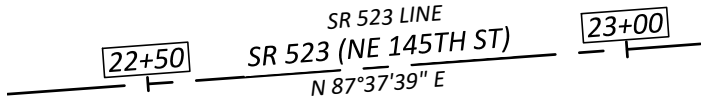
EXHIBIT "B"  
TPN 288170-TRCT  
FEE ACQUISITION

288170-0373  
SE-HAI & LIN  
CHENG CHUNG  
14509 3RD AVE NE

288170-0371  
PORTAL NORTH LLC  
164 NE 145TH ST



  
FEE  
ACQUISITION  
JOB NO. 10182000109



**kpff**  
612 Woodland Square Loop SE,  
Suite 100  
Lacey, WA 98503  
360.292.7230  
www.kpff.com

**EXHIBIT A**  
**FEE ACQUISITION**  
**PARCEL NO. 756870-0765**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 31+98.75 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 30.00 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 32+60.76 and 30.00 feet Northerly therefrom;

Thence Northerly to a point opposite SR 523 line HES 32+60.07 and 49.81 feet Northerly therefrom;

Thence Southwesterly to a point opposite SR 523 line HES 32+50.91 and 46.02 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 31+98.25 and 44.47 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

Containing 458 Square Feet.

EXHIBIT "B"  
TPN 7568700765  
FEE ACQUISITION

75687007700  
AKHTAR  
JAVED & ROY RASHEED  
516 NE 145TH ST 98155

75687007765  
BERNTSEN  
RAY  
522 NE 145TH ST 98155

SR 523 31+98.25  
(44.47' LT)

SR 523 32+50.91  
(46.02' LT)

SR 523 32+60.07  
(49.81' LT)

SR 523 31+98.75  
(30.00' LT)

SR 523 32+60.76  
(30.00' LT)

FEE ACQUISITION 458 SF

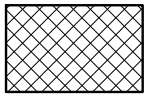
SR 523 LINE  
SR523 (NE 145TH ST)  
S 88°05'38" E  
SECTION LINE

32+00

32+50

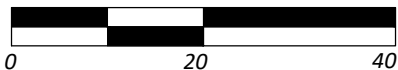
kpff

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Suite 100  
Lacey, WA 98503  
360.292.7230  
www.kpff.com



FEE  
ACQUISITION

JOB NO. 10182000109



SCALE: 1" = 20'



**EXHIBIT A**  
**TEMPORARY SLOPE EASEMENT**  
**PARCEL NO. 756870-0765**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 31+98.25 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 44.47 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 32+50.91 and 46.02 feet Northerly therefrom;

Thence Northeasterly to a point opposite SR 523 line HES 32+60.07 and 49.81 feet Northerly therefrom;

Thence Northerly to a point opposite SR 523 line HES 32+60.03 and 50.83 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 31+98.03 and 50.82 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

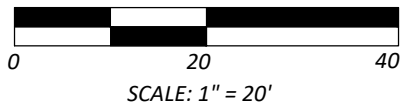
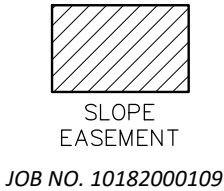
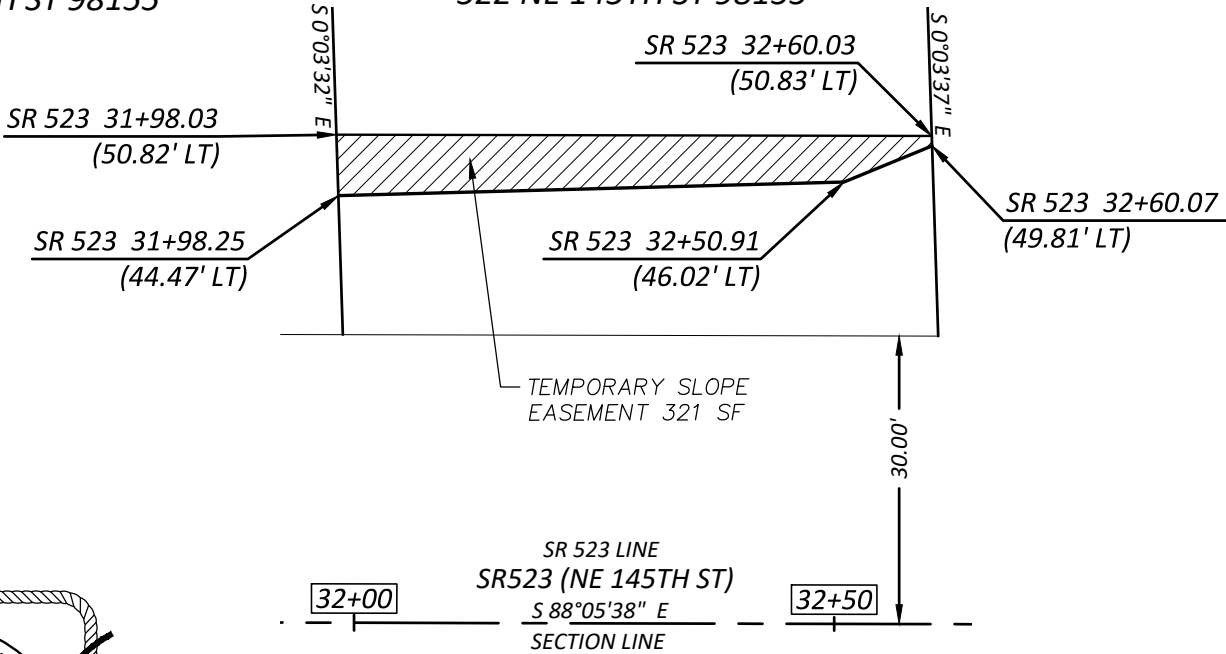
Containing 321 Square Feet.



EXHIBIT "B"  
TPN 7568700765  
TEMPORARY SLOPE EASEMENT

75687007700  
AKHTAR  
JAVED & ROY RASHEED  
516 NE 145TH ST 98155

75687007765  
BERNTSEN  
RAY  
522 NE 145TH ST 98155



612 Woodland Square Loop SE,  
Suite 100  
Lacey, WA 98503  
360.292.7230  
www.kpff.com

**EXHIBIT A**  
**FEE ACQUISITION**  
**PARCEL NO. 756870-0770**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 31+36.74 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 29.99 feet Northerly therefrom;

Thence Easterly to a point opposite SR 523 line HES 31+98.75 and 30.00 feet Northerly therefrom;

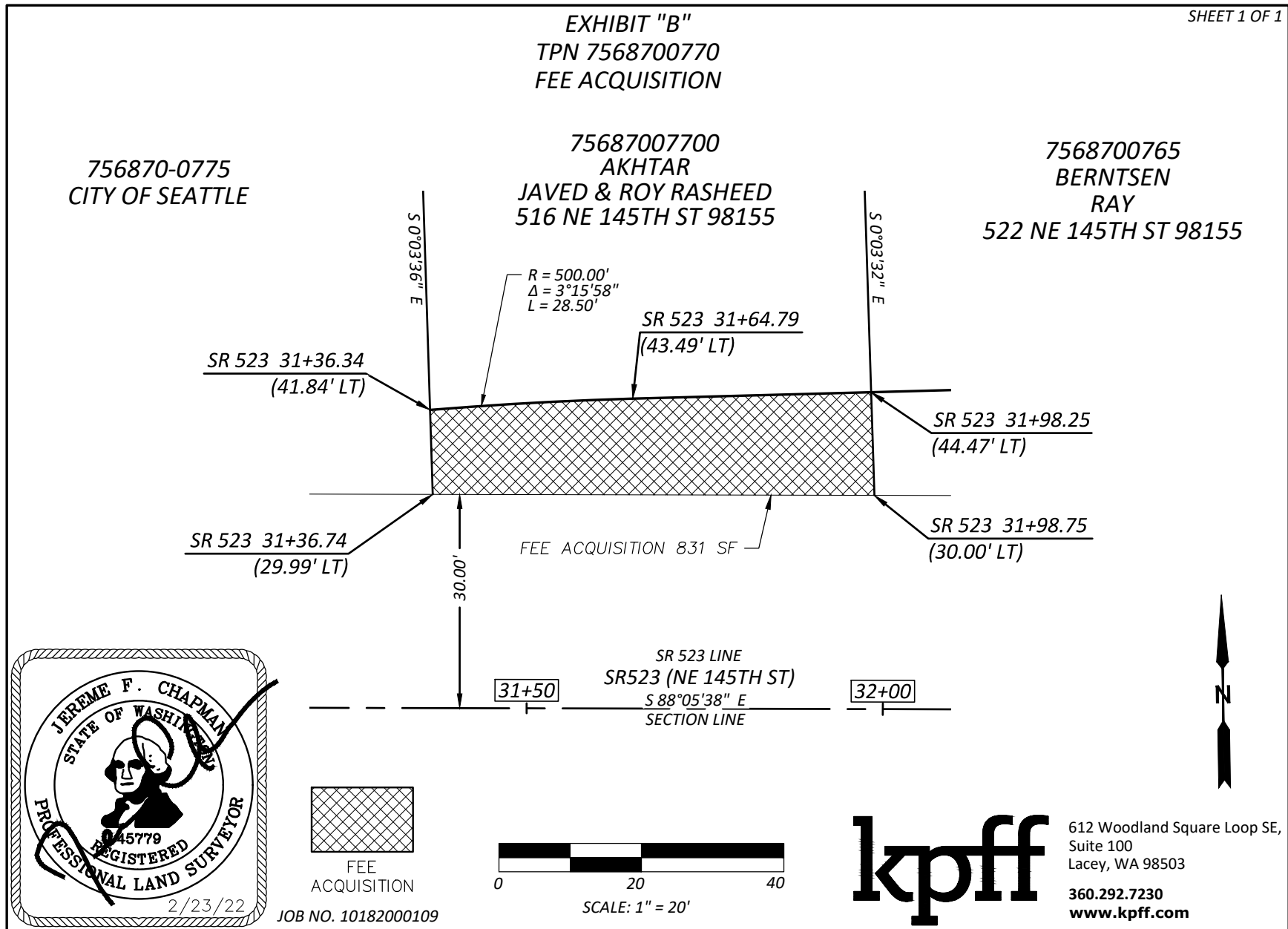
Thence Northerly to a point opposite SR 523 line HES 31+98.25 and 44.47 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 31+64.79 and 43.49 feet Northerly therefrom and the beginning of curve to the right having a radius of 500.00 feet;

Thence Westerly along said curve through a central angle of 3°15'58", an arc distance of 28.50 feet to a point opposite SR 523 line HES 31+36.34 and 41.84 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

Containing 831 Square Feet.



**EXHIBIT A**  
**TEMPORARY SLOPE EASEMENT**  
**PARCEL NO. 756870-0770**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite SR 523 line Highway Engineer's Station (hereinafter referred to as "HES") 31+36.34 on the centerline of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 41.84 feet Northerly therefrom and the beginning of a non-tangent curve having a radius of 500.00 feet, bearing S03°02'43"E;

Thence Easterly along said curve through a central angle of 3°15'58", an arc distance of 28.50 feet to a point opposite SR 523 line HES 31+64.79 and 43.49 feet Northerly therefrom;

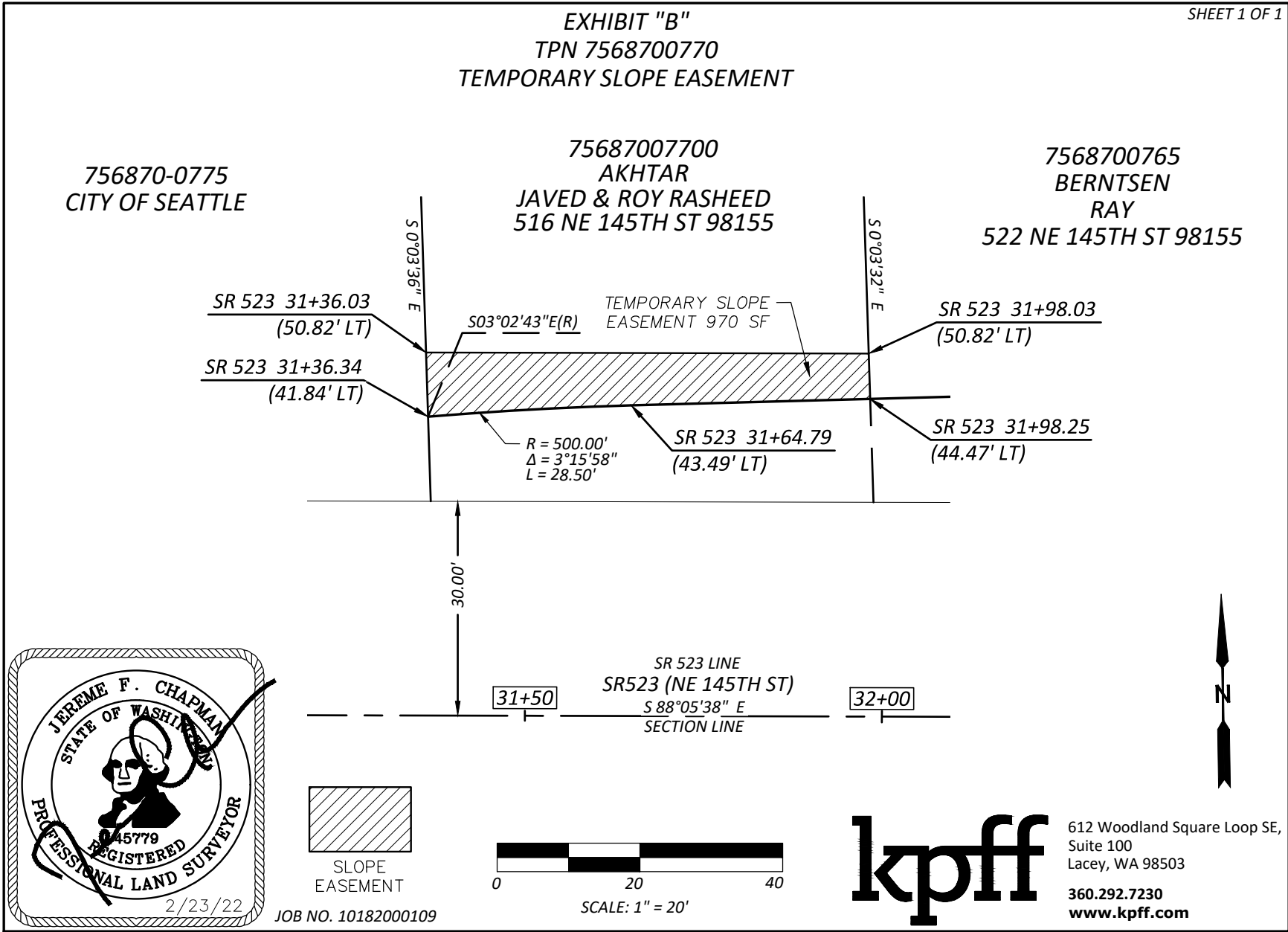
Thence Easterly to a point opposite SR 523 line HES 31+98.25 and 44.47 feet Northerly therefrom;

Thence Northerly to a point opposite SR 523 line HES 31+98.03 and 50.82 feet Northerly therefrom;

Thence Westerly to a point opposite SR 523 line HES 31+36.03 and 50.82 feet Northerly therefrom;

Thence Southerly to the Point of Beginning.

Containing 970 Square Feet.



**EXHIBIT A**  
**TEMPORARY CONSTRUCTION EASEMENT**  
**PARCEL NO. 756870-0785**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite 5 AVE Highway Engineer's Station (hereinafter referred to as "HES") 46+59.06 on the centerline of the 5<sup>th</sup> AVE NE of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 65.25 feet Easterly therefrom;

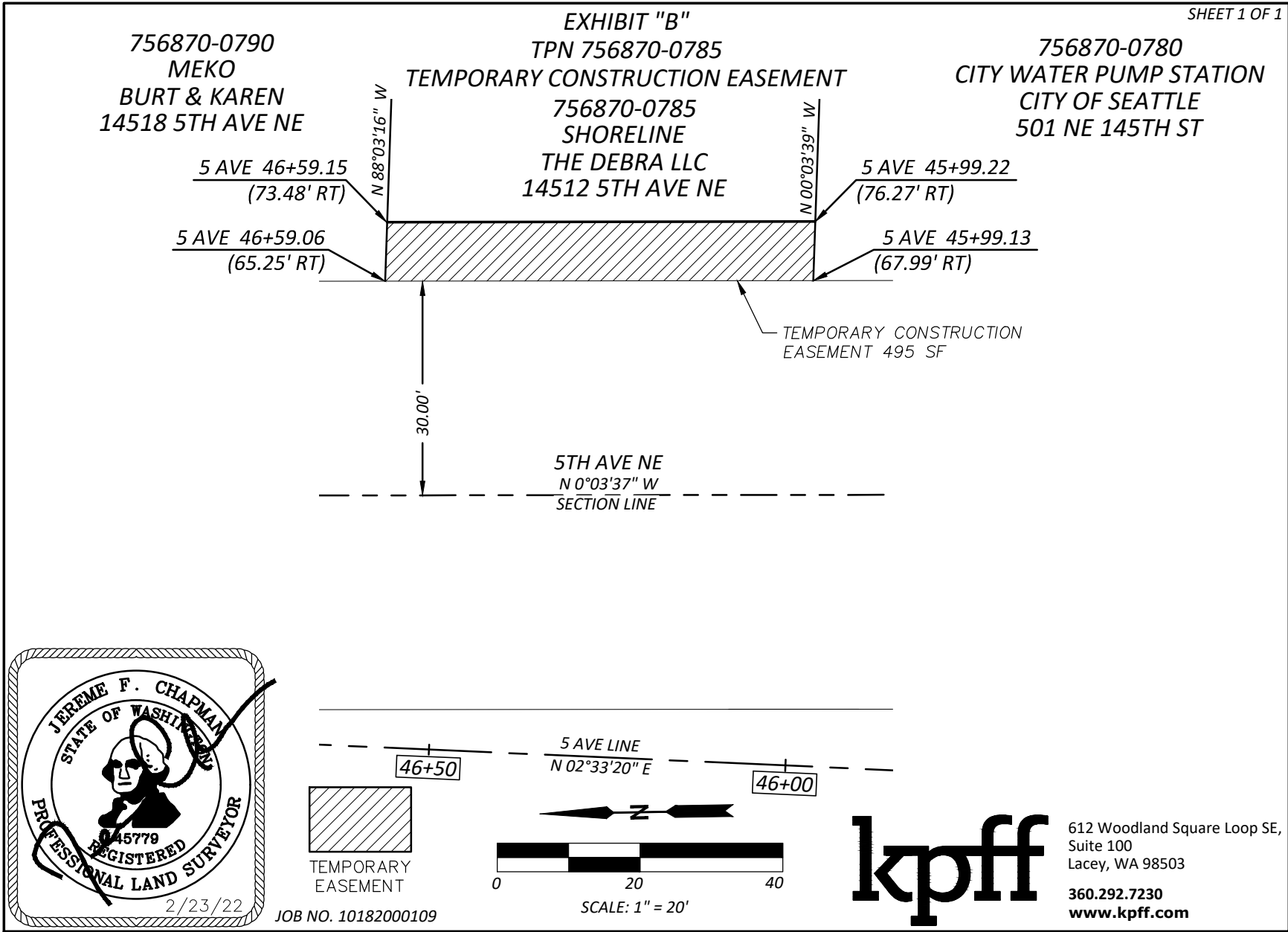
Thence Southerly to a point opposite 5 AVE HES 45+99.13 and 67.99 feet Easterly therefrom;

Thence Easterly to a point opposite 5 AVE HES 45+99.22 and 76.27 feet Easterly therefrom;

Thence Northerly to a point opposite 5 AVE HES 46+59.15 and 73.48 feet Easterly therefrom;

Thence Westerly to the Point of Beginning.

Containing 495 Square Feet.



**EXHIBIT A**  
**TEMPORARY CONSTRUCTION EASEMENT**  
**PARCEL NO. 756870-0790**

That portion of the SW Quarter of the SE Quarter of Section 17, Township 26 North, Range 4 East, W.M., described as follows:

Beginning at a point opposite 5 AVE Highway Engineer's Station (hereinafter referred to as "HES") 46+95.82 on the centerline of the 5<sup>th</sup> AVE NE of the SR 523 (NE 145<sup>TH</sup> ST) & I-5 Interchange Improvements Right of Way Plan Dated September 14<sup>th</sup>, 2021 and 63.44 feet Easterly therefrom;

Thence Southerly to a point opposite 5 AVE HES 46+59.06 and 65.25 feet Northerly therefrom;

Thence Easterly to a point opposite 5 AVE HES 46+59.15 and 73.48 feet Northerly therefrom;

Thence Northerly to a point opposite 5 AVE HES 46+96.33 and 71.63 feet Northerly therefrom;

Thence Westerly to the Point of Beginning.

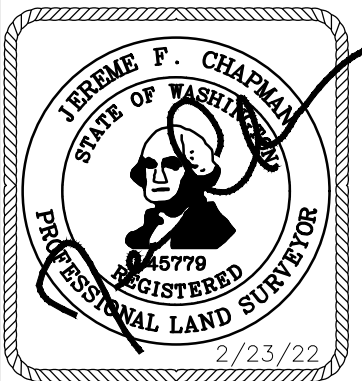
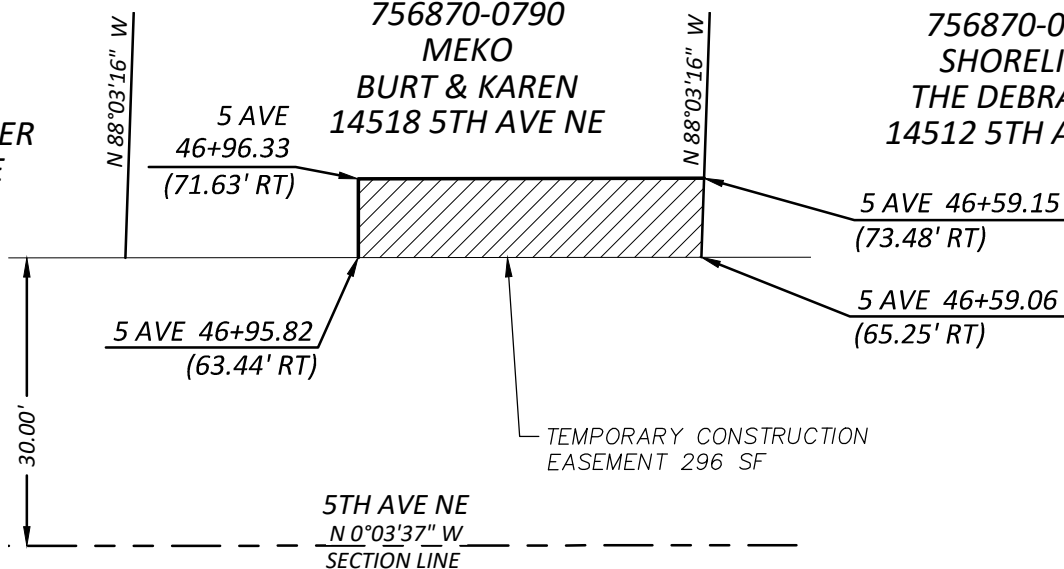
Containing 296 Square Feet.



756870-0795  
SHIELDS  
FRANCIS H & JENNIFER  
14526 5TH AVE NE

756870-0790  
MEKO  
BURT & KAREN  
14518 5TH AVE NE

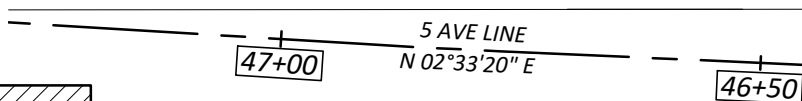
756870-0785  
SHORELINE  
THE DEBRA LLC  
14512 5TH AVE NE



JOB NO. 10182000109



TEMPORARY  
EASEMENT



SCALE: 1" = 20'

kpff

612 Woodland Square Loop SE,  
Suite 100  
Lacey, WA 98503

**360.292.7230**  
**www.kpff.com**

## **CITY COUNCIL AGENDA ITEM**

### **CITY OF SHORELINE, WASHINGTON**

<b>AGENDA TITLE:</b>	Approval of Property Tax Exemption Program Contract for the Shoreline Multifamily, LLC Project Located at 18551 Aurora Avenue N
<b>DEPARTMENT:</b>	Recreational, Cultural and Community Services City Manager's Office
<b>PRESENTED BY:</b>	Kerry Feeman, Housing and Human Services Coordinator Nathan Daum, Economic Development Program Manager
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing <input type="checkbox"/> Discussion

**PROBLEM/ISSUE STATEMENT:**

The City Manager has approved an application by Shoreline Multifamily, LLC for a Multi-Family Limited Property Tax Exemption (MFTE; also known as PTE for Property Tax Exemption) on a project at 18551 Aurora Avenue N. The applicant has agreed to a contract with the City stating that the residential improvements of their projects will be exempt from property taxation for 12 years in exchange for providing affordable housing and other conditions. Shoreline Municipal Code (SMC) Section 3.27.060 specifies that City Manager approval of this contract is subject to approval by the City Council. Tonight, staff is seeking Council approval of this MFTE contract for the project at 18551 Aurora Avenue N.

**RESOURCE/FINANCIAL IMPACT:**

During the development of an MFTE project, the value of the improvements is taxable until the City certifies completion of the project and compliance with MFTE requirements. On the following January 1<sup>st</sup>, the 12-year tax exemption begins, but this does not reset tax revenues. Forgone taxes are only those levied on the difference between the value assessed during construction and full value upon completion. The balance will not be added to the assessed value until the 13<sup>th</sup> year. When the assessor last valued properties, construction had not begun so a precise estimate was not calculated.

For the purposes of this report, zero tax revenue to the City on the value of the improvements was assumed during the 12-year exemption period. However, due to the assumed increase in population, staff estimates tax revenues to the City from this project would, overall, increase despite the exemption on the improvements. 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. More detailed financial information about this project can be found in the Resource/Financial Impact Section later in this report.

### **RECOMMENDATION**

Staff recommends that the City Council approve the MFTE contract for 18551 Aurora Avenue N.

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

## **BACKGROUND**

The Multi-Family Tax Exemption (MFTE; also known as PTE for Property Tax Exemption) program was enacted by the State legislature to provide incentives to construct multifamily housing and later amended to help create affordable housing. According to the conclusions of the Growth Management Act and the legislature, multifamily housing and affordable housing are needed throughout the Puget Sound metropolitan area to help mitigate negative environmental impacts of population growth in the region.

The MFTE program provides the property owner an exemption from the *ad valorem* property taxes on new or rehabilitated housing improvements (including residential parking) for the duration of the exemption period. Shoreline has offered an MFTE program in nine designated Residential Targeted Areas for many years. Shoreline Municipal Code (SMC) Chapter 3.27 was most recently updated in 2021 by the adoption of Ordinance No. 944. The current Shoreline MFTE program requires that at least 20% of the project be affordable and provides a qualified project 12 years of exemption from property taxation.

## **DISCUSSION**

The City Manager has approved an MFTE application by Shoreline Multifamily, LLC for a project at 18551 Aurora Avenue N. The 18551 Aurora Avenue N Project complies with all applicable requirements of RCW 84.14.060 and SMC 3.27.040. The next step in the MFTE process is for the City Council to approve or deny the contract that defines the terms under which the City will grant property tax exemptions, including binding the property to provide affordable housing for the period according to the RCW 84.14 and Chapter 3.27 SMC.

Project details include:

Location:	18551 Aurora Avenue N
Residential Targeted Area:	Aurora Avenue North Corridor
Units provided:	161
Affordable units provided:	33
Duration of tax exemption:	12 years
Affordability levels:	Studio and 1-bedroom units - 70% of the King County Area Median Income (AMI) 2-bedroom and larger units - 80% of the King County AMI
Duration of affordability:	12 years
Expected completion:	March 2023
Permit number:	PLN20-0202

## **Next Steps**

If the Council approves the proposed contract, the City Manager will issue Conditional Certificates of Property Tax Exemption to the applicant. The applicant has three years to complete the project and then may apply to the City for a Final Certificate. The City Manager may approve (or deny) the Final Certificate application without Council action.

If approved, the City will file the Final Certificate with the County Assessor and the residential improvements will be exempt beginning the following January 1<sup>st</sup>.

### **RESOURCE/FINANCIAL IMPACT**

During the development of an MFTE project, the value of the residential improvements is taxable until the City certifies completion of the project and compliance with MFTE requirements. On the following January 1<sup>st</sup>, the 12-year tax exemption on residential improvements begins, but this does not reset tax revenues for the City or other districts. That taxation—typically less than 100% of the ultimate, finished-project value—is effectively shifted to other taxpayers. If, in the event an assessment of the property is filed at 100% completion, but before issuance of a final certificate of tax exemption, the total value of the project could be added to the City's total assessed value. As an MFTE project, the exempted taxes on the improvements would, in that case be collected from taxpayers across the City. This shift to the City's approximately 22,000 households would amount to approximately \$30,000 in City share of property taxes, or \$1.5 per household per year.

The tax foregone is only that amount levied on the difference between the assessed value when evaluated during construction and upon completion. The balance will not be added to the assessed value until the 13<sup>th</sup> year. When the Assessor last valued properties, construction had not begun so a precise estimate was not calculated. For the purposes of this report, zero tax revenue to the City on the value of the improvements was assumed during the 12-year exemption period. However, due to the assumed increase in population, staff estimates tax revenues to the City overall would increase despite the exemption on the improvements.

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.

### **Tax Exemption Savings**

While the Assessor's data won't be available until the project is constructed, rough estimates based on other Shoreline MFTE projects suggest that over the 12 years of exemption, the owner will save somewhere between \$340,000 to \$360,000 in City taxes and \$3.2 million to \$3.4 million from all taxing districts (about \$103,000 per affordable unit).

### **Public Benefit Calculation**

Current income and rent limits are attached to this staff report. Using the reported market rents of another new, nearby property, the City estimates the 12-year value of the affordable housing (the public benefit) to be approximately \$3,000,000, or \$90,000 per affordable unit. (This "rent gap" could turn out to be higher or lower, depending on relative changes between market and affordable rents over time.)

### **Limited Fiscal Analysis**

Although the valuation of the project may not be fully on the City's tax rolls for 12 years, therefore lowering the amount of new property tax collected, there are other revenue streams that will be generated by the project and the occupants of the units to off-set

the costs of providing services to the new residents. These include one-time revenues and on-going revenues, which are highlighted below.

#### Estimated One-time City Revenues

One-time revenues for this project include the following:

- Real Estate Excise Tax (REET) is collected when a property is sold. The REET collected by the City on the developer's purchase of this property is estimated at approximately \$47,500.
- Sales & Use Tax: Sales and use tax is collected by the City on construction when a project is developed in Shoreline. The City's share of sales taxes, which are collected on the total of a project's hard and soft costs, are estimated at \$285,383 for this project.
- Impact Fees: The City currently collects park and transportation impact fees for all new residential units (single-family and multi-family). For this project, based on transportation impact analysis performed by a third-party consultant, transportation impact fees of \$1,652 per unit were collected. Park impact fees of \$2,838 per unit were collected. In total, \$722,872 in impact fees were collected for the 161 units of this Project. While impact fees are designed to ensure concurrency with a level of service as a result of the growth in population, they also contribute to prioritized projects of benefit to the whole community.

In total, it is anticipated that this project will pay the City an estimated \$1,055,755 in one-time taxes and fees, not including permit fees. This is outlined in Table 1 below:

**Table 1: Estimated One-time City Revenues (18551 Aurora Avenue N)**

REET on Land Sale	\$47,500
Sales Tax of 1.05% (Construction)	\$285,383
Impact Fees (161 Units X \$4,490)	\$722,872
<b>Total</b>	<b>\$1,055,755</b>

#### On-Going Revenues

On-going revenues for the project include the following:

- Sales & Use Tax: As new residents occupy the multi-family units, they buy goods in Shoreline that generate sales tax. On average, staff estimates that each resident of a multi-family unit generates approximately \$202.43 per year of sales taxes in Shoreline.
- Utility Taxes: All residents of multi-family housing use a variety of utilities which are subject to utility taxes and franchise fees. This includes water, wastewater, solid waste, electricity, natural gas, cable, telecommunications, and surface water. On average, staff estimates that each resident of a multi-family unit generates approximately \$114.77 per year of utility taxes.
- State Shared Revenues: Many of the state shared revenues distributed to the City are based on a per capita basis. Assuming that the average multi-family unit occupancy is two people per unit, each resident of a unit generates approximately \$36.15 per year of state shared revenues.

Table 2 below provides a comparison of estimated on-going annual City revenues from the property prior to the development, the annual revenues during the 12-year property tax exemption period, and the annual revenues following the expiration of the 12-year tax exemption period. This project is under construction on a former commercial property. Due to confidentiality laws, tax data pertaining to an individual taxpayer was not available for staff's analysis of the preexisting use. For a rough estimate, staff determined an equivalent of 100 taxpayers residing on the property could be substituted. As such, the pre-redevelopment City revenues from the property and business located on it are estimated to have been approximately \$45,500 per year. Despite the tax exemption on the improvements, this total would more than double during the 12-year tax exemption period to approximately \$113,100 per year. By staff's analysis, 91% of those ongoing annual revenues could be attributed to the new residents, not the building developer or owner. Following the expiration of the tax exemption, the addition of the higher assessed value of the new improvements could bring this total to approximately \$185,800 in revenues to the City, 55% of which could be attributed to the new residents.

**Table 2: Estimated Annual Revenue - 18551 Aurora Avenue N**

	<b>Pre-Development</b>	<b>Development and MFTE Program Duration</b>	<b>Post MFTE Program</b>
<b>Assumptions</b>		(Years 1-12)	(Years 13+)
<b>Total Units</b>	0	161	161
<b>MFTE Program-Enrolled Affordable Units</b>	0	33	0
<b>Population</b>	0	322	322
<b>Property Tax (Land)</b>	\$10,700	\$10,700	\$10,700
<b>Property Tax (Improvements)</b>	0	0	\$72,800
<b>Sales Tax</b>	\$16,700	\$53,700	\$53,700
<b>Utility Tax</b>	\$11,500	\$37,000	\$37,000
<b>State-Shared Revenue (restricted)</b>	\$3,600	\$11,600	\$11,600
<b>Total (Annual)</b>	<b>\$42,500</b>	<b>\$113,100</b>	<b>\$185,800</b>

### **RECOMMENDATION**

Staff recommends that the City Council approve the MFTE contract for 18551 Aurora Avenue N.

### **ATTACHMENTS**

Attachment A: Proposed MFTE Contract  
Attachment B: Summary of Approved MFTE Projects in Shoreline  
Attachment C: 2021 Income and Rent Limits

WHEN RECORDED, MAIL TO:

City of Shoreline  
17500 Midvale Ave N  
Shoreline, WA 98133

ATTN: City Clerk

**WASHINGTON STATE COUNTY AUDITOR/RECORDER/S INDEXING FORM**

<p><b>Document Title(s)</b> <i>(or transactions contained therein):</i></p> <p><b>MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT-18551 AURORA AVE N</b></p>
<p><b>Reference Number(s) of Documents assigned or released:</b></p> <p><input type="checkbox"/> Additional reference numbers on page ____ of document.</p>
<p><b>Grantor(s)</b> <i>(Last name first, then first name and initials):</i></p> <p>1. <u>Shoreline Multifamily, LLC</u></p> <p><input type="checkbox"/> Additional names on page ____ of document.</p>
<p><b>Grantee(s)</b> <i>(Last name first, then first name and initials):</i></p> <p>1. <u>CITY OF SHORELINE, WASHINGTON</u></p> <p><input type="checkbox"/> Additional names on page ____ of document.</p>
<p><b>Legal Description</b> <i>(abbreviated form; i.e., lot, block, plat name, section-township-range):</i></p> <p><u>LOTS 72 THROUGH 75, RICHMOND HIGHLANDS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 18 OF PLATS, PAGE 77, IN KING COUNTY, WASHINGTON; EXCEPT THAT PORTION OF LOT 72 HERETOFORE CONVEYED TO THE STATE OF WASHINGTON FOR ROAD BY DEED RECORDED UNDER RECORDING NUMBER 2173656; AND EXCEPT THAT PORTION OF LOT 73 CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 190508 FOR STATE ROAD NO. 1.</u></p> <p><u>EXCEPT THAT PORTION CONVEYED TO THE CITY OF SHORELINE IN DEED RECORDED UNDER RECORDING NO. 20090304001685;</u></p> <p><u>TOGETHER WITH THAT PORTION OF AURORA AVENUE NORTH AS VACATED BY ORDINANCE 605 OF THE KING COUNTY COUNCIL RECORDED UNDER RECORDING NO. 20110706000491;</u></p> <p><u>ALSO EXCEPT THAT PORTION IN STIPULATED JUDGMENT AND DECREE OF APPROPRIATION FILED IN KING COUNTY SUPERIOR COURT CAUSE NO. 10-2-22390-8 AND RECORDED UNDER RECORDING NO. 20110204000901, RECORDS OF KING COUNTY.</u></p> <p><input checked="" type="checkbox"/> Additional legal on Exhibit "A" of document.</p>
<p><b>Assessor's Property Tax Parcel Account Number(s):</b></p> <p><u>728390-0720</u></p>

*The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document.*



**MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT**

**18551 AURORA AVE N**

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT (the "Contract") is made and entered into as of this \_\_\_\_\_ day of September, 2021, by and between the CITY OF SHORELINE, a Municipal Corporation of the State of Washington (the "City"); Shoreline Multifamily, LLC, a California limited liability company (the "Owner").

WHEREAS, the City has an interest in stimulating new construction or rehabilitation of multi-family housing in Residential Targeted Areas in order to reduce development pressure on single-family residential neighborhoods, increase and improve housing opportunities, provide affordable housing opportunities, and encourage development densities supportive of transit use; and

WHEREAS, the City has, pursuant to the authority granted to it by Revised Codes of Washington (RCW) Chapter 84.14, designated various areas of the City as Residential Targeted Areas for the provision of a limited property tax exemption for new or rehabilitation multi-family housing; and

WHEREAS, the City has, as set forth in Chapter 3.27 SMC, enacted a program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the King County Assessor that the owner is eligible to receive a limited property tax exemption; and

WHEREAS, the Owner is interested in receiving a limited property tax exemption for constructing 161 units of NEW multifamily housing ("Project") within the Aurora Avenue North Corridor Residential Targeted Area pursuant to SMC 3.27.030; and

WHEREAS, the Owner submitted to the City a complete application for Property Tax Exemption outlining the proposed Project to be constructed on property located at 18551 Aurora Avenue N in Shoreline, Washington ("Property") and legally described in **Exhibit A** of this Contract; and

WHEREAS, in consideration of the City's approval of Permit No. PLN20-0202, the Owner accepts certain conditions affecting the use of the Property and the improvements authorized by Permit No. MFR21-0017. It is the purpose of this Contract to set forth those conditions and to impose enforceable restrictions on the use and occupancy of the residential portion of the Property; and

WHEREAS, on April 13, 2021 the city manager determined that the application met all the eligibility and procedural

requirements to qualify for a Conditional Certificate of Acceptance of Property Tax Exemption as provided in Chapter 3.27 SMC, with the exception of entering in to and recording this Contract; and

WHEREAS, on \_\_\_\_\_, the City Council authorized the city manager to execute this contract; and

WHEREAS, the City has determined that the improvements will, if completed as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW, THEREFORE, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the City mutually agree as follows:

#### SECTION 1 – DEFINITIONS

Unless otherwise expressly provided herein, the following terms shall have the respective meanings set forth below. If a term is not defined herein, then it shall be defined as provided in Chapter 20.20 SMC or given its usual and customary meaning.

"Affordable Units" means the thirty-three (33) units in the Project designated by the Owner and approved by the City, as set forth in **Exhibit B**, and reserved for occupancy by Eligible Households with maximum rents pursuant to Section 3.

"City's Designee" mean that individual(s) authorized by the City to administer this Contract.

"Completion Date" means the date of the first certificate of occupancy issued by the City for the Project.

"Compliance Period" means twelve (12) years from the date of initial occupancy of the Affordable Units.

"Dwelling Unit" means a residential living facility, used, intended, or designed to provide physically segregated complete independent living facilities for one or more persons, including living, sleeping, cooking and sanitation facilities.

"Eligible Household" means one or more adults and their dependents who meet the qualifications for eligibility set forth in Section 3.F. or Section 3.I.

"Household Income" means gross annual income from all household members over the age of 18 residing in the household. Gross annual income consists of all wages, benefits (e.g. military, unemployment, welfare), interest, and other such income. Income of

dependents over the age of 18 who reside within a household for less than three (3) months of the year will not be counted toward Household Income.

"Household Size" means all of the persons, related or unrelated, occupying an Affordable Unit. For the purpose of calculating maximum Housing Expenses, the following assumptions apply:

<u>UNIT TYPE</u>	<u>ASSUMED HOUSEHOLD SIZE</u>
Studio	1 Person
Open 1-Bedroom	1.5 Persons
1 Bedroom	1.5 Persons
2 Bedroom	3 Persons
3 Bedroom	4.5 Persons

"Housing Expense" means a tenant's costs for rent, parking for one motor vehicle, if a parking space is available, Utilities or an equivalent Utility Allowance, and any recurring expenses required by the Owner as a condition of tenancy. Expenses that the Owner makes optional, such as pet rent, extra storage space, or additional parking, are not considered Housing Expenses for the purpose of this Contract.

"Median Income" means the median family income for the *Seattle-Bellevue, WA HUD Metro FMR Area* as most recently published by the Secretary of Housing and Urban Development (HUD), as amended. In the event that HUD no longer publishes median family income figures, the City may estimate the Median Income applicable to the City in such manner as the City shall reasonably determine in its sole discretion.

"Property" means the real property, together with improvements, legally described in **Exhibit A**.

"Project" means the Owner's multi-family residential building containing 161 Dwelling Units also known as "18551 Aurora Ave N."

"SMC" means the Shoreline Municipal Code, as it now exists or hereinafter amended.

"Utility" or "Utilities" means water, electricity, natural gas, sewer, and garbage collection but not including phone, internet service, or cable or satellite television.

"Utility Allowance" means that portion of Housing Expenses that the City determines, from time to time, is adequate for the reasonable Utility costs of Affordable Units in the event the Owner makes tenants responsible for payment for their own Utilities.

## SECTION 2 – THE PROJECT

A. General Description. The Owner will construct the Project for purposes of providing multi-family rental housing, and the Owner shall own, manage, and operate (or cause the management and operation of) the Project. The Owner agrees to construct the Project in compliance with all applicable land use regulations and as approved and permitted by the City. In no event shall such construction provide less than fifty percent (50%) of the space for permanent residential occupancy as required by SMC 3.27.040(A)(2).

B. The Owner agrees to complete construction of the agreed upon improvements within three (3) years from the date the City issues the Conditional Certificate of Acceptance of Tax Exemption, or within any extension thereof granted by the City.

C. Conversion from Renter-Occupied to Owner-Occupied. In the event the Property is proposed for conversion to a condominium, owner-occupied, or non-rental residential use during the Compliance Period, the Owner must submit to the City for its review a plan for preserving the Affordable Units. The City may consider options which would convert the Affordable Units to owner-occupancy by Eligible Households and are consistent with the provisions of Chapter 3.27 SMC and SMC 20.40.235. The Owner must receive authorization from the City prior to conversion to condominium, owner-occupied, or non-rental residential use. This section does not waive the Owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.

## SECTION 3 – AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. The Project shall include the number and types of Affordable Units as set forth in the table below.

Dwelling Units in the Project

Unit Type (Bedrooms)	Total Units	Affordable Units
Studio	54	11
Open 1-bedroom	48	10
1-bedroom	34	7
2-bedroom	19	4
3-bedroom	6	1
Total	161	33

B. Similar Quality Construction. All of the Dwelling Units in the Project shall be constructed of similar quality. The Affordable Unit(s) shall have substantially the same net square footage, equipment, and amenities as other Dwelling Units in the Project with a comparable number of rooms.

C. Designation of Affordable Units. Affordable Units shall be generally distributed throughout the Project. The Owner agrees to designate the Dwelling Units identified in **Exhibit B** as Affordable Units. The Owner, from time to time, may propose to change the specific Dwelling Units designated as Affordable Units herein, in which case the Owner shall notify the City of the proposed change in writing for the City's approval. The City will review the proposed changes and shall approve or deny the proposed changes based upon the criteria that at all times at least 33 of all of the Dwelling Units in the Project are designated as Affordable Units, and provided that at all times the same unit mix and affordability mix is retained.

D. Maximum Rents for Affordable Units.

(1) The Housing Expense of an Affordable Unit shall not exceed thirty percent (30%) of the Income Level relevant for the Unit Type shown in the following table, with adjustments for assumed Household Size.

**Maximum Affordable Rents**

<b>Unit Type</b>	<b>Income Level (Percent of Median Income)</b>
Studio, Open 1-bedroom, or 1-bedroom	70%
2 or more bedrooms	80%

(2) An Affordable Unit's contract rent shall not exceed the Unit's maximum Housing Expense less a Utility Allowance (if applicable) and any other recurring expenses required by the Owner as a condition of rental.

(3) No Affordable Unit's tenant shall have more than one rent increase for the same Unit in any twelve (12)-month period; provided, however, that in the event an Affordable Unit's lease expires and said tenant elects to continue leasing the Affordable Unit on a month-to-month tenancy, and the tenant remains an Eligible Household, the Owner may increase the rent for that Affordable Unit up to once every thirty (30) days but no higher than the maximum contract rent as set forth in this section.

E. Renting Affordable Units to Eligible Households. During the Compliance Period, the Owner shall lease or rent, or make

available for lease or rental, to Eligible Households all of the Affordable Units in the Project. If at any time the Owner is unable to rent or lease an Affordable Unit, then the Affordable Unit shall remain vacant pending rental or lease to Eligible Households.

F. Income Qualifications for Eligible Households.

(1) To qualify as an Eligible Household for initial occupancy of an Affordable Unit, a household's Household Income may not exceed the applicable Percent of Median Income set forth in the table below, adjusted for the household's Household Size.

**Maximum Income at Initial Occupancy Maximum**

Bedrooms	Percent of Median Income
Studio, Open 1-bedroom, or 1-bedroom	70%
2 or more bedrooms	80%

(2) At time of recertification, as provided in Section I below, a tenant will remain an Eligible Household as long as said tenant's Household Income does not exceed the Maximum Income for Recertification.

G. Occupancy Limits for Affordable Units. The Owner shall utilize the following occupancy standards for Affordable Units:

Unit Type	Minimum Occupants
Studio, Open 1-bedroom, or 1-bedroom	1 person
2-bedroom	2 persons
3-bedroom	3 persons
4-bedroom	4 persons

H. Completion of Certificate of Household Eligibility. Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certification of Household Eligibility ("COHE") that shall be substantially in the form set forth in **Exhibit C**. The Owner shall also undertake a good faith effort to verify the prospective tenant's Household Income, as reported on the completed COHE. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the prospective tenant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by

the prospective tenant is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records that the City may consider appropriate.

I. Household Eligibility Recertification. At each renewal of a lease for an Affordable Unit, the Owner shall require all tenants occupying Affordable Units to complete and return to the Owner an updated COHE. The Owner shall undertake a good faith effort to verify the reported Household Income as set forth in Section 3(H). If a tenant's Household Income exceeds the Maximum Income for Recertification set forth below when the tenant's lease expires, then within ninety (90) calendar days either (a) the Owner may charge said tenant the current, applicable market rent for the Dwelling Unit and the Owner must designate and rent the next available comparable market rate Dwelling Unit as an Affordable Unit, or (b) the tenant must vacate the Dwelling Unit, unless otherwise prohibited by law, so as to make it available for an Eligible Household.

**Maximum Household Income for Recertification**

Bedrooms	Percent of King County Median Income
Studio, Open 1-bedroom, or 1-bedroom	90%
2 or more bedrooms	100%

J. Equal Access to Common Facilities. Tenants in the Affordable Units shall have equal access to all amenities and facilities of the Project, such as parking, fitness centers, community rooms, and swimming pools. If a fee is charged for the use of an amenity or facility, then all tenants in the Project must be charged equally for such use.

**SECTION 4 - MULTI-FAMILY LIMITED PROPERTY TAX EXEMPTION**

A. The City agrees to issue the Owner a Conditional Certificate of Acceptance of Tax Exemption ("Conditional Certificate") once this Contract is approved by the City Council, fully executed, and recorded with the King County Recorder's Office. The Conditional Certificate shall expire three (3) years from the date the City Manager approved the Owner's application for tax exemption, unless extended by the City Manager as provided in SMC 3.27.060(B).

B. The Owner shall, upon completion of the improvements and upon issuance by the City of a temporary or permanent certificate of occupancy, file with the City Manager an application for Final Certificate of Tax Exemption ("Final Certificate") with the information and fees required by SMC 3.27.070. Required information includes:

(1) A statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire Property;

(2) A description of the completed work and a statement of qualification for the exemption;

(3) A statement that the work was completed within the required three-year period or any authorized extension; and

(4) A statement that the Project meets affordable housing requirements of Chapter 3.27 SMC.

C. The City agrees, conditioned on the Owner's successful completion of the improvements in accordance with the terms of this Contract and on the Owner's filing of the materials described in Section B above, to file a Final Certificate with the King County Assessor within forty (40) days of application.

D. The Owner agrees, by December 15 of the year in which the City issued a Final Certificate for the Project, to provide the City information sufficient to complete the City's report to the Washington State Department of Commerce as set forth in SMC 3.27.090(D).

E. If the Owner converts any of the new or rehabilitated multi-family housing units constructed under this Contract into another use, the Owner shall notify the King County Assessor and the City Manager within sixty (60) days of such change in use.

F. Owner agrees that the Contract is subject to the Shoreline Multi-Family Housing Tax Exemption set forth in Chapter 3.27 SMC.

## SECTION 5 – ENFORCEMENT

A. Enforcement Provisions. The Owner shall exercise reasonable diligence to comply with the requirements of this Contract and shall correct any noncompliance within sixty (60) calendar days after such noncompliance is first discovered by the Owner, or would have been discovered by the exercise of reasonable diligence, or within 60 calendar days after the Owner receives notice of such noncompliance from the City, whichever is earliest;



provided however, that such period for correction may be extended by the City if the Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following actions:

(1) By any suit, action or proceeding at law or in equity, require the Owner to perform its obligations under this Contract, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; it being recognized that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default;

(2) Have access to, and inspect, examine and make copies of, all of the books and records of the Owner pertaining to the Project; provided, however, the City shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the City's rights hereunder; and

(3) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, conditions, and agreements of the Owner under this Contract.

#### SECTION 6 - CANCELLATION OF TAX EXEMPTION

A. The City reserves the right to cancel the Final Certificate should the Owner, its successors and assigns, fail to comply with any of the terms and conditions of this Contract, Chapter 3.27 SMC, or for any reason that the Project or that portion of the Property on which the Project is constructed no longer qualifies for the tax exemption.

B. Upon determining that a tax exemption is to be canceled, the City Manager shall notify the Owner by certified mail, return receipt request. The Owner may appeal the determination in accordance with SMC 3.27.100.

C. The Owner acknowledges that, in the event the City cancels the tax exemption, state law requires that an additional real property tax is to be imposed in the amount of (1) the difference between the tax paid and the tax that would have been paid if it had included the value of the non-qualifying improvements, dated back to the date that the improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under (1) of this Paragraph C; and (3) interest at the statutory rate on delinquent property taxes and penalties, calculated from the date the tax would have been due without penalty if the

improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and Chapter 3.27 SMC. The Owner acknowledges that, pursuant to RCW 84.14.110, any additional tax owed, together with interest and penalty, become a lien on that portion of the Property on which the Project is constructed and attached at the time the portion of the Property is removed from multi-family use or the amenities no longer meet applicable requirements, and that the lien has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the Property may become charged or liable. The Owner further acknowledges that RCW 84.14.110 provides that any such lien may be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property taxes.

#### SECTION 7 – REPORTING REQUIREMENTS

A. Notice of Occupancy Permit. The Owner shall notify the City's Designee of receipt of the first occupancy permit for the Project within thirty (30) calendar days of the permit's issuance.

B. Initial Project Certification. After the Completion Date and until ninety percent (90%) of all rental units in the Project are occupied, the Owner shall file with the City a Project Certification report, substantially in the form of **Exhibit D**, attached with copies of the COHE required under Section 3 of this Contract.

C. Annual Project Certification. The Owner shall file with the City Manager, within thirty (30) days following the first anniversary of the City's filing of the Final Certificate and each year thereafter for the duration of the property tax exemption, a report substantially in the form of **Exhibit D**, attached with copies of the COHE and which includes information required by SMC 3.27.090, which includes:

(1) A statement of occupancy and vacancy of the newly constructed or rehabilitated Project during the past twelve (12) months ending with the anniversary date;

(2) A certification by the Owner that the Project has not changed use since the date the City approved the Final Certificate and that Project conforms with affordable housing requirements of Chapter 3.27 SMC; and

(3) A description of any subsequent changes or improvements constructed after issuance of the Final Certificate.

D. Maintain Complete Records. The Owner shall maintain complete and accurate records pertaining to the Affordable Units and shall, during regular business hours, permit any duly authorized representative of the City, including, without limitation, the City's Designee, to inspect the books and records of the Owner pertaining to the Affordable Units, including the Initial and Annual Project Certifications, and if applicable, income documentation of households residing in Affordable Units in the Project. The Owner's failure to maintain such records or failure to allow inspection by the City or any duly authorized representative shall constitute a material default hereunder. The Owner shall retain all records pertaining to the Affordable Units for at least six (6) years.

E. Form of Certification. Notwithstanding anything in this Section to the contrary, the Owner shall submit all documentation required by this Section on the forms designated herein, which may be modified by the City from time to time. Changes to forms by the City shall not increase the Owner's obligations hereunder.

#### SECTION 8 – SUBSIDIZED TENANTS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who receive state or federal rent subsidies, such as Housing Choice Vouchers under Section 8 of the United States Housing Act of 1937, or other rent subsidies. The Owner shall not apply, or permit the application of, management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of any Dwelling Units by rent subsidy recipients.

#### SECTION 9 – LEASE PROVISIONS

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Except as restricted in this Contract and under state and federal law, such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the City may review such written policies and may require changes in such policies, if necessary, so that the policies comply with the requirements of this Contract.

B. All leases for Eligible Households shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the COHE, (ii) agrees that the Household Income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy, and (iii) agrees that

misrepresentation in the COHE is a material breach of the lease, entitling the Owner to immediately terminate tenant's lease for the Affordable Unit.

#### SECTION 10 – SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof without first providing a written statement executed by the purchaser that the purchaser understands the Owner's duties and obligations under this Contract and will enter into a contract with the City for the continuation of those obligations. Such notice must be received by the City at least ten (10) working days prior to the close of escrow.

#### SECTION 11 – TERM

This Contract shall become effective upon its execution and shall continue in full force and effect throughout the Compliance Period, unless sooner modified or terminated by the City or property owner consistent with SMC 3.27.100, as adopted on the date of execution of this Agreement.

#### SECTION 12 – NO DISCRIMINATION

The Owner shall not discriminate on the basis of race, creed, religion, color, sex, sexual orientation, age, national origin, marital status, citizenship or immigration status, honorably discharged veteran or military status, or presence of any mental or physical handicap as set forth in RCW 49.60.030, as now existing and as may be amended, in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

#### SECTION 13 – COVENANTS RUN WITH LAND

A. The City and Owner hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Households, and (ii) by furthering the public purposes of providing housing for Eligible Households.

B. The City and the Owner hereby declare that the covenants and conditions contained herein shall bind the Owner and all

subsequent owners of the Project or any interest therein, and the benefits shall inure to the City, all for the Compliance Period. Except as provided in Section 12 of this Contract, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants and conditions of this Contract, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

C. Hold Harmless. The Owner shall defend, indemnify, and hold the City, its officers, officials, employees, volunteers and its Designee and any other party authorized hereunder to enforce the terms of this Contract, harmless from any and all claims, injuries, damages, losses, or suits, including attorney fees, arising out of or resulting from this Contract. This provision shall survive termination or expiration of this Contract.

D. No Third-Party Beneficiaries. The provisions of this Contract and of the documents to be executed and delivered in connection herewith are and will be for the benefit of the Owner and the City only and, are not for the benefit of any third party (including, without limitation, any tenants or tenant organizations), and accordingly, no third party shall have the right to enforce the provisions of this Contract or of the documents to be executed and delivered in connection herewith.

E. The provisions, covenants, and conditions contained in this Contract are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries and are intended to run with the land.

#### SECTION 14 – FORECLOSURE

In the case of any foreclosure, the immediate successor in interest in the Property pursuant to the foreclosure shall assume such interest subject to the lease(s) between the prior Owner and the tenant(s) and to this Contract for Affordable Units. This provision does not affect any state or local law that provides longer time periods or other additional protections for tenants.

#### SECTION 15 – ESTOPPEL CERTIFICATE

The City agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner

or its successor in interest or to any potential or actual purchaser, mortgagor, or encumbrancer of the Project, a written certificate stating, if such is true, that the City has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Contract, or if there are such violations or defaults, the nature of the same.

#### SECTION 16 - AGREEMENT TO RECORD

The Owner shall cause this Contract to be recorded in the real property records of King County, Washington. The Owner shall pay all fees and charges incurred in connection with such recording and shall provide the City with a copy of the recorded document.

#### SECTION 17 - RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. The City assures the Owner that during the duration of this Agreement, any amendments or modifications to SMC 3.27.020.A Affordable Housing or SMC 3.27.040 Eligibility Standards shall not apply unless required by federal or state law. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Household Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

#### SECTION 18 - GOVERNING LAW

This Contract shall be governed by the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions. Venue for any legal actions shall be in King County Superior Court or, if pertaining to federal laws, the U.S. District Court for Western Washington.

#### SECTION 19 - NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the

requirements of this Contract are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

SECTION 20 – AMENDMENTS

This Contract shall be amended only by a written instrument executed by the parties hereto or their respective successors in interest, and duly recorded in the real property records of King County, Washington. Amendments to **Exhibit B** shall be considered approved in writing when the **Revised Exhibit B** is signed by the Owner and the City without the need for a further written document attaching the revised exhibit and striking prior versions of the exhibit. In the event of conflict between versions of **Exhibits B**, the version maintained by the City as the then-current version, signed by Owner and City, shall prevail.

SECTION 21 – NOTICE

A. Any notice or communication hereunder, except legal service of process, shall be in writing and may be given by registered or certified mail. The notice or communication shall be deemed to have been given and received when deposited in the United States Mail, properly addressed with postage prepaid. If given otherwise, it shall be deemed to be given when delivered to and received by the party to whom addressed. Such notices and communications shall be given to the Parties' representatives hereto at their following addresses:

If to the City: City of Shoreline  
17500 Midvale Ave N  
Shoreline, WA 98133  
Attn: City Manager

With a copy to the City's Designee:  
Mike Stanger  
13626 92<sup>nd</sup> Place NE  
Kirkland, WA 98034

If to the Owner: Shea Properties  
130 Vantis Street, Suite 200  
Aliso Viejo, CA 92656  
Attn: Greg Anderson

B. Any party may change its identified representative and address for notices upon ten (10) calendar days prior written notice to the other parties. Legal counsel for a party may deliver notices on behalf of the represented party and such notice shall be deemed delivered by such party.

#### SECTION 22 - SEVERABILITY

If any provision of this Contract shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

#### SECTION 23 - CONSTRUCTION

Unless the context clearly requires otherwise, words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Contract and to sustain the validity hereof.

#### SECTION 24 - TITLES AND HEADINGS

The titles and headings of the sections of this Contract have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in the construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

#### SECTION 25 - COUNTERPART ORIGINALS

This Agreement may be executed in any number of counterpart originals, each of which shall be deemed to constitute an original agreement, and all of which shall constitute one agreement. The execution of one counterpart by a Party shall have the same force and effect as if that Party had signed all other counterparts.

#### SECTION 26 - AUTHORITY TO EXECUTE

Each person executing this Agreement on behalf of a Party represents and warrants that he or she is fully authorized to execute and deliver this Agreement on behalf of the Party for which he or she is signing. The Parties hereby warrant to each other that each has full power and authority to enter into this Agreement

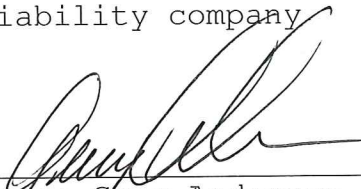


and to undertake the actions contemplated herein and that this Agreement is enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Owner and City have each executed the Multi-Family Housing Limited Property Tax Exemption Contract on the Date first above written.

Owners:


SHORELINE MULTIFAMILY, LLC  
A California limited  
liability company

  
Name: Greg Anderson  
Its: Assistant Secretary

City:

Debbie Tarry  
Its: City Manager

Approved as to Form:

  
Name: Julia Guizan  
Its: ~~Assistant Secretary~~  
Vice President

Julie Ainsworth-Taylor  
Assistant City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of ORANGE

On September 17, 2021, before me, L. Riddle, a Notary Public, personally appeared Greg Anderson and Julia Guizan, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity(ies), and that by their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Saddle



STATE OF WASHINGTON        }  
                                  }     ss.  
COUNTY OF KING            }

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, a  
Notary Public in and for the State of Washington, duly  
commissioned and sworn, personally appeared \_\_\_\_\_,  
known to me to be the \_\_\_\_\_ of the CITY OF  
SHORELINE, who executed the foregoing document on behalf of said  
City, and acknowledged the said document to be the free and  
voluntary act and deed of said City, for the uses and purposes  
therein mentioned, and on oath stated that he or she was  
authorized to execute said document.

IN WITNESS WHEREOF I have given under my hand and official seal  
this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington.

Print Name \_\_\_\_\_

Residing at \_\_\_\_\_

My commission expires \_\_\_\_\_

STATE OF WASHINGTON        }  
                                  }     ss.  
COUNTY OF KING            }

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me,  
a Notary Public in and for the State of Washington, duly  
commissioned and sworn, personally appeared  
\_\_\_\_\_, to me known to be the  
\_\_\_\_\_ of \_\_\_\_\_, a Washington  
limited liability company, who executed the foregoing instrument  
on behalf of the said corporation, and acknowledged the said  
document to be the free and voluntary act and deed of said  
corporation for the uses and purposes therein mentioned, and on  
oath stated that he or she was authorized to execute said  
document.

IN WITNESS WHEREOF I have given under my hand and official seal  
this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State  
of Washington.

Print Name \_\_\_\_\_

Residing at \_\_\_\_\_

My commission expires \_\_\_\_\_

**EXHIBIT A**

LEGAL DESCRIPTION

LOTS 72 THROUGH 75, RICHMOND HIGHLANDS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 18 OF PLATS, PAGE 77, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION OF LOT 72 HERETOFORE CONVEYED TO THE STATE OF WASHINGTON FOR ROAD BY DEED RECORDED UNDER RECORDING NUMBER 2173656; AND

EXCEPT THAT PORTION OF LOT 73 CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 190508 FOR STATE ROAD NO. 1.

EXCEPT THAT PORTION CONVEYED TO THE CITY OF SHORELINE IN DEED RECORDED UNDER RECORDING NO. 20090304001685;

TOGETHER WITH THAT PORTION OF AURORA AVENUE NORTH AS VACATED BY ORDINANCE 605 OF THE KING COUNTY COUNCIL RECORDED UNDER RECORDING NO. 20110706000491;

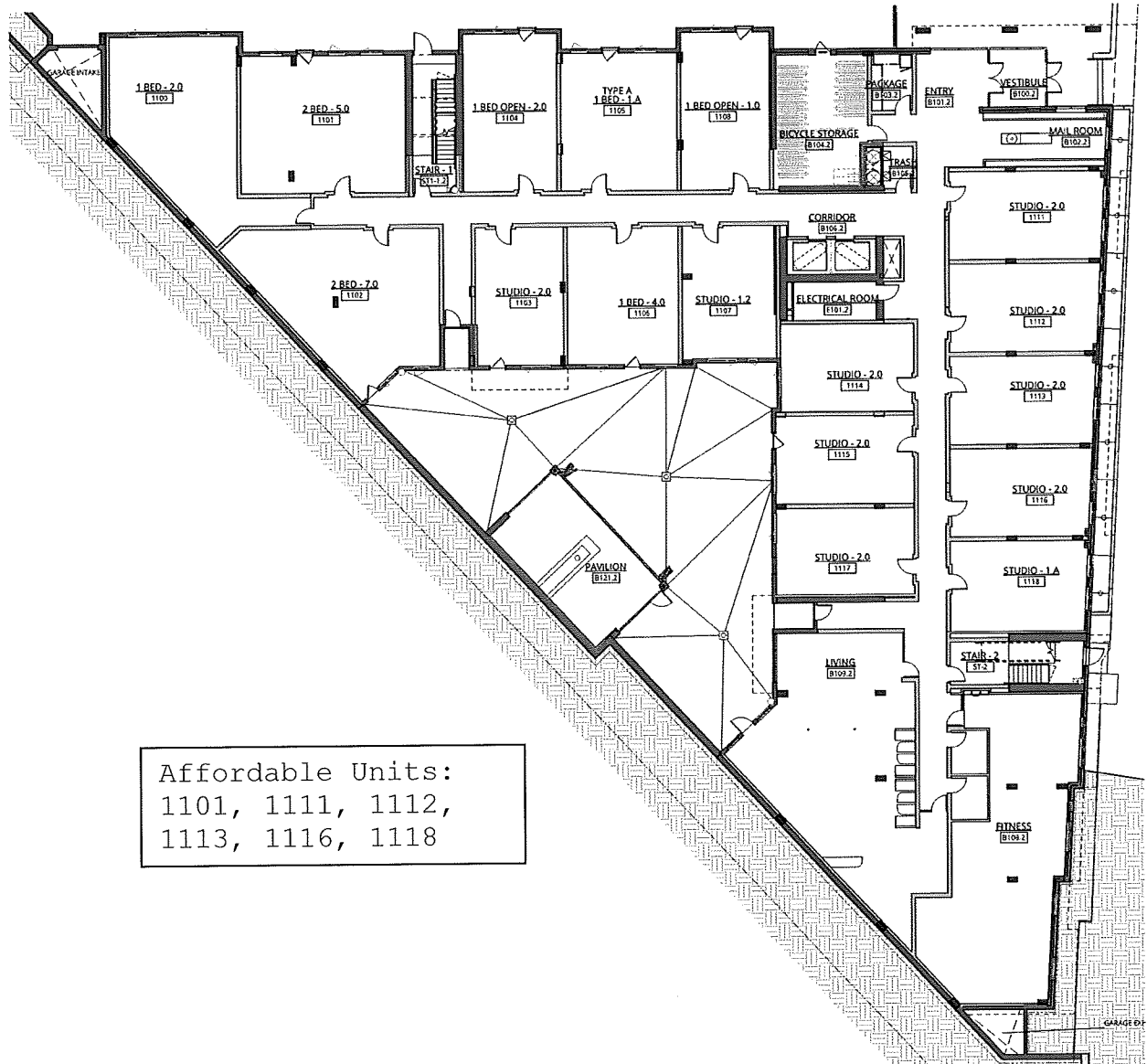
ALSO EXCEPT THAT PORTION IN STIPULATED JUDGMENT AND DECREE OF APPROPRIATION FILED IN KING COUNTY SUPERIOR COURT CAUSE NO. 10-2-22390-8 AND RECORDED UNDER RECORDING NO. 20110204000901, RECORDS OF KING COUNTY.

**EXHIBIT B**

## DESIGNATION OF AFFORDABLE UNITS

<b>Unit Number</b>	<b>Unit Type</b>	<b>Unit Size (sq ft)</b>
1101	2-bedroom	881
1111	Studio	530
1112	Studio	515
1113	Studio	500
1116	Studio	483
1118	Studio	540
1201	2-bedroom	967
1205	1-bedroom	643
1209	2-bedroom	1,062
1211	Open 1-bedroom	578
1212	Open 1-bedroom	587
1213	Open 1-bedroom	540
1216	Studio	524
1220	Studio	452
1222	Studio	455
1306	1-bedroom	603
1309	2-bedroom	964
1311	Open 1-bedroom	578
1313	Open 1-bedroom	542
1322	Studio	435
1405	1-bedroom	643
1406	1-bedroom	603
1410	1-bedroom	655
1411	Open 1-bedroom	578
1413	Open 1-bedroom	542
1417	Open 1-bedroom	553
1422	Studio	435
1502	3-bedroom	1,132
1506	1-bedroom	603
1508	Open 1-bedroom	534
1510	1-bedroom	655
1513	Open 1-bedroom	542
1522	Studio	435

See attached diagram(s).

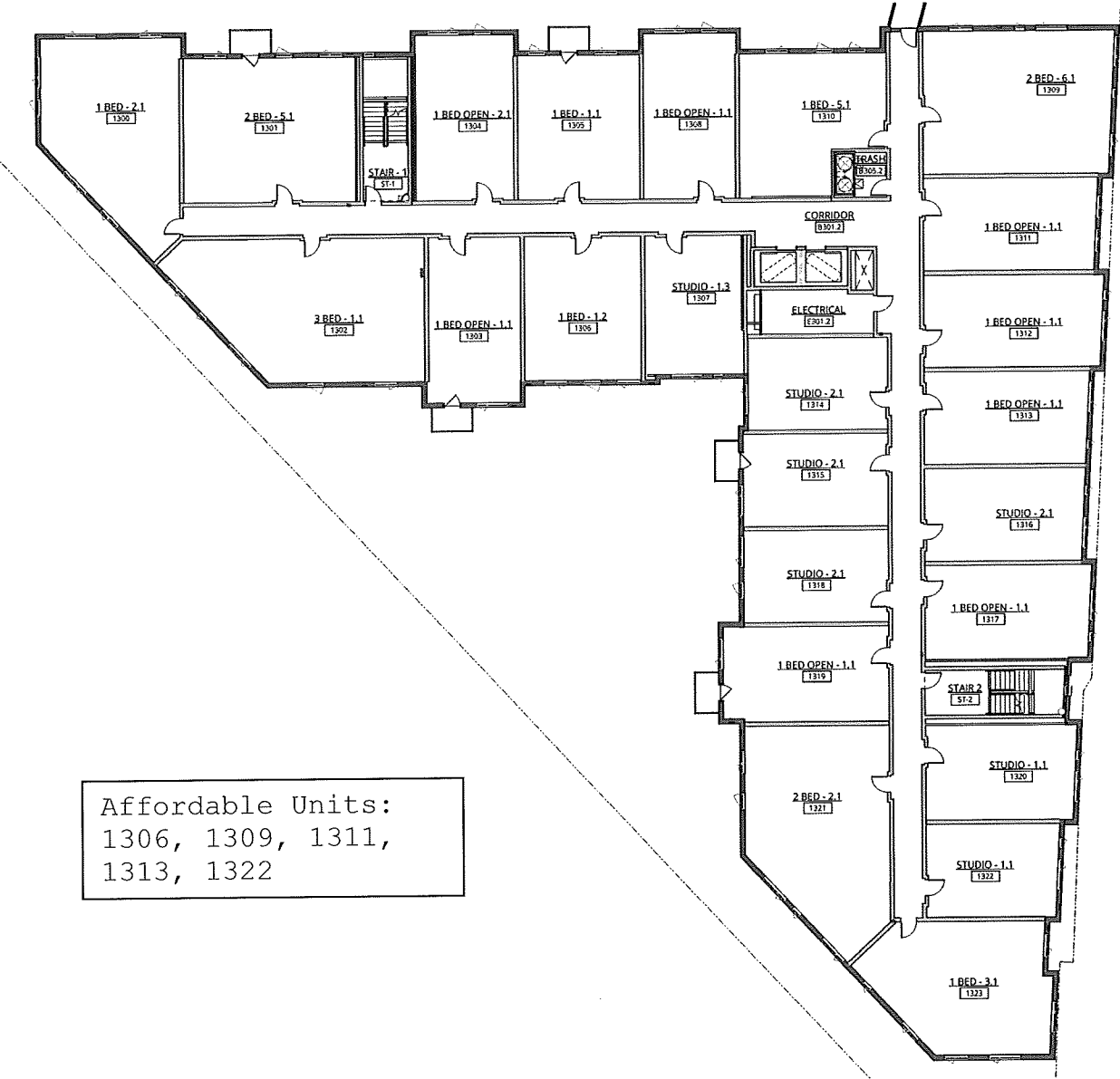


Level 1

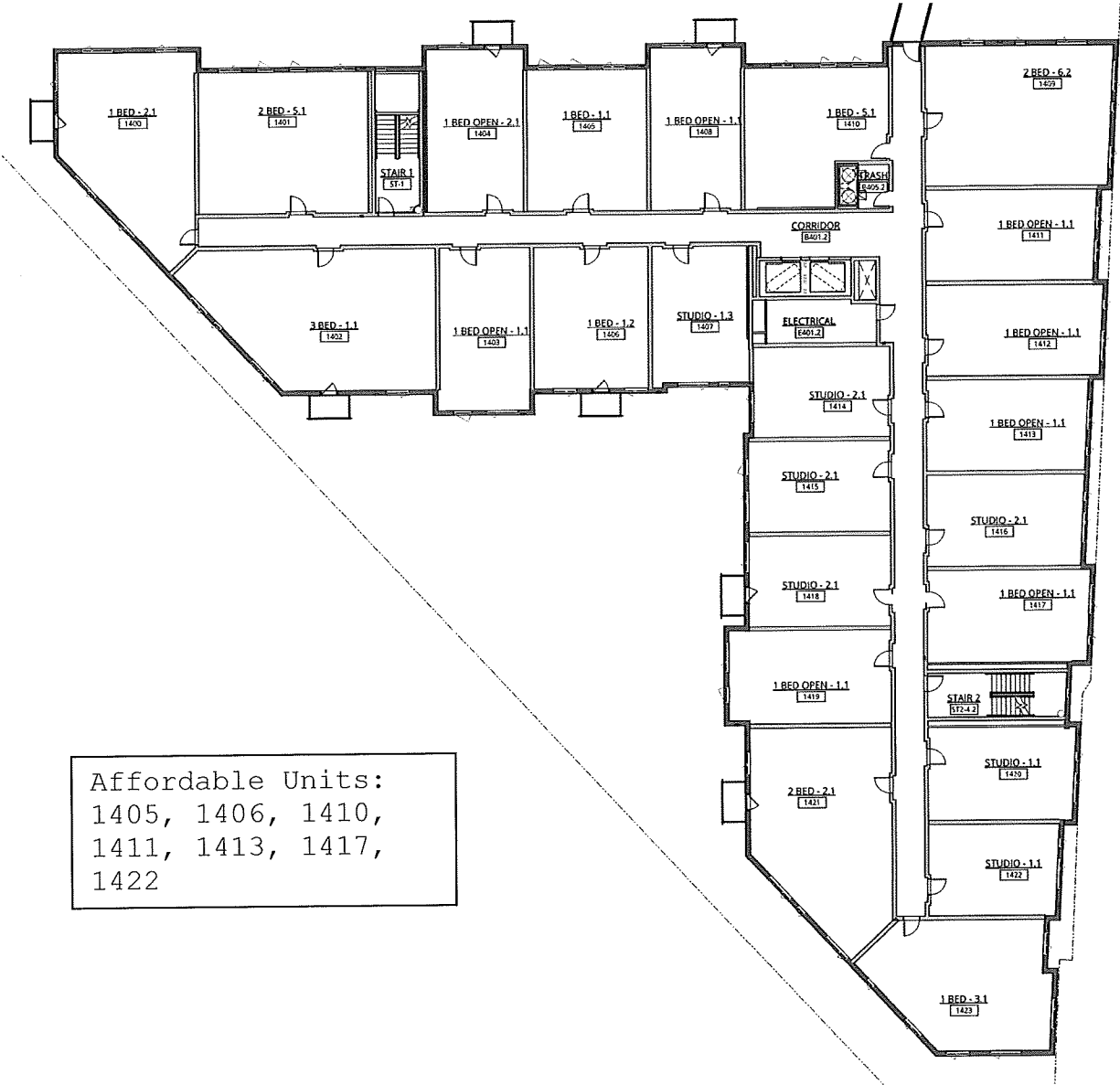


Level 2





Level 3



Level 4



Level 5

EXHIBIT C

FORM OF CERTIFICATE OF HOUSEHOLD ELIGIBILITY

CERTIFICATION OF HOUSEHOLD ELIGIBILITY

City of Shoreline Affordable Housing

I, \_\_\_\_\_, and I, \_\_\_\_\_, as applicants for rental of the following Affordable Unit, do hereby represent and warrant that my/our adjusted annual income is \$ \_\_\_\_\_.

Property: \_\_\_\_\_ Property Address: \_\_\_\_\_

Unit # \_\_\_\_\_ No. of Bedrooms: \_\_\_\_\_ Household size:<sup>1</sup> \_\_\_\_\_ Disabled: Yes / No

The attached computation includes all income I/we received for the date I/we execute a rental agreement for an affordable unit, or the date on which I/we will initially occupy such unit, whichever is earlier.

This affidavit is made with the knowledge that it will be relied upon by the City to determine maximum income for eligibility. I/We warrant that all information set forth in this Certification of Household Eligibility is true, correct and complete based upon information I/We deem reliable, and that the estimate contained in the preceding paragraph is reasonable and based upon such investigation as the undersigned deemed necessary. I/we will assist the Owner in obtaining any information or documents required to verify the statements made in this Certification.

I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of my/our agreement with the Owner to lease the unit and will entitle the Owner to prevent or terminate my/our occupancy of this unit by institution of an action for eviction or other appropriate proceedings.

I/We do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Signature _____	Signature _____
Date _____	Date _____
Mailing _____	Mailing _____
Address _____	Address _____

1 The number of people who will reside with you at least four (4) months of the year.  
27

EXHIBIT C TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION  
CONTRACT

E-mail	_____	E-mail	_____
Address	_____	Address	_____
Phone	_____	Phone	_____

HOUSEHOLD MEMBERS

Name	Age	Name	Age
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

INCOME COMPUTATION

"Household income" includes all items listed below, from all household members over the age of 18. Income of dependents over 18, who reside in the unit for less than four (4) months of the year will not be counted toward household income.

For the previous 12-month period, indicate income received from the following sources:

- a) The full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay and any earned income tax credit to the extent that it exceeds tax liability. \$ \_\_\_\_\_
- b) Net income from operations of a business or profession or net income of any kind from real or personal property. \$ \_\_\_\_\_
- c) Interest and dividends; \$ \_\_\_\_\_
- d) The full amount of periodic payments received from Social Security, pensions, retirement funds, annuities, insurance policies, disability or death benefits, alimony, child support, or any similar type of periodical payments, and any regular contributions or gifts from persons not residing in the unit. \$ \_\_\_\_\_
- e) Public assistance payments. \$ \_\_\_\_\_
- f) Regular and special allowances and pay of a member of the Armed Forces who is a spouse or head of the family. \$ \_\_\_\_\_

EXHIBIT C TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION  
CONTRACT

TOTAL \$\_\_\_\_\_

(NOTE: The following are not considered income: occasional, infrequent gifts of money; one-time payments from insurance policies or an inheritance settlement; scholarships or student loans for tuition, fees or books; foster child care payments; the value of Food Stamp coupons; hazardous duty pay to a member of the Armed Forces; relocation payments; assistance received under the Low-Income Home Energy Assistance Program or any similar program).

**EXHIBIT D**

## FORM OF ANNUAL PROJECT CERTIFICATION

**ANNUAL PROJECT CERTIFICATION FORM****City of Shoreline Affordable Housing**

Project: \_\_\_\_\_

Address: \_\_\_\_\_

The undersigned hereby certifies that during the past 12 months the Affordable Units required in the Declaration of Affordable Housing Covenants were utilized in the following manner:

- a) \_\_\_\_\_ Affordable Units in the Project were rented to new tenants (eligible households).
- b) \_\_\_\_\_ Affordable Units in the Project were re-rented (leases renewed) to tenants whose income for remained qualified under the limit for initial occupancy.
- c) \_\_\_\_\_ Affordable Units in the Project were re-rented to tenants who exceeded the qualifying income for initial occupancy but remained qualified under the income limit for recertification.
- d) \_\_\_\_\_ Affordable Units in the Project were rented to tenants who, at time of recertification, exceeded the qualifying income and either moved to a market-rate unit in the Project or moved out of the Project.
- e) \_\_\_\_\_ Affordable Units in the Project were rented to tenants who, at time of recertification, exceeded the qualifying income and remained in the unit, causing the affordability to be re-designated to a different unit in the Project.

The above information and that on the attached sheet(s) has been verified as required by the Declaration of Affordable Housing Covenants between the City of Shoreline and:

Owner (Company) Name: \_\_\_\_\_

\_\_\_\_\_  
Name of Owner or Owner's Representative (Print)\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 20\_\_\_\_

EXHIBIT D TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION  
CONTRACT

PROJECT NAME \_\_\_\_\_

REPORTING PERIOD: \_\_\_\_\_ through \_\_\_\_\_.

Contract rent included the following (please answer "yes" or "no"):

Electricity and gas? \_\_\_\_\_

Water and sewer? \_\_\_\_\_

Garbage and recycling? \_\_\_\_\_

Other expenses tenants are required to pay in addition to contract rent:

Renter's insurance? \_\_\_\_\_

King County Sewer Capacity Charge? \_\_\_\_\_

Other (specify)? \_\_\_\_\_

Other (specify)? \_\_\_\_\_

Please attach a copy of the property's standard residential lease agreement.



EXHIBIT D TO MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

PROJECT NAME \_\_\_\_\_

Complete the following table for all households occupying Affordable Units in the Project during the period:

Unit #	Tenant's Family Name	Household Size	Move-in Date	Current Lease Begin Date	Current Household Income	Unit Type (BRs)	Affordability Level	Contract Rent

Be sure to include all affordable units. Enter "vacant" under Tenant's Family Name for unoccupied units.

Please attach copies of the current Certificate of Household Eligibility for each Affordable Housing tenant.

## 2022 Property Tax Exemption Program Report - City of Shoreline

Updated 3/14/2022

Currently in PTE Program								
Units	Project	Type	Affordable	Start	End	Improvements Valuation (2022)	City Tax Rate (2022)	City Property Tax Abatement
16	3108 Apartments	12-year affordable	4	1/1/2021	12/31/2032	\$ 3,490,000	\$ 1.13188	\$ 3,950
81	Arabella II	12-year affordable	17	1/1/2020	12/31/2031	\$ 21,928,100	\$ 1.13188	\$ 24,820
164	Geo Apartments	12-year affordable	34	1/1/2021	12/31/2032	\$ 47,042,300	\$ 1.13188	\$ 53,246
80	Interurban Lofts	12-year affordable	16	1/1/2018	12/31/2029	\$ 3,715,600	\$ 1.13188	\$ 4,206
129	Malmö	12-year affordable	26	1/1/2015	12/31/2026	\$ 35,485,000	\$ 1.13188	\$ 40,165
5	North City Development	12-year affordable	1	1/1/2015	12/31/2026	\$ 648,100	\$ 1.13188	\$ 734
221	Paceline	12-year affordable	44	1/1/2019	12/31/2030	\$ 61,617,600	\$ 1.13188	\$ 69,744
165	Polaris*	State program	165	1/1/2015	12/31/2026	see note		
60	Sunrise Eleven	12-year affordable	12	1/1/2018	12/31/2029	\$ 15,727,900	\$ 1.13188	\$ 17,802
72	The 205 Apartments	12-year affordable	14	1/1/2019	12/31/2030	\$ 17,849,000	\$ 1.13188	\$ 20,203
124	Trad Apartments	12-year affordable	25	1/1/2021	12/31/2032	\$ 30,247,700	\$ 1.13188	\$ 34,237
330	The Current	12-year affordable	66	1/1/2022	12/31/2033	\$ 30,528,100	\$ 1.13188	\$ 34,554
243	The Postmark	12-year affordable	49	1/1/2021	12/31/2032	\$ 60,788,500	\$ 1.13188	\$ 68,805
<b>1,690</b>			<b>473</b>			<b>\$ 329,067,900</b>		<b>\$ 372,465</b>

Graduates of PTE Program								
Units	Project	Type		Start	End	Improvements Valuation (2022)	City Tax Rate (2022)	2021 Revenue
88	Arabella	10-year market	n/a	1/1/2008	12/31/2017	\$ 21,928,100	\$ 1.13188	\$ 24,820
<b>88</b>						<b>\$ 21,928,100</b>		<b>\$ 24,820</b>

Conditional Certificates of PTE								
Units	Project	Type	Affordable	Cert. Date	Expiration	Status	Est. Completion	Final App
315	18815 Aurora Ave N	12-year affordable	63	11/7/2019	11/7/2022	Construction	22-Sep	no
227	Quinn by Vintage*	State program	226	11/9/2020	11/9/2023	Construction	Oct-22	no
241	Shoreline 192*	State program	241	Pending		Construction	2024	no
203	Geo II	12-year affordable	41	Pending		Construction	2023	no
22	2152 185th	12-year affordable	5	Pending		Construction	2022	no
15	1719 185th	12-year affordable	3	Pending		Construction	2022	no
235	The Line		47	Pending		Predevelopment		
252	Ion 149th	20-year affordable	51	Pending		Predevelopment	May-24	
547	Shea 145th and 1st NE	12-year affordable	110	Pending		Predevelopment	Jul-05	
299	Shoreline 147th	12-year affordable	60	Pending		Predevelopment	Jan-22	
35	Paramount	12-year affordable	7	Pending		Predevelopment	Jun-21	
210	Midvale by Vintage	12-year affordable	43	Pending		Predevelopment	Oct-23	
364	104 NE 147th		77	Pre-app		Predevelopment		
385	17802 Linden Ave N	12-year affordable	77	Pre-app		Predevelopment		
240	Kinect	12-year affordable	48	Pending		Predevelopment	Dec-22	
11	19232 5th Ave NE		3	Pending		Predevelopment	Jan-23	
161	18551 Aurora	12-year affordable	33	Pending		Predevelopment	Mar-22	
<b>3,762</b>			<b>1,135</b>			Predevelopment		

**5,540 Total homes****1,608 Affordable homes**

\*Participates in alternative state incentive program offering full property tax exemption; the City's MFTE program acts as backup.

The Income and Rent Limits published here are effective now for properties in the City of Shoreline's Affordable Housing Program receiving initial leasing/certification or new move in occupancy on or after April 1, 2021. On April 16, 2020, the Governor of Washington State issued Proclamation 20-19.1, an order which prohibits landlords, property owner and property managers "from increasing or threatening to increase the rate of rent or the amount of any deposit for any dwelling or parcel of land occupied as a dwelling" anywhere in the State through June 30, 2021. Therefore, regardless of the updated rent limits, rental properties must continue to abide by Governor Inslee's Proclamation which prohibits rent increases, until June 30, 2021.

## 2021 INCOME AND RENT LIMITS CITY OF SHORELINE

Based on the King County (Seattle-Bellevue) Median Income:

**\$115,700** for a 4-person household

The rent and income limits shown below apply to all MFTE projects except those with height bonuses in the MUR-70 zone. Projects in MUR-70 that don't use the height bonus do follow these rent and income limits.

### Income Limits:

The City of Shoreline utilizes the annual MTSP limits for King County as provided through the Washington State Housing Finance Commission, calculated annually by the Department of Housing and Urban Development (HUD) using established HUD formulas.

### Rent Limits:

The published Maximum Rent on this schedule includes all utilities and mandatory expenses paid by the resident. Any mandatory out of pocket expenses paid by the resident must be deducted from the Maximum Rent on this schedule. Mandatory expenses include items such as (but not limited to): electricity, gas, water/sewer, garbage, renter's insurance.

**Note:** The City of Shoreline does not allow the apartment and parking to be 'unbundled' from each other, therefore, one parking space (if 1:1 ratio) is required to be included in the rent at no additional charge to the resident.

### Other Expense Allowances:

The City of Shoreline utilizes the annual Utility Allowances and Other Expenses as published by King County (UA's) and ARCH (Renters Insured) and updated, as applicable.

#### Maximum Annual Household Income

WSHFC			
Household Income Limits			
AMI:	70%		90%
Household Size	Initial Occupancy	Recertification	
1	\$ 56,700.00	\$ 72,920.00	
2	\$ 64,820.00	\$ 83,320.00	
3	\$ 72,940.00	\$ 93,720.00	
4	\$ 80,990.00	\$ 104,150.00	
5	\$ 87,500.00	\$ 112,480.00	

#### Maximum Monthly Rent

WSHFC 2021 Rent Limits	
AMI: 70%	
Bedroom Size	MAXIMUM MONTHLY Housing Costs per 2021 Limits
Studio	\$ 1,417.00
Open 1	\$ 1,519.00
1 BD	\$ 1,519.00

#### Other Expense Allowances: These allowances may be used vs. actual expenses

Bedrooms	KCHA Electricity &/or Gas	KCHA Water, Sewer	KCHA Garbage	Renter's Insurance
Studio	\$57	\$55	\$15	\$13
"Open 1"	\$57	\$55	\$15	\$13
One	\$57	\$55	\$15	\$13
Two	\$73	\$66	\$15	\$13
Three	\$90	\$86	\$15	\$13
Four	\$115	\$103	\$15	\$13

WSHFC			
Household Income Limits			
AMI:	80%		100%
Household Size	Initial Occupancy	Recertification	
1	N/A	N/A	
2	\$ 74,080.00	\$ 92,570.00	
3	\$ 83,360.00	\$ 104,150.00	
4	\$ 92,560.00	\$ 115,730.00	
5	\$ 100,000.00	\$ 124,980.00	

Minimum Occupancy Limits Apply

WSHFC 2021 Rent Limits	
AMI: 80%	
Bedroom Size	MAXIMUM MONTHLY Housing Costs per 2021 Limits
2 BD	\$ 2,084.00
3 BD	\$ 2,407.00
4 BD	\$ 2,686.00

#### Maximum Monthly Rent Due from the Renter - Examples:

The Maximum Rent Due from Renter is 30% of the Maximum household income (see chart above) calculated by deducting mandatory charges required to be paid by the tenant

**Example:** The maximum rent of a 70% AMI studio with all utilities paid by Landlord, and no other required expenses to be paid by Tenant:

**Example:** The maximum rent for a 70% AMI studio with no utilities paid by Landlord and renters insurance required to be paid by Tenant:

**Example:** The maximum rent for a 70% AMI studio with W/S/G paid by Landlord and electricity required to be paid by Tenant:

**Example:** The maximum rent for a 70% AMI studio with water, sewer, and garbage paid by Landlord (i.e., no W/S/G allowance) but electricity/gas, and renter's insurance required to be paid by Tenant:

Studio Rent	DEDUCTIONS			Maximum Rent Due from Renter
	Elect/Gas	W/S/G	Renters Insurance	
\$ 1,417.00	\$ -	\$ -	\$ -	\$ 1,417.00
\$ 1,417.00	\$ (57.00)	\$ (70.00)	\$ (13.00)	\$ 1,277.00
\$ 1,417.00	\$ (57.00)	\$ -	\$ -	\$ 1,360.00
\$ 1,417.00	\$ (57.00)	\$ -	\$ (13.00)	\$ 1,347.00

## **CITY COUNCIL AGENDA ITEM**

### **CITY OF SHORELINE, WASHINGTON**

<b>AGENDA TITLE:</b>	Discussion of Ordinance No. 960 - Amending Shoreline Municipal Code Chapter 12.30 Public Tree Management		
<b>DEPARTMENT:</b>	Administrative Services		
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director		
<b>ACTION:</b>	<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 Tree Preservation Code Team (TPCT) is a private citizen group that submitted 13 proposed Code amendments to the City's Planning and Community Development Department proposing changes to various provisions of the Shoreline Municipal Code (SMC) related to tree protection and preservation. Most of these proposed amendments were to the Shoreline Development Code and were reviewed by both the Shoreline Planning Commission and the City Council. One of the TPCT's proposed amendments proposes an amendment to SMC Chapter 12.30 to codify a notification process for removal of trees in the right-of-way (ROW). Policy questions related to public trees are not under the purview of the Planning Commission, but rather under the purview of the Parks, Recreation and Cultural Services (PRCS)/Tree Board and as such, this proposed amendment was not considered by the Planning Commission.

The PRCS/Tree Board evaluated TPCT's proposed amendment, which proposed a 90-day notification period for ROW tree removal, and recommended that the notification period for the removal of non-hazardous trees in the ROW be set at 45 days; less than the TPCT proposal but greater than the current 14-day requirement in the Shoreline Engineering Development Manual. While staff recommended that the PRCS/Tree Board not make a recommendation to the City Council to change the tree removal notification period, staff is proposing some clean-up to the language in SMC Chapter 12.30 to reflect current delegation authority and to provide clarity for these regulations.

Tonight, Council is scheduled to discuss proposed Ordinance No. 960, which would provide for this amended Code language in SMC Chapter 12.30. Proposed Ordinance No. 960 is currently scheduled to be brought back to Council for potential action on April 18, 2022.

#### **RESOURCE/FINANCIAL IMPACT:**

There are no fiscal impacts to the staff recommended actions. Should Council direct staff to include PRCS/Tree Board recommended Code changes regarding the extended

notification period for the removal of non-hazardous trees in the ROW, there would be staff impacts that could result in fiscal impacts in the future.

### **RECOMMENDATION**

No action is required. Staff recommends that the City Council discuss the proposed amendments to SMC Chapter 12.30 regarding the change to the delegated authority and to clarify the process for tree removal under a right-of-way permit. Subject to Council direction, proposed Ordinance No. 960 is scheduled to return to Council for potential action on April 18, 2022.

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

## **BACKGROUND**

The Tree Preservation Code Team (TPCT) is a private citizen group that submitted 13 proposed Code amendments to the City's Planning and Community Development Department proposing changes to various provisions of the Shoreline Municipal Code (SMC) related to tree protection and preservation. Most of these proposed amendments were to the Shoreline Development Code and were reviewed by both the Shoreline Planning Commission and the City Council. One of the TPCT's proposed amendments, Amendment #12, proposes an amendment to SMC Chapter 12.30 to provide for changes to the notification process for removal of trees in the right-of-way (ROW). Policy questions related to public trees are not under the purview of the Planning Commission, but rather under the purview of the Parks, Recreation and Cultural Services (PRCS)/Tree Board and as such, this proposed amendment was not considered by the Planning Commission.

The PRCS/Tree Board did review TPCT proposed Amendment #12 on January 27, 2022. The TPCT proposal includes a requirement of 90-day notice for the removal of trees in the ROW, in addition to requirements for where this notification shall be posted and sent to. The TPCT-proposed amendment language to Public Tree Management Code (SMC Section 12.30.040(C)) is as follows:

### **SMC 12.30.040**

#### ***C. Public Notice***

- 1. Notice of all proposed removal of public tree(s) on public rights-of-way shall be given 90 (ninety) days in advance of public tree(s) removal. This notice shall be given by the legal entity removing the public tree(s), including but not limited to, the City of Shoreline, State of Washington, Shoreline School District, Shoreline Community College, and any entity granted permission to remove public tree(s).***
- 2. This notice, along with the arborist report and documentation, shall be:***
  - i) posted to the City's project description on the City's website;***
  - ii) listed in the monthly Currents publication;***
  - iii) emailed to every resident who requests advance notification of public tree removal;***
  - iv) posted on the public tree(s) designated for removal 30 (thirty) days in advance of tree(s) removal date on 11" x 14" laminated paper with the words "NOTICE OF TREE REMOVAL" in bold 48-point font. Signage will include***
    - (a) posting date,***
    - (b) date of tree removal, and***
    - (c) City project contact or entity project contact, phone number, email, together with the website where the public may download the arborist report and documentation. Notices shall be tied to the tree(s) with twine or wire.***
- 3. If public objections and/or questions are posed regarding the proposed public tree(s) removal, the issue shall be brought to the Director of Planning for response to the public. The Director may postpone the public tree(s) removal to***

*answer the questions raised; or may hire an arborist to review the public tree(s) on site and prepare a report; or may direct the tree(s) be removed.*

The staff report for this discussion with the Tree Board can be found at the following link: [20220127 PRCS Tree Board Agenda Packet \(shorelinewa.gov\)](https://www.shorelinewa.gov/home/showpublisheddocument/54259/637807102902130000).

### **PRCS/Tree Board Review and Proposed Amendment**

Following this discussion with the PRCS/Tree Board, the Board did not support TPCT proposed Amendment #12. The Tree Board did however support codifying a shorter ROW tree removal notification requirement. The Tree Board recommended a clarification that the noticing requirement apply only to non-hazardous trees and that the notification period be set at 45 days for the removal of non-hazardous trees in the ROW. This would be an increase from the current 14-day notification requirement for ROW tree removal found in the [Engineering Development Manual \(EDM\)](#). The PRCS/Tree Board proposed amendment to SMC Chapter 12.30 reads as follows:

#### ***SMC 12.30.040***

*C. Public Notice. Notice of all proposed removal of non-hazardous public tree(s) on public rights-of-way shall be given 45 days in advance of the public tree(s) removal. This notice shall be given by the legal entity removing the public tree(s), including but not limited to, the City of Shoreline, State of Washington, Shoreline School District, Shoreline Community College, and any entity granted permission to remove public tree(s).*

The motion and action for this recommendation are found on page 10 in the notes from the February 24<sup>th</sup> PRCS/Tree Board Meeting, which is available at the following link: <https://www.shorelinewa.gov/home/showpublisheddocument/54259/637807102902130000>).

## **DISCUSSION**

### **Staff Analysis – ROW Tree Removal Noticing Period**

Currently, SMC Chapter 12.30 does not address noticing requirements for the removal of public trees from the ROW. However, the 14-day noticing requirement for ROW tree removal was established in 2021 and is detailed in Section 7.4 of the EDM, which requires all trees that are approved to be removed from the ROW be posted with a [ROW Tree Removal Notification](#) at least 14 days prior to removal. The EDM is updated annually with a public process and opportunity for public input. Given that these requirements are in the EDM, staff does not believe it is necessary to also codify this requirement in the SMC.

While appreciating the objective of the PRCS/Tree Board to provide greater time for public engagement and awareness regarding notice relating to removal of public trees from the ROW, staff does not recommend increasing this notification period from 14 to 45 days for the following reasons:

1. *Impact on City projects, private development projects, and individuals authorized and permitted to remove ROW trees:* Increasing the noticing period for ROW tree removal could cause delay in City projects as well as other public and private development projects. When a ROW Permit is issued, the tree removal(s) have been reviewed and permitted through the ROW permit process and noticing on the tree for removal time greater than 14 days will not change the outcome of the removal. The permit holder may bear additional cost in time delay and potential hard dollar costs given the current market conditions if additional notification time is required.
2. *Impact on staff:* Managing and responding to additional public input generated by the additional 31 days of notification time (for a total of 45 days) detracts from staff work to accomplish other priority projects. While staff could develop and issue standard responses to each of the inquiries to educate the public on the Public Tree Management Code, Development Code, and the City's efforts to minimize impacts to trees as well as replanting requirements, each response takes time, and again, with no potential to impact or change the outcome of removal.

**Proposed Ordinance No. 960- Housekeeping for SMC Chapter 12.30 - Public Tree Management**

In reviewing the proposed amendments from the TPCT and PRCS/Tree Board, staff did identify multiple housekeeping and clarity amendments to the SMC Chapter 12.30. Proposed Ordinance No. 960 (Attachment A) incorporates these staff-recommended housekeeping amendments. The proposed amendments include a change to the delegated authority position title from the Parks, Recreation and Cultural Services (PRCS) Director to the Parks, Fleet and Facilities Manager, clarifies the process for tree removal under a ROW permit, which is approved by the Public Works Director, and provides for other amendments that help clarify the Code. A summary of the proposed changes is as follows:

<b>SMC Section</b>	<b>Explanation of Proposed Housekeeping Amendments to Public Tree Management Code (SMC Chapter 12.30)</b>
12.30.010	Reflects the delegated authority position title change to reflect the current organizational structure.
12.30.020	Adds the establishing Code section of the Parks, Recreation and Cultural Services Board and streamlines the Code language for public trees.
12.30.030A	Splits this Code section into two subsections for clarity; updates the position title change; eliminates a redundant statement regarding notice and opportunity for comment that is already included at the end of the subsection; and corrects the title of the City's Engineering Development Manual.
12.30.030B	Splits this Code section into two subsections for clarity; updates the position title change; provides some clean-up to the Code language regarding the City's fee schedule; and codifies a statement of what the fee in lieu of replacement trees shall be used for.



<b>SMC Section</b>	<b>Explanation of Proposed Housekeeping Amendments to Public Tree Management Code (SMC Chapter 12.30)</b>
12.30.040A	Adds a subsection title; changes the 'director' reference to the Public Works Director to reflect that the Public Works Department, not the Manager of Parks, Fleet and Facilities, issues ROW use permits; corrects the title of the City's Engineering Development Manual; and moves the requirement of the maintenance of planted trees out of this subsection and to new subsection 12.30.040C.
12.30.040B	Adds a subsection title and provides some clean-up to the Code language.
12.30.040B(1)	No change proposed.
12.30.040B(2)	Provides some clean-up and clarity to the Code language.
12.30.040B(3)	Corrects the title of the City's Engineering Development Manual and provides some clean-up and clarity to the Code language, including that a certified arborist determines when a tree is hazardous or causing damage to infrastructure.
12.30.040B(4)	Clarifies that removal is authorized under this section, not the City's clearing and grading regulations; moves the requirement of the maintenance of replacement trees out of this subsection and to new subsection 12.30.040C; and provides some clean-up to the Code language.
12.30.040B(5)	No change proposed.
12.30.040C	Moves maintenance of public trees for both planted and replacement trees to this subsection.

### **RESOURCE/FINANCIAL IMPACT**

There are no fiscal impacts to the staff recommended actions. Should Council direct staff to include PRCS/Tree Board recommended Code changes regarding the extended notification period for the removal of non-hazardous trees in the ROW, there would be staff impacts that could result in fiscal impacts in the future.

### **RECOMMENDATION**

No action is required. Staff recommends that the City Council discuss the proposed amendments to SMC Chapter 12.30 regarding the change to the delegated authority and to clarify the process for tree removal under a right-of-way permit. Subject to Council direction, proposed Ordinance No. 960 is scheduled to return to Council for potential action on April 18, 2022.

### **ATTACHMENTS**

Attachment A – Ordinance No. 960

Attachment A, Exhibit A – Amendments to SMC Chapter 12.30 – Public Tree Management

**ORDINANCE NO. 960**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON  
AMENDING CHAPTER 12.30 PUBLIC TREE MANAGEMENT OF THE  
SHORELINE MUNICIPAL CODE TO PROVIDE CLARITY AND TO  
REFLECT CURRENT DELEGATION AUTHORITY AND PRACTICES.**

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

WHEREAS, in 2012, with the adoption of Ordinance No. 617, the City established Chapter 12.30 Public Tree Management of the Shoreline Municipal Code (SMC) so as to be recognized as a *Tree City USA*, a program sponsored by the Arbor Day Foundation in cooperation with the United States Forest Service and the National Association of State Foresters; and

WHEREAS, recent amendments proposed by citizens to SMC Title 20, Unified Development Code, and to SMC Chapter 12.30, provided City Staff with the opportunity to review this Chapter which has not been amended since its initial establishment; and

WHEREAS, on April 4, 2021, the City Council discussed the proposed amendments, which are designed to provide clarity and to reflect current delegation authority and practices; and

WHEREAS, the City Council has considered the entire public record, public comments, written and oral, and has determined that the amendments to Chapter 12.30 are in the best interests of the citizens of Shoreline and the health, safety, and welfare of the City;

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

**Section 1. Amendments. Chapter 12.30 Public Tree Management.** Chapter 12.30 of the Shoreline Municipal Code, Public Tree Management, 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 Dates.** A summary of this Ordinance consisting of the title shall be published in the official newspaper and shall take effect five days after publication.

**PASSED BY THE CITY COUNCIL ON APRIL 18, 2022**

\_\_\_\_\_  
Keith Scully, Mayor

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:     , 2022  
Effective Date:         , 2022

## ORDINANCE No. 960

## EXHIBIT A

## Chapter 12.30

## PUBLIC TREE MANAGEMENT

## Sections:

- 12.30.010 Jurisdiction and administration.
- 12.30.020 Tree board.
- 12.30.030 Adoption of administrative procedures.
- 12.30.040 Public trees in the r~~Right-of-way street trees.~~

**12.30.010 Jurisdiction and administration.**

It shall be the responsibility of the ~~director of the parks, recreation and cultural services department~~ parks, fleet, and facilities manager (hereafter “~~director~~” “manager”) to manage and oversee the planting, care, maintenance and removal of all trees on ~~all streets, public rights-of-way, and city-owned public property within the city limits~~ (collectively, “public trees”) in accordance with the provisions of this chapter.

**12.30.020 Tree board.**

The parks, recreation and cultural services board, ~~created pursuant to chapter 2.55 SMC, shall is authorized to~~ serve as the city’s tree board. The tree board shall be advisory to the city council. The primary responsibility of the tree board shall be to make policy recommendations concerning the management of public trees located on city-owned public property and in city-rights-of-way. The tree board shall be comprised of all members of the parks, recreation and cultural services board acting in an ex officio capacity, and the roles, officers and terms of the tree board shall be the same as the parks, recreation and cultural services board.

**12.30.030 Adoption of administrative procedures.**

A. ~~The director~~ manager is authorized to prepare and adopt ~~after public notice and opportunity for public comment~~ procedures, technical standards, and standard plans necessary to facilitate implementation of this chapter, including a list of approved street trees in the Engineering Development ~~Guide Manual~~ after notice and opportunity for public comment.

B. ~~The director~~ manager shall make recommendations for ~~the a~~ fee in lieu of replacement ~~street~~ trees for adoption in the ~~city~~ fee schedule established by the city council as provided in Chapter 3.01 SMC and utilized for this chapter and SMC 20.50.360. The fee in lieu shall be used solely for the cost of planting and establishing public trees.

**12.30.040 Public trees in the r~~Right-of-way street trees.~~**

A. Planting of public trees. A right-of-way use permit shall be required and issued by the director of public works ~~the parks, recreation and cultural services department~~ (hereafter “~~director~~”) for planting ~~street~~ public trees in rights-of-way adjacent to ~~the an~~ applicant’s property according to the variety and spacing approved in the Engineering Development ~~Guide Manual~~ if such activity does not physically disturb the existing or planned public use of the right-of-way. ~~Planted street trees shall be maintained by the applicant in accordance with the issued right-of-way use permit.~~

B. Non-exempt pruning and removal of public trees. A right-of-way use permit shall be required and ~~shall only be~~ issued by the director for the nonexempt pruning or removal of public trees in rights-of-way adjacent to ~~the~~ an applicant's property ~~in compliance with~~ subject to the following:

1. Limits on removal under critical area regulations.
2. ~~No permit shall be issued for removal of trees~~ Public tree removal is prohibited on rights-of-way that have not been opened with public improvements, including, but not limited to, streets, sidewalks, pathways, and underground or overhead utilities.
3. No trees listed in the Engineering Development Guide Manual as approved ~~street~~ tree varieties for planting within rights-of-way shall be removed, regardless of size, unless ~~the tree is removed by the city~~ deemed by a certified arborist as hazardous or causing damage to public or private infrastructure.
4. All existing public trees six inches in diameter at breast height or greater allowed to be removed ~~under clearing and grading regulations~~ shall be replaced with an approved variety of ~~street~~ tree in the area of removal according to the replacement formula in SMC 20.50.360(C)(1) through (3). ~~Replacement trees shall be maintained by the applicant in accordance with the issued right-of-way use permit.~~ If the director determines there is no suitable space for ~~replanting street~~ planting of the replacement trees in the vicinity of removal, the director will determine whether ~~the~~ an applicant shall replant at public sites approved by the director or pay a fee in lieu as established in this chapter ~~of replacement according to the current city fee schedule to be used exclusively for planting public trees in rights-of-way, parks or other public places.~~
5. All removed trees or pruned material shall be removed from the right-of-way and the right-of-way shall be restored in accordance with the issued right-of-way use permit.

C. Maintenance of public trees. All plated trees and replacement trees shall be maintained in good health and condition by an applicant, or their successor in interest, in accordance with the issued right-of-way use permit or other authorizing permit.

## **CITY COUNCIL AGENDA ITEM**

### **CITY OF SHORELINE, WASHINGTON**

**AGENDA TITLE:** Discussion of Ordinance No. 961 Unlimited Tax General Obligation (UTGO) Bond 2022 – Park Improvement and Park Land Acquisition and Ordinance No. 962 Amending Ordinance No. 829 Limited Tax General Obligation Bond Anticipation Notes

**DEPARTMENT:** Administrative Services Department

**PRESENTED BY:** Sara Lane, Administrative Services Director

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

**PROBLEM/ISSUE STATEMENT:**

On August 6, 2018, the City Council approved [Ordinance No. 829](#) authorizing the issuance of \$25,000,000 in Limited Tax General Obligation (LTGO) Bond Anticipation Notes to purchase parks properties and to finance other capital expenditures described in the City's 2017-2023 Parks, Recreation and Open Space (PROS) Plan with repayment that would be supported by a future voted bond measure. This Ordinance was later amended by [Ordinance No. 864](#) and [Ordinance No. 877](#) to extend the authorization period to issue debt. On February 14, 2020, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the amount of \$25,000,000 (BAN).

On November 1, 2021, the City Council approved [Ordinance No. 949](#) authorizing the placement of a ballot measure on the 2022 February Special Election asking voters to approve the issuance of up to \$38,500,000 of unlimited tax general obligation bonds for park improvement and park land acquisition, the payment of which will be supported by an excess property tax levy. Proceeds of the bonds will be used to finance and refinance improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. On February 8, 2022, Shoreline voters approved Proposition 1 with nearly 70% of voters supporting the proposition.

Proposed Ordinance No. 961 (Attachment A) authorizes the City to issue \$38,500,000 in unlimited tax general obligation bonds with repayment supported by the excess property tax levy approved by voters. The debt will fund the improvements authorized by the voters, including refinancing a portion of the outstanding BAN that was used to acquire four parks properties totaling \$6.1M and included in Proposition 1. Proceeds of the proposed bonds will not repay the remaining balance of the BAN related to the purchase of the Midvale Avenue N property (Shoreline Secure Storage) for a potential future aquatics and community center.

Proposed Ordinance No. 962 (Attachment B) further amends Ordinance No. 829 to allow a three-year extension of the BAN related to the purchase of the Midvale Avenue N property while the City evaluates options for pursuing a future bond measure for an aquatics and community center.

Tonight, Council will discuss both proposed Bond Ordinances as part of this agenda item. Action on proposed Ordinance No. 961 and proposed Ordinance No. 962 are currently scheduled for the April 18, 2022 Council meeting.

#### **RESOURCE/FINANCIAL IMPACT:**

Proposed Ordinance No. 961 authorizes the issuance of unlimited tax general obligation bonds (Bonds) in the principal amount of up to \$38.5 million to finance and refinance: parks improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. The Bonds will be repaid from an excess property tax levy approved by the voters. True interest cost on the Bonds will not exceed 4.5%. The property tax special levy would be set each year to match the debt service payments for the Bonds. Debt service payments are estimated at \$2,755,000 per year for a 20-year term (Attachment C). The Bonds would be issued for a term no longer than 20 years from issuance. The initial interest payment is anticipated to be due in December 2022. Because the City has already levied property taxes for 2022, that interest amount will be covered by the City's general fund and included in the 2023 property tax levy. Appropriations for debt service and interfund transfers to support the debt service will be included with a budget amendment later in 2022.

Proposed Ordinance No. 962 authorizes the extension of and modifications to the City's outstanding BAN. The BAN authorized by Ordinance No. 829 was purchased by US Bank to evidence a loan in the full amount of \$25,000,000. The BAN was issued as interest only debt, with principal payable at maturity. With the potential issuance of the \$38.5M Bonds authorized by proposed Ordinance No. 961, the City will repay the portion of the principal on the BAN used to purchase properties supported by Proposition 1. Additionally, the City will use net income generated by Shoreline Secure Storage to further repay a portion of the BAN, resulting in a need to extend only \$16,600,000 of debt in the BAN. The BAN will be extended for a term of three years with a fixed rate of 2.5%. The interest only debt service is estimated at \$415,000 annually (Attachment D). Principal continues to be due at maturity. Revenues from the property have exceeded this amount for the past two years. Revenues greater than the interest amount needed will be dedicated to further reduce the principal balance when the BAN is repaid.

#### **RECOMMENDATION**

Staff recommends that Council discuss proposed Ordinance No. 961 and Ordinance No. 962 and direct staff to return the Ordinances for Council action on April 18, 2022.

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

## **BACKGROUND**

On August 6, 2018, the City Council approved [Ordinance No. 829](#) authorizing the issuance of \$25,000,000 in Limited Tax General Obligation (LTGO) Bond Anticipation Notes to purchase parks properties and to finance other capital expenditures described in the City's 2017-2023 Parks, Recreation and Open Space (PROS) Plan with repayment that would be supported by a future voted bond measure. This Ordinance was later amended by [Ordinance No. 864](#) and [Ordinance No. 877](#) to extend the authorization period to issue debt. On February 14, 2020, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the amount of \$25,000,000 (BAN).

On November 1, 2022, the City Council approved [Ordinance No. 949](#) authorizing the placement of a ballot measure on the 2022 February Special Election asking voters to approve the issuance of up to \$38,500,000 of unlimited tax general obligation bonds for park improvement and park land acquisition, the payment of which will be supported by an excess property tax levy. Proceeds of the bonds will be used to finance and refinance improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. On February 8, 2022, Shoreline voters approved Proposition 1 with nearly 70% of voters supporting the proposition.

Proposed Ordinance No. 961 authorizes the City to issue \$38,500,000 in debt with repayment supported by the excess property tax approved by voters. The debt will fund the improvements authorized in the voter initiative, including repayment of the portion of the \$25M BAN authorized by [Ordinance No. 829](#) that supported acquisition of four parks properties totaling \$6.1M and included in Proposition 1. Proceeds of the Bonds will not be used to repay the portion of the outstanding BAN related to the purchase of the Midvale Avenue N property (Shoreline Secure Storage) for a potential future aquatics and community center.

Proposed Ordinance No. 962 further amends Ordinance No. 829 to allow a three-year extension of the BAN debt related to the purchase of the Midvale Avenue N property while the City evaluates options for pursuing a future bond measure for an aquatics and community center.

## **DISCUSSION**

Staff have been actively working on both property acquisition and park improvements supported by Proposition 1 and funding to support this work is needed. The City already purchased four properties identified for park land acquisition for a total of \$6.1M using the proceeds from the BAN issued in 2020. This portion of the BAN will be repaid with a portion of the \$38.5M Bond issue. The balance of the issue will be used to support the delivery of the eight major parks projects, remaining property acquisitions, and public art identified in Proposition 1.

Regarding the park improvement projects, the City has contracted with engineering, planning and environmental services firm Parametrix to act as the City's Proposition 1 project manager. Staff and Parametrix have also filed an application with the Capital



Projects Advisory Review Board (CPARB) in February and presented an application to the Project Review Committee (PRC) on March 24, 2022, to gain approval to use the Progressive Design Build (PDB) delivery methodology to implement the park improvement projects. PDB will allow the City to minimize risk of cost increases by delivering the projects quickly and negotiating a Not to Exceed price earlier in the process. The application has been approved and the City is planning to issue a Request for Qualification to identify qualified design/build teams on April 4. The most qualified teams from that process will be invited to respond to a request for proposal. The City plans to select the successful team by June 9, 2022. The early high-level schedule anticipates park project design occurring during the second half of 2022 and permitting and construction in 2023-2024.

This staff report addresses the two ordinances necessary to issue new UTGO Bonds, refund a portion of the previously issued BANs, and extend the remaining portion of the BAN for an additional three years.

### **Proposed Ordinance No. 961**

Proposed Ordinance No. 961 (Attachment A) authorizes the City to issue \$38,500,000 in unlimited tax general obligation bonds with repayment supported by the excess property tax levy approved by voters. The debt will fund the improvements authorized by the voters, including refinancing a portion of the outstanding BAN that was used to acquire four park properties totaling \$6.1M and included in Proposition 1.

### **Method of Sale**

The delegating ordinance provides the City the option to do either a public sale (also referred to as Underwritten Bonds) or a private placement (also referred to as Direct Purchase Bonds). Due to the size of this financing, the City's financial advisor has indicated that a competitive publicly offered sale might be the most advantageous. However, given the rapidly changing landscape for the bond market, retaining the flexibility to do an RFP for a privately placed bond is recommended should we need to issue the debt more quickly due to the risk of rising interest rates.

### **Bond Sale Parameters**

In the delegating ordinance, Council authorizes the City Manager to oversee the sale and approve the final terms of the Bonds subject to the following parameters:

- Maximum principal amount: \$38,500,000.
  - Because the City is issuing the debt in a premium rate environment, which means that the buyer of the Bonds pays a higher amount than the principal (face) amount, the final amount of the Bonds issued may be less than \$38.5M. The debt will be structured to ensure that the amount distributed to the project account is \$38.5M.
- Maturity Date: No later than 20 years from the issue date of the Bonds (expected to be December 1, 2041).
- True Interest Cost (in aggregate) not to exceed: 4.50%.

### **Bond Issuance Costs**

Bond issuance costs may include an underwriter fee, Bond Counsel, Bond Rating, and Financial Advisor services. The total costs to issue the Bonds are estimated at

\$125,000 and will be rolled into the debt issue. The Bond Ordinance authorizes the City to pay all costs associated with the issuance of debt.

Following is the draft schedule for this debt issue:

Date	Event
4/4	City Council Discussion of Bond Ordinance ( <i>Tonight's Discussion</i> )
4/18	City Council Potential Action on Bond Ordinance
4/20-22	Bond Rating Call
By 5/5	Receive rating
5/6	Preliminary Official Statement Posted (Request for Proposal)
5/17	Bond Sale (Responses received and evaluated)
5/26	Bond Closing
6/15	Refinance 2020 BAN

### **Proposed Ordinance No. 962**

Proposed Ordinance No. 962 (Attachment B) amends Ordinance No. 829 to extend the final maturity of the BAN for an additional three years, to modify the principal amount and the interest rate, to amend the agreement with US Bank (as purchaser of the BAN) to reflect the new terms, and to take other actions as necessary with respect to such amendment and extension.

### **Amendments to Ordinance: Section 10. Sale of Notes**

- Reduces the maximum available principal amount from \$25,000,000 to \$16,600,000;
- Increases the final maturity date from 36 months to 72 months from the date the BAN was originally issued (February 14, 2020); and
- Reduces the true interest cost permitted for each series of Notes from 3.25% to 2.75%.

### **Repayment/Retirement of BAN**

With the proposed extension of the BAN for an additional three years, staff anticipates that the net operating income from Shoreline Secure Storage will continue to cover all the debt service each year, with surplus that would be used to pay down principal at the end of the BAN. Proposed Ordinance No. 962 authorizes the issuance and delivery of a replacement Note and the amendment or amendment and restatement of the Continuing Covenant Agreement with US Bank to effectuate the above-listed changes in terms.

If the City moves forward with another measure to fund construction of an aquatic and community center within the three years, the cost of property acquisition would be included in the cost, and the BAN would be repaid by the long-term bonds. If the City does not move forward within three years, we can reduce the principal of the BAN by the amount of the reserved surplus and issue another note to repay the balance pending a future determination of course of action.

### **BAN Issuance Costs**

BAN issuance costs for this amendment are anticipated to be \$35,000, significantly lower than the cost to issue a new BAN. The Bond Ordinance authorizes the City to pay all costs associated with the issuance of debt.

### **RESOURCE/FINANCIAL IMPACT**

Proposed Ordinance No. 961 authorizes the issuance of unlimited tax general obligation bonds (Bonds) in the principal amount of up to \$38.5 million to finance and refinance: parks improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. The Bonds will be repaid from an excess property tax levy approved by the voters. True interest cost on the Bonds will not exceed 4.5%. The property tax special levy would be set each year to match the debt service payments for the Bonds. Debt service payments are estimated at \$2,755,000 per year for a 20-year term (Attachment C). The Bonds would be issued for a term no longer than 20 years from issuance. The initial interest payment is anticipated to be due in December 2022. Because the City has already levied property taxes for 2022, that interest amount will be covered by the City's general fund and included in the 2023 property tax levy. Appropriations for debt service and interfund transfers to support the debt service will be included with a budget amendment later in 2022.

Proposed Ordinance No. 962 authorizes the extension of and modifications to the City's outstanding BAN. The BAN authorized by Ordinance No. 829 was purchased by US Bank to evidence a loan in the full amount of \$25,000,000. The BAN was issued as interest only debt, with principal payable at maturity. With the potential issuance of the \$38.5M Bonds authorized by proposed Ordinance No. 961, the City will repay the portion of the principal on the BAN used to purchase properties supported by Proposition 1. Additionally, the City will use net income generated by Shoreline Secure Storage to further repay a portion of the BAN, resulting in a need to extend only \$16,600,000 of debt in the BAN. The BAN will be extended for a term of three years with a fixed rate of 2.5%. The interest only debt service is estimated at \$415,000 annually (Attachment D). Principal continues to be due at maturity. Revenues from the property have exceeded this amount for the past two years. Revenues greater than the interest amount needed will be dedicated to further reduce the principal balance when the BAN is repaid.

### **RECOMMENDATION**

Staff recommends that Council discuss proposed Ordinance No. 961 and Ordinance No. 962 and direct staff to return the Ordinances for Council action on April 18, 2022.

### **ATTACHMENTS**

- Attachment A: Proposed Ordinance No. 961
- Attachment B: Proposed Ordinance No. 962
- Attachment C: \$38.5M UTGO Estimated Debt Service Calculations
- Attachment D: \$16.6M LTGO BAN Debt Service Calculations

**ORDINANCE NO. 961**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF UNLIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$38,500,000 TO FINANCE AND REFINANCE COSTS RELATED TO THE CITY'S PARKS, RECREATION AND OPEN SPACE PLAN AND TO PAY COSTS OF ISSUING EACH SERIES OF BONDS; PROVIDING THE FORM, TERMS AND COVENANTS OF THE BONDS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.**

WHEREAS, on July 31, 2017, following an 18-month community outreach engagement process, the Shoreline City Council (the "Council") unanimously adopted the 2017-2023 Parks, Recreation & Open Space Plan, as it may be amended from time to time (the "PROS Plan"); and

WHEREAS, the PROS Plan identifies a 20-year vision and framework for the City of Shoreline's (the "City") recreation and cultural programs, and for maintenance and investment in park, recreation and open space facilities; and

WHEREAS, Strategic Action Initiative #3 in the PROS Plan established a goal to expand recreation facility opportunities and Strategic Action Initiative #7 established a goal to ensure adequate parkland for future generations; and

WHEREAS, since the adoption of the PROS Plan, City staff have developed concept designs and cost estimates for selected parks and reviewed opportunities for property acquisition to achieve those goals; and

WHEREAS, at an election held in the City on February 8, 2022, the City submitted the question to the qualified electors of the City of whether the City shall issue unlimited tax general obligation bonds in the aggregate principal amount of not to exceed \$38,500,000 (the "Bond Authorization") to provide the funds necessary to finance and refinance the construction, development, equipping, upgrading, acquiring, and improvement of park and recreation facilities, including the acquisition of park land, as described in the PROS Plan, as it may be amended from time to time (the "Projects"), as identified in Ordinance No. 949 (the "Election Ordinance") passed by the City Council on November 1, 2021; and

WHEREAS, the number and proportion of the qualified electors of the City required by law for the adoption thereof voted in favor of the Bond Authorization and the election results have been certified by King County Elections, as *ex officio* supervisor of elections in King County, Washington; and

WHEREAS, it is deemed necessary and advisable that the City authorize the issuance of one or more series of unlimited tax general obligation bonds (the "Bonds") in the aggregate principal amount of not to exceed \$38,500,000 to provide part of the funds necessary to finance and refinance the Projects and to pay costs of issuance for the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and such individual's designee (the "Designated Representative"), for a limited time, to select the method of sale for the Bonds authorized hereunder that is in the best interest of the City and to approve the interest rates, maturity dates, redemption terms and principal maturities for the Bonds within the parameters set by this ordinance; and

WHEREAS, the Bonds shall be sold by either a private placement or be underwritten, all as set forth herein;

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

**Section 1.**     **Definitions.** As used in this ordinance, the following words and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

***Administrative Services Director*** means the City's Administrative Services Director or the successor to such officer.

***Beneficial Owner*** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Underwritten Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).

***Bond Authorization*** means the unlimited tax general obligation bonds in the aggregate principal amount of not to exceed \$38,500,000 authorized by the Election Ordinance and approved by the requisite number of voters of the City at a special election held on February 8, 2022 for the purpose of providing the funds necessary to carry out the Projects and to pay the costs of issuance of such bonds.

***Bond Counsel*** means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

***Bond Purchase Contract*** means one or more contracts, if any, for the purchase of any Underwritten Bonds sold by negotiated sale to the initial purchaser, executed pursuant to Section 12.

***Bond Register*** means the registration books showing the name, address and tax identification number of each Registered Owner of a series of Bonds, maintained for the Bonds in the manner required pursuant to Section 149(a) of the Code.

***Bond Registrar*** means (a) for any Underwritten Bonds, initially, the fiscal agent of the State, and (b) for any Direct Purchase Bonds, the Administrative Services Director of the City or the fiscal agent of the State, as set forth in the Sale Document.

***Bonds*** mean the unlimited tax general obligation bonds authorized to be issued from time to time in one or more series pursuant to this ordinance in the aggregate principal amount of not to exceed \$38,500,000.

***Certificate of Award*** means one or more certificates, if any, for the purchase of any Underwritten Bonds sold by competitive sale awarding the Bonds of a series to the bidder as set forth in Section 12 of this ordinance.

***City*** means the City of Shoreline, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

***City Attorney*** means the duly appointed and acting City Attorney of the City, including anyone acting in such capacity for the position, or the successor to the duties of that office.

***City Clerk*** means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

***City Manager*** means the duly appointed and acting City Manager of the City or the successor to the duties of that office.

***City Mayor* or *Mayor*** means the duly elected and acting Mayor of the City or the successor to the duties of that office.

***Closing*** means the date of issuance and delivery of a series of Bonds to the applicable Underwriter or Direct Purchaser.

***Code*** means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

***Commission*** means the United States Securities and Exchange Commission.

***Continuing Disclosure Certificate*** means one or more written undertakings for the benefit of the owners and Beneficial Owners of any Underwritten Bonds as required by Section (b)(5) of the Rule.

***Council* or *City Council*** means the Shoreline City Council, as the general legislative body of the City, as the same is duly and regularly constituted from time to time.

***Debt Service Fund*** means one or more funds or accounts created pursuant to this ordinance for the purpose of paying debt service on a series of Bonds.

***Designated Representative*** means the City Manager of the City, or such individual's written designee.

***Direct Purchase Bonds*** means any Bond or Bonds sold to a Direct Purchaser pursuant to Section 12 of this ordinance.

***Direct Purchaser*** means any bank or other financial institution selected to purchase one or more Direct Purchase Bonds (or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement) pursuant to Section 12 of this ordinance.

***DTC*** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for any Underwritten Bonds pursuant to this ordinance.

***Election Ordinance*** means Ordinance No. 949 passed by the Council on November 1, 2021.

***Fair Market Value*** means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

***Federal Tax Certificate*** means one or more certificates of the City pertaining to the tax-exemption of interest on a series of Tax-Exempt Bonds, and any attachments thereto.

***Government Obligations*** means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

***Letter of Representations*** means the Blanket Issuer Letter of Representations given by the City to DTC, as amended from time to time.

***Loan Agreement*** means one or more loan or purchase agreements, if any, between the City and a Direct Purchaser under which the Direct Purchaser will make a loan to the City, evidenced by a Direct Purchase Bond, or under which the Direct Purchaser will purchase the Direct Purchase Bond.

***MSRB*** means the Municipal Securities Rulemaking Board or any successors to its functions.

***Official Statement*** means the disclosure documents prepared and delivered in connection with the issuance of any Underwritten Bonds.

***Project Fund*** means the fund or account established by the City pursuant to this ordinance.

**Projects** mean constructing, developing, equipping, upgrading, acquiring and improving park and recreation facilities, including the acquisition of park land, as described in the PROS Plan as identified in the Election Ordinance.

**PROS Plan** means the 2017-2023 Parks, Recreation & Open Space Plan adopted by the Council on July 31, 2017, as the same may be amended from time to time.

**Record Date** means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with this ordinance.

**Registered Owner** means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds of a series are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Sale Document** means the Bond Purchase Contract, Certificate of Award or Loan Agreement, if any, executed by a Designated Representative in connection with the sale of a series of Bonds pursuant to Section 12 of this ordinance.

**State** means the State of Washington.

**Taxable Bonds** means any Bonds determined to be issued on a taxable basis pursuant to Section 12.

**Tax-Exempt Bonds** means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 12.

**Underwriter** means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for a series of Bonds selected pursuant to Section 12.

**Underwritten Bonds** means Bonds of a series, if any, sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 12 of this ordinance.

**2020 BAN** means the City's Limited Tax General Obligation Bond Anticipation Note (Taxable), issued on February 14, 2020 in the aggregate principal amount of \$25,000,000 to provide preliminary financing for a portion of the Projects.

**Section 2. Authorization of the Projects.** For the purpose of paying and/or reimbursing the City for costs of the Projects, refinancing a portion of the 2020 BAN, and paying costs of issuance of the Bonds as authorized by the Election Ordinance and by the qualified electors of the City at a special election held on February 8, 2022, the City is hereby authorized to issue and sell one or more series of unlimited tax general obligation bonds in an aggregate principal amount of not to exceed \$38,500,000 (the "Bonds"). Notwithstanding anything in this ordinance to the



contrary, the issuance of the Bonds shall be subject to satisfaction of the conditions set forth in Section 12 of this ordinance.

The cost of all necessary appraisals, negotiation, closing, architectural, engineering, financial, legal and other consulting services, inspection and testing, demolition, administrative and relocation expenses and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of such Projects. Such Projects shall be complete with all necessary equipment and appurtenances.

The City will determine the exact specifications for the Projects, and the components thereof, as well as the timing, order and manner of completing the components of the Projects.

Section 3. Authorization and Description of Bonds. The Bonds of each series shall be general obligations of the City and shall be designated “City of Shoreline, Washington, Unlimited Tax General Obligation Bonds,” with the year and any applicable series or other designation as set forth in the applicable Sale Document. The Bonds of each series shall be fully registered as to both principal and interest and shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification. The Bonds of each series shall be dated as of the date of Closing for such series of Bonds and shall mature on the date or dates and in the principal amounts, bear interest at the rates and payable on such dates, be subject to redemption and/or purchase prior to maturity, and be subject to other terms as set forth in the applicable Sale Document. The Bonds of each series shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

Section 4. Registration, Exchange and Payments.

(a) *Underwritten Bonds.* The terms of this Section 4(a) shall apply to any Underwritten Bonds unless otherwise provided for in the applicable Sale Document.

(1) Bond Details. Any Bonds of a series may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations of \$5,000 each, or any integral multiple thereof, within a series and maturity.

(2) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of State fiscal agencies. The City shall cause the Bond Register to be maintained by the Bond Registrar. So long as any Underwritten Bonds of a series remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of such Underwritten Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Administrative Services Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Administrative Services Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Underwritten Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar’s powers and duties under

this ordinance. The Bond Registrar shall be responsible for its representations contained in the certificate of authentication on the Bonds.

(3) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond of a series as the absolute owner thereof for all purposes (except as provided in a Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 4(a)(8), but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 4(a)(8) shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

(4) DTC Acceptance/Letters of Representations. The Underwritten Bonds of a series initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Underwritten Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Underwritten Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Underwritten Bonds are held by a depository, DTC or its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Underwritten Bonds.

(5) Use of Depository.

(A) The Underwritten Bonds of a series shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Underwritten Bond of each series maturing on each of the maturity dates for such Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Underwritten Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Administrative Services Director pursuant to subparagraph (B) below or such substitute depository's successor; or (iii) to any person as provided in subparagraph (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Administrative Services Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Administrative Services Director

may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (A) above, the Bond Registrar shall, upon receipt of all outstanding Underwritten Bonds together with a written request on behalf of the Administrative Services Director, issue a single new Underwritten Bond for each maturity of that series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Administrative Services Director.

(D) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Administrative Services Director determines that it is in the best interest of the Beneficial Owners of the Underwritten Bonds that such owners be able to obtain physical bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Administrative Services Director shall deliver a written request to the Bond Registrar, together with a supply of physical bonds, to issue Underwritten Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Underwritten Bonds of a series together with a written request on behalf of the Administrative Services Director to the Bond Registrar, new Underwritten Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(6) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Underwritten Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond (or Underwritten Bonds at the option of the new Registered Owner) of the same date, series, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and cancelled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same date, series, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Underwritten Bond during the 15 days preceding any principal payment or redemption date.

(7) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Underwritten Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners or Beneficial Owners of Bonds.

(8) Place and Medium of Payment. Both principal of and interest on the Underwritten Bonds shall be payable in lawful money of the United States of America. Interest on the Underwritten Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Underwritten Bonds are held by a depository, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Underwritten Bonds are no longer held by a depository, interest on the Underwritten Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Underwritten Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Underwritten Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Underwritten Bond until the Underwritten Bond is paid.

(b) *Direct Purchase Bonds.* The terms of this Section 4(b) shall apply to any Direct Purchase Bonds unless otherwise provided for in the applicable Sale Document.

(1) Bond Details. Any Bonds of a series may be sold as Direct Purchase Bonds.

(2) Bond Registrar. The Administrative Services Director or the fiscal agent of the State shall act as Bond Registrar for any Direct Purchase Bonds. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Direct Purchase Bonds if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance with respect to Direct Purchase Bonds.

(3) Registered Ownership. The City and the Bond Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(4) Transfer or Exchange of Registered Ownership. Direct Purchase Bonds shall not be transferrable without the consent of the City unless (i) the Direct Purchaser's corporate name is changed and the transfer is necessary to reflect such change, (ii) the transferee is a successor in interest of the Direct Purchaser by means of a corporate merger, an exchange of stock, or a sale of assets, or (iii) such transfer satisfies requirements set forth in the Sale Document relating to such Direct Purchase Bonds.

(5) Place and Medium of Payment. Both principal of and interest on Direct Purchase Bonds shall be payable in lawful money of the United States of America. Interest on Direct Purchase Bonds shall be calculated as provided in the applicable Sale Document or Loan Agreement relating to such Direct Purchase Bonds. Principal and interest on Direct Purchase

Bonds shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Direct Purchaser and the City.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Redemption of Bonds.* The Bonds of each series shall be subject to mandatory redemption to the extent, if any, as set forth in the applicable Sale Document and as approved by the Designated Representative pursuant to Section 12. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the applicable Sale Document approved by the Designated Representative pursuant to Section 12.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Designated Representative.

(c) *Selection of Bonds for Redemption.* If the Underwritten Bonds of a series are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds are no longer held by a depository, the selection of such Underwritten Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Underwritten Bonds of a series having the same maturity date, the particular Underwritten Bonds or portions of Underwritten Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of an Underwritten Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of an Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, an Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption or Prepayment.*

(1) Official Notice. Notice of any prepayment of Direct Purchase Bonds shall be provided by the City to the Direct Purchaser as provided in the applicable Sale Document.

For so long as the Underwritten Bonds of a series are held by a depository, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Unless waived by any Registered Owner of Underwritten Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Underwritten Bond or Bonds to be redeemed at the address shown on the

Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (A) the redemption date; (B) the redemption price; (C) if fewer than all outstanding Underwritten Bonds of such series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (D) any conditions to redemption; (E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Underwritten Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (F) the place where such Underwritten Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Underwritten Bonds or portions of Underwritten Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Underwritten Bonds at the redemption price, then from and after such date such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Underwritten Bonds being redeemed; (B) the date of issue of the Underwritten Bonds as originally issued; (C) the rate of interest borne by each Underwritten Bond being redeemed; (D) the maturity date of each Underwritten Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Underwritten Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the City

shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Underwritten Bonds.

The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of Bonds. The Bonds of each series shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 7. Execution of Bonds. The Bonds of each series shall be executed on behalf of the City by the facsimile or manual signature of the Mayor and shall be attested to by the facsimile or manual signature of the City Clerk, and shall have the seal of the City impressed or a facsimile thereof imprinted, or otherwise reproduced thereon.

In the event any officer who shall have signed or whose facsimile signatures appear on any of the Bonds shall cease to be such officer of the City before said Bonds shall have been authenticated or delivered by the Bond Registrar or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though said person had not ceased to be such officer. Any Bond may be signed and attested on behalf of the City by such persons who, at the actual date of execution of such Bond shall be the proper officer of the City, although at the original date of such Bond such persons were not such officers of the City.

Only such Bonds as shall bear thereon a certificate of authentication manually executed by an authorized representative of the Bond Registrar shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such certificate of authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

Section 8. Application of Bond Proceeds; Project Fund. The Administrative Services Director is hereby authorized to create a fund or account (the "Project Fund"), and subaccounts therein as necessary, for the purposes set forth in this section. From the money derived from the sale of the Bonds:

(a) Net premium (premium minus costs of issuance) shall be deposited in the Debt Service Fund and/or the Project Fund and used to pay debt service on the Bonds coming due on the next upcoming interest payment date or costs of the Projects, respectively;

(b) A portion of the proceeds of the Bonds in the amount determined by the Administrative Services Director shall be deposited into the debt service fund created for the 2020 BAN and used, together with other available funds of the City, to refund a portion of the 2020 BAN. Such deposit and refunding shall occur no later than 30 days after the issuance of the Bonds; and

(c) The balance of the proceeds of the Bonds shall be deposited in the Project Fund and shall be used solely to pay the allocable cost of issuing and selling the Bonds and to finance and/or reimburse the City for costs of the Projects as authorized by the Election Ordinance.

None of the proceeds of the Bonds shall be used for the replacement of equipment or for other than a capital purpose. The Administrative Services Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted to cities of the State by law and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

Section 9. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on any Tax-Exempt Bonds from the gross income of the owners of such Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such Tax-Exempt Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Tax-Exempt Bonds are not so used as to cause the Tax-Exempt Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Projects.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects other than in the ordinary course of an established government program under Treasury Regulation § 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.



(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to a series of Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein.

The covenants of this Section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of one or more funds, and accounts held therein which may be one or more segregated accounts held within another fund, to be used for the payment of debt service on each series of Bonds, designated as the “Unlimited Tax General Obligation Bond Debt Service Fund” or other such designation selected by the City (the “Debt Service Fund”). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. None of the money in the Debt Service Fund shall be used for any other purpose than the payment of the principal of and interest on the Bonds.

The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds when due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of

principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance. The City shall give written notice of defeasance of any Bonds of a series in accordance with the applicable Continuing Disclosure Certificate.

Section 12. Sale of Bonds; Sale Document.

(a) *Bond Sale.* The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to determine the method of sale for the Bonds in one or more series and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds. Bonds may be issued pursuant to this ordinance at one time or from time to time as provided herein. The Designated Representative is hereby authorized to approve the issuance, from time to time, of one or more series of Bonds and to determine whether the Bonds of such series shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive public sale or a negotiated sale, as set forth below.

(b) *Direct Purchase.* If the Designated Representative determines that the Bonds of a series are to be sold by private placement, the Designated Representative shall solicit proposals to purchase the Direct Purchase Bonds and select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds of a series are to be sold by negotiated public sale, the Designated Representative shall solicit underwriting proposals and shall select the Underwriter whose proposal the Designated Representative believes is in the best interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If the Designated Representative determines that the Bonds of a series are to be sold at a competitive public sale, the Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in an amount not less than one percent of the principal amount of the offering accompany each bid; (4) cause notice of the public sale to be given; and (5) provide for such other matters pertaining to the public sale as such officer deems necessary or desirable. The Designated Representative shall cause the notice of sale to be given and provide for such other matters pertaining to the public sale as such officer deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* The Designated Representative is hereby authorized to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

(1) the aggregate principal amount (face amount) of all Bonds issued pursuant to this ordinance does not exceed \$38,500,000;

- (2) the final maturity date for each series of Bonds is no later than 20 years from the date of issuance;
- (3) the true interest cost for each series of Bonds does not exceed 4.5%;
- (4) the Bonds of each series are sold (in the aggregate) at a price not less than 98% and not more than 125%; and
- (5) the coupon rate for each maturity of the Bonds of each series does not exceed 5.0%.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the applicable Sale Document for a series of Bonds. Following the execution of the applicable Sale Document, the Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 11 shall expire one year after the effective date of this ordinance. If a Sale Document for the Bonds of a series has not been executed by such date, the authorization for the issuance of such series of Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council.

(f) *Delivery of Bonds; Documentation.* The proper officials of the City, including the Administrative Services Director and the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the applicable Sale Document. Such documents may include, but are not limited to, documents related to a municipal Bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by the Designated Representative to be in the best interest of the City.

Section 13. Preliminary and Final Official Statements. The Administrative Services Director and the City Manager are each hereby authorized to deem final the preliminary Official Statement(s) relating to any Underwritten Bonds for the purposes of the Rule. The Administrative Services Director and the City Manager are each further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement(s) relating to the issuance and sale of any Underwritten Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 14. Undertaking to Provide Ongoing Disclosure; Covenants.

(a) The City covenants to execute and deliver at the time of Closing of any Underwritten Bonds a Continuing Disclosure Certificate. The Administrative Services Director and the City Manager are each hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any Underwritten Bonds with such terms and provisions as such individuals shall deem appropriate and in the best interests of the City.

(b) The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by the Designated Representative and as set forth in the applicable Sale Document and approved by the Designated Representative.

Section 15. Lost, Stolen or Destroyed Bonds. In case any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, date and tenor to the Registered Owner thereof if the Registered Owner pays the expenses and charges of the Bond Registrar and the City in connection therewith and files with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of such individual's ownership thereof, and furnishes the City and the Bond Registrar with indemnity satisfactory to both.

Section 16. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 17. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 18.    Effective Date. This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

**PASSED BY THE CITY COUNCIL ON APRIL 18, 2022.**

\_\_\_\_\_  
Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Bond Counsel

Date of Publication: \_\_\_\_\_, 2022  
Effective Date: \_\_\_\_\_, 2022

EXHIBIT A

FORM OF BOND

[DTC LANGUAGE]

[TRANSFER RESTRICTIONS]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

CITY OF SHORELINE

UNLIMITED TAX GENERAL OBLIGATION BOND, 20\_\_ [(TAXABLE)]

INTEREST RATE: \_\_\_\_%

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Shoreline, Washington (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from \_\_\_\_\_, 20\_\_\_\_, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_ 1, 20\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the “Bond Registrar”). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 961 duly passed by the City Council on April 18, 2022 (the “Bond Ordinance”). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of not to

exceed \$38,500,000 and is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to finance and refinance the construction, development, equipping, upgrading, acquiring, and improvement of park and recreation facilities, including the acquisition of land, and for other capital expenditures described in the Parks, Recreation and Open Space Plan as identified in Ordinance No. 949 passed by the City Council on November 1, 2021 and approved by the qualified electors of the City at a special election held therein on February 8, 2022, (b) to refinance interim financing issued for such costs, and (c) to pay costs of issuance.

The bonds of this issue are subject to [prepayment/redemption prior to their stated maturities] as provided in the [Bond Purchase Contract/Certificate of Award/Loan Agreement].

The City has irrevocably covenanted with the owner of this bond that it will levy taxes annually upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond when due. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue do not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

PASSED BY THE CITY COUNCIL ON \_\_\_\_\_ 2022

\_\_\_\_\_  
Mayor Keith Scully

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: , 2022

Effective Date: , 2022

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Unlimited Tax General Obligation Bonds, 20\_\_, of the City of Shoreline, Washington, dated \_\_\_\_\_, 20\_\_.

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_

[FOR DIRECT PURCHASE BONDS]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This Bond is the Unlimited Tax General Obligation Bonds, 20\_\_, of the City of Shoreline, Washington, dated \_\_\_\_\_, 20\_\_, described in the within-mentioned Bond Ordinance.

\_\_\_\_\_  
[Administrative Services Director],  
as Bond Registrar

REGISTRATION CERTIFICATE

This Bond is registered in the name of the Registered Owner on the books of the City, in the office of the Administrative Services Director of the City, as to both principal and interest. All payments of principal of and interest on this Bond shall be made by the City as provided in the Bond Ordinance.



Date of Registration	Name and Address of Registered Owner
_____, 20____	

PAYMENT SCHEDULE

Principal and interest on this Bond shall be payable as set forth in the following schedule:

Date	Principal	Interest	Total Payment
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CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Shoreline, Washington (the “City”), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 961 (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held on April 18, 2022 as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate; and

3. That the Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of April, 2022.

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Jessica Simulcik Smith, City Clerk

**ORDINANCE NO. 962**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CITY ORDINANCE NO. 829, AS PREVIOUSLY AMENDED, RELATING TO THE ISSUANCE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTES TO PROVIDE INTERIM FINANCING FOR A PORTION OF THE COSTS OF THE CITY'S PARKS, RECREATION AND OPEN SPACE PLAN AND COSTS OF ISSUING THE NOTES; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, on July 31, 2017, the Shoreline City Council (the "Council") unanimously adopted the 2017-2023 Parks, Recreation and Open Space Plan (the "PROS Plan"); and

WHEREAS, pursuant to Ordinance No. 829 adopted by the City Council on August 6, 2018, as amended by Ordinance No. 864 adopted on June 17, 2019 and Ordinance No. 877 adopted on January 13, 2020 (as amended, the "Note Ordinance") and the Continuing Covenant Agreement dated February 14, 2020 (the "Continuing Covenant Agreement") between the City and U.S. Bank Trust Company, National Association, as purchaser of the Note and as successor to U.S. Bank National Association (the "Purchaser"), the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the principal amount of \$25,000,000 (the "Note"); and

WHEREAS, proceeds of the Note were used to finance the acquisition of property for park and recreational purposes and to pay other capital expenditures described in the PROS Plan; and

WHEREAS, the Note is scheduled to mature on December 1, 2022; and

WHEREAS, the City expects to issue its Unlimited Tax General Obligation Bonds, 2022 to, among other purposes, redeem a portion of the outstanding Note prior to maturity; and

WHEREAS, the Purchaser has agreed to extend the maturity date of the Note an additional three years, to modify the interest rate, and to reduce the available principal amount of the Note to \$16,600,000; and

WHEREAS, the Council now desires to amend Ordinance No. 829, as previously amended, and the Continuing Covenant Agreement and to provide for such modifications as set forth herein;

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

**Section 1. Definitions.** Except as otherwise provided herein, definitions used in this ordinance shall have the meanings set forth in the Note Ordinance.

**Section 2. Delivery of Replacement Note; Amendment to Continuing Covenant Agreement.**

(a) *Delivery of Replacement Note.* To provide for the extension of the maturity date, the modification in the interest rate, a reduction in the available principal amount, and other terms

as may be determined by the Designated Representative to be necessary and in the best interest of the City to accomplish the purpose of this ordinance, the City is hereby authorized to authenticate and deliver a replacement Note to the Purchaser substantially in the form attached hereto as Exhibit A (the "Replacement Note"). The date of delivery of the Replacement Note to the Purchaser (the "Extension Date") shall occur prior to December 1, 2022.

The Replacement Note shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Bond Registrar is hereby authorized to authenticate the Replacement Note on behalf of the City. The City is authorized to pay fees and costs associated with the delivery of the Replacement Note, including fees of the City's Municipal Advisor, fees of Purchaser's counsel, and fees of Bond Counsel to the City.

In case either of the officers who shall have executed the Replacement Note shall cease to be an officer or officers of the City before the Replacement Note so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Replacement Note may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Replacement Note may also be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Replacement Note, are the proper officers of the City, although at the original date of such Replacement Note any such person shall not have been such officer of the City.

(b) *Delivery of Amendment to Continuing Covenant Agreement.* The Council authorizes the execution and delivery of an amendment to or an amendment and restatement of the Continuing Covenant Agreement in order to accomplish the purpose of this ordinance (the "Amended Agreement"). The Administrative Services Director and the City Manager are authorized to negotiate the terms and form of the Amended Agreement with the Purchaser. The Designated Representative is hereby authorized to execute and deliver such Amended Agreement in connection with the delivery of the Replacement Note.

**Section 3. Amendment to Section 2 of Ordinance No. 877, Amending Section 2 of Ordinance No. 864, Amending Section 10 of Ordinance No. 829 (Sale of Notes).** In order to accomplish the delivery of the Replacement Note, the following parameters shall apply to the Replacement Note. Nothing in this ordinance is intended to amend or otherwise modify the delegated authority as it applies to the original Note. Section 10(e) (Sale of Notes) of Ordinance No. 829, as previously amended, is hereby further amended to read as follows (deletions are ~~stricken~~, additions are double underlined):

Section 10. Sale of Notes.

...

(e) *Sale Parameters.* The Designated Representative is hereby authorized to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Notes in the manner provided hereafter so long as:

- (1) the aggregate principal amount (face amount) of all Notes issued pursuant to this ordinance does not exceed \$16,600,000~~25,000,000~~;
- (2) the final maturity date for each series of Notes is no later than 72 months~~36 months~~ from date of issuance of such series;
- (3) the true interest cost for each series of Notes does not exceed 2.75%~~3.25%~~;
- (4) the Notes of each series are sold (in the aggregate) at a price not less than 98%; and
- (5) the coupon rate for each maturity of the Notes of each series does not exceed 5.00%.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the applicable Sale Document for a series of Notes. Following the execution of the applicable Sale Document, the Designated Representative shall provide a report to the Council describing the final terms of the Notes approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 10 shall expire December 31, 2022~~on December 31, 2020~~. If a Sale Document for the Notes of a series has not been executed by such date, the authorization for the issuance of such series of Notes shall be rescinded, and such Notes shall not be issued nor their sale approved unless such Notes shall have been re-authorized by ordinance of the Council.

**Section 4. Delivery of Replacement Note; Documentation.** The proper officials of the City, including the Administrative Services Director and the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Replacement Note to the Purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Replacement Note in accordance with the terms of this ordinance and the Amended Agreement.

**Section 5. Ratification.** Except as hereby amended, the remaining terms and conditions of Ordinance No. 829, as amended by Ordinance No. 864, as further amended by Ordinance No. 877, are hereby ratified and confirmed in all respects. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

**Section 6. Corrections by Clerk.** Upon approval of the City Attorney and Note Counsel and without further action of the Council, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

**Section 7. Effective Date of Ordinance.** This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

**PASSED BY THE CITY COUNCIL ON APRIL 18, 2022.**

\_\_\_\_\_  
Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Pacifica Law Group LLP  
Notary Counsel

Date of Publication: \_\_\_\_\_, 2022  
Effective Date: \_\_\_\_\_, 2022

**EXHIBIT A**  
**FORM OF REPLACEMENT NOTE**  
**UNITED STATES OF AMERICA**

**R-2**

**[\$16,600,000]**

**STATE OF WASHINGTON**  
**CITY OF SHORELINE**  
**LIMITED TAX GENERAL OBLIGATION**  
**BOND ANTICIPATION NOTE, 2020 (TAXABLE)**  
**(AS EXTENDED ON \_\_\_\_\_, 2022)**

PRINCIPAL AMOUNT: [SIXTEEN MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS]

ORIGINAL DATED DATE: FEBRUARY 14, 2020

EXTENSION DATE: \_\_\_\_\_, 2022

INTEREST RATE: [2.75]% (subject to a Default Rate described below)

MATURITY DATE: [December 1, 2025]

REGISTERED OWNER: U.S. Bank Trust Company, National Association (and its successors and assigns)

The City of Shoreline, Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from the date of delivery, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above (the "Interest Rate"), subject to a default rate (the "Default Rate") as described below. Interest on this Note shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on the basis of a year of 360 days and twelve 30-day months. Principal of and accrued interest on this Note shall be payable in lawful money of the United States of America by check, warrant, ACH transfer or by other means mutually acceptable to the Registered Owner and the City, without the need for presentation or surrender of this Note, on the dates set forth in the payment schedule attached hereto. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for this Note (the "Note Registrar").

This Note is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 839, as amended by Ordinance No. 864, as further amended by Ordinance No. 877 and as further amended by Ordinance No. \_\_\_\_ (together, the "Note Ordinance") of the City. Capitalized terms used in this Note have the meanings given such terms in the Note Ordinance.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Note Registrar or its duly designated agent.

This Note is issued pursuant to the Note Ordinance and the Continuing Covenant Agreement dated February 14, 2020[, as amended on \_\_\_\_\_] between the City and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association (the "Continuing Covenant Agreement"), to provide a

portion of the funds necessary (a) to pay costs to acquire sites for park and recreation purposes and for other capital expenditures described in the Parks, Recreation and Open Space Plan, and (b) to pay costs of issuance.

This Note may be prepaid prior to maturity as provided in the Continuing Covenant Agreement.

Upon the occurrence of any Event of Default (as defined in the Continuing Covenant Agreement) and until such time as such Event of Default has been remedied or waived in writing by the Bank, the interest rate on this Note shall increase to the Bank's Prime Rate plus five percentage points (5.0%) (the "Default Rate") and the Bank may pursue any other remedies to which it is entitled under the Continuing Covenant Agreement, at law or in equity. Notwithstanding the foregoing, this Note shall not be subject to acceleration prior to maturity.

The City has covenanted with the owner of this Note that it will issue and sell limited tax general obligation bonds in an aggregate principal amount sufficient, with such other moneys of the City available for such purposes as the Council may from time to time appropriate and set aside, to pay the principal of and interest on this Note when due, unless the City issues its unlimited tax general obligation bonds for this purpose with voter approval, and will thereupon redeem this Note. The City further covenants that it will levy taxes annually upon all the taxable property in the City within the levy limits permitted to cities without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this Note as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies for payment of principal of and interest on this Note may be discharged prior to maturity of this Note by making provision for the payment thereof on the terms and conditions set forth in the Note Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this Note exist and have happened, been done and performed and that the issuance of this Note does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Shoreline, Washington, has caused this Note to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City to be imprinted, impressed or otherwise reproduced hereon as of this 14th day of February, 2020 (as extended on \_\_\_\_\_, 2022).

[SEAL]

CITY OF SHORELINE, WASHINGTON

By \_\_\_\_\_  
/s/ manual or facsimile  
Mayor

ATTEST:

\_\_\_\_\_  
/s/ manual or facsimile  
City Clerk

This Note is the Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable), of the City of Shoreline, Washington, dated February 14, 2020 (as extended on \_\_\_\_\_, 2022), described in the within-mentioned Note Ordinance.

Date of Authentication of this replacement Note: \_\_\_\_\_, 2022

WASHINGTON STATE FISCAL AGENT, as Note  
Registrar

By \_\_\_\_\_



**PAYMENT SCHEDULE**

Principal of and interest on this note shall be payable as set forth in the following schedule:

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Shoreline, Washington (the “City”), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. \_\_\_\_ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held on April 18, 2022, as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate; and

3. The Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of April, 2022.

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Jessica Simulcik Smith, City Clerk

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## SOURCES AND USES OF FUNDS

City of Shoreline, Washington  
UTGO Bonds, 2022  
Preliminary - Rates as of 3/18/2022 plus 0.50%

## Sources:

Bond Proceeds:	
Par Amount	33,275,000.00
Premium	5,642,108.25
	38,917,108.25

## Uses:

Project Fund Deposits:	
Project Fund	38,500,000.00
Cost of Issuance:	
Other Cost of Issuance	150,000.00
Delivery Date Expenses:	
Underwriter's Discount	266,200.00
Other Uses of Funds:	
Additional Proceeds	908.25
	38,917,108.25

## BOND SUMMARY STATISTICS

City of Shoreline, Washington  
 UTGO Bonds, 2022  
 Preliminary - Rates as of 3/18/2022 plus 0.50%

Dated Date	05/26/2022
Delivery Date	05/26/2022
Last Maturity	12/01/2041
Arbitrage Yield	2.731189%
True Interest Cost (TIC)	3.297928%
Net Interest Cost (NIC)	3.648827%
All-In TIC	3.340748%
Average Coupon	5.000000%
Average Life (years)	11.957
Duration of Issue (years)	9.238
Par Amount	33,275,000.00
Bond Proceeds	38,917,108.25
Total Interest	19,893,482.64
Net Interest	14,517,574.39
Total Debt Service	53,168,482.64
Maximum Annual Debt Service	2,756,000.00
Average Annual Debt Service	2,724,648.22
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.000000
Total Underwriter's Discount	8.000000
Bid Price	116.155998

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	33,275,000.00	116.956	5.000%	11.957	27,314.20
	33,275,000.00			11.957	27,314.20

	TIC	All-In TIC	Arbitrage Yield
Par Value	33,275,000.00	33,275,000.00	33,275,000.00
+ Accrued Interest			
+ Premium (Discount)	5,642,108.25	5,642,108.25	5,642,108.25
- Underwriter's Discount	-266,200.00	-266,200.00	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts			
Target Value	38,650,908.25	38,500,908.25	38,917,108.25
Target Date	05/26/2022	05/26/2022	05/26/2022
Yield	3.297928%	3.340748%	2.731189%

## BOND PRICING

City of Shoreline, Washington  
 UTGO Bonds, 2022  
 Preliminary - Rates as of 3/18/2022 plus 0.50%

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serial Bonds:								
	12/01/2023	1,090,000	5.000%	1.860%	104.665			
	12/01/2024	1,145,000	5.000%	2.050%	107.191			
	12/01/2025	1,200,000	5.000%	2.150%	109.595			
	12/01/2026	1,260,000	5.000%	2.230%	111.831			
	12/01/2027	1,325,000	5.000%	2.370%	113.518			
	12/01/2028	1,390,000	5.000%	2.420%	115.461			
	12/01/2029	1,460,000	5.000%	2.490%	117.103			
	12/01/2030	1,535,000	5.000%	2.540%	118.727			
	12/01/2031	1,610,000	5.000%	2.590%	120.206			
	12/01/2032	1,690,000	5.000%	2.640%	120.647 C	2.728%	06/01/2032	100.000
	12/01/2033	1,775,000	5.000%	2.700%	120.062 C	2.934%	06/01/2032	100.000
	12/01/2034	1,865,000	5.000%	2.750%	119.577 C	3.101%	06/01/2032	100.000
	12/01/2035	1,955,000	5.000%	2.790%	119.191 C	3.236%	06/01/2032	100.000
	12/01/2036	2,055,000	5.000%	2.830%	118.807 C	3.353%	06/01/2032	100.000
	12/01/2037	2,155,000	5.000%	2.850%	118.615 C	3.441%	06/01/2032	100.000
	12/01/2038	2,265,000	5.000%	2.870%	118.423 C	3.519%	06/01/2032	100.000
	12/01/2039	2,380,000	5.000%	2.890%	118.232 C	3.589%	06/01/2032	100.000
	12/01/2040	2,500,000	5.000%	2.930%	117.851 C	3.664%	06/01/2032	100.000
	12/01/2041	2,620,000	5.000%	2.970%	117.472 C	3.731%	06/01/2032	100.000
		33,275,000						

Dated Date	05/26/2022	
Delivery Date	05/26/2022	
First Coupon	12/01/2022	
Par Amount	33,275,000.00	
Premium	5,642,108.25	
Production	38,917,108.25	116.955998%
Underwriter's Discount	-266,200.00	-0.800000%
Purchase Price	38,650,908.25	116.155998%
Accrued Interest		
Net Proceeds	38,650,908.25	

## BOND DEBT SERVICE

City of Shoreline, Washington  
 UTGO Bonds, 2022  
 Preliminary - Rates as of 3/18/2022 plus 0.50%

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2022			854,982.64	854,982.64
12/31/2023	1,090,000	5.000%	1,663,750.00	2,753,750.00
12/31/2024	1,145,000	5.000%	1,609,250.00	2,754,250.00
12/31/2025	1,200,000	5.000%	1,552,000.00	2,752,000.00
12/31/2026	1,260,000	5.000%	1,492,000.00	2,752,000.00
12/31/2027	1,325,000	5.000%	1,429,000.00	2,754,000.00
12/31/2028	1,390,000	5.000%	1,362,750.00	2,752,750.00
12/31/2029	1,460,000	5.000%	1,293,250.00	2,753,250.00
12/31/2030	1,535,000	5.000%	1,220,250.00	2,755,250.00
12/31/2031	1,610,000	5.000%	1,143,500.00	2,753,500.00
12/31/2032	1,690,000	5.000%	1,063,000.00	2,753,000.00
12/31/2033	1,775,000	5.000%	978,500.00	2,753,500.00
12/31/2034	1,865,000	5.000%	889,750.00	2,754,750.00
12/31/2035	1,955,000	5.000%	796,500.00	2,751,500.00
12/31/2036	2,055,000	5.000%	698,750.00	2,753,750.00
12/31/2037	2,155,000	5.000%	596,000.00	2,751,000.00
12/31/2038	2,265,000	5.000%	488,250.00	2,753,250.00
12/31/2039	2,380,000	5.000%	375,000.00	2,755,000.00
12/31/2040	2,500,000	5.000%	256,000.00	2,756,000.00
12/31/2041	2,620,000	5.000%	131,000.00	2,751,000.00
	33,275,000		19,893,482.64	53,168,482.64

## BOND DEBT SERVICE

City of Shoreline, Washington  
 UTGO Bonds, 2022  
 Preliminary - Rates as of 3/18/2022 plus 0.50%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2022			854,982.64	854,982.64	
12/31/2022					854,982.64
06/01/2023			831,875.00	831,875.00	
12/01/2023	1,090,000	5.000%	831,875.00	1,921,875.00	
12/31/2023					2,753,750.00
06/01/2024			804,625.00	804,625.00	
12/01/2024	1,145,000	5.000%	804,625.00	1,949,625.00	
12/31/2024					2,754,250.00
06/01/2025			776,000.00	776,000.00	
12/01/2025	1,200,000	5.000%	776,000.00	1,976,000.00	
12/31/2025					2,752,000.00
06/01/2026			746,000.00	746,000.00	
12/01/2026	1,260,000	5.000%	746,000.00	2,006,000.00	
12/31/2026					2,752,000.00
06/01/2027			714,500.00	714,500.00	
12/01/2027	1,325,000	5.000%	714,500.00	2,039,500.00	
12/31/2027					2,754,000.00
06/01/2028			681,375.00	681,375.00	
12/01/2028	1,390,000	5.000%	681,375.00	2,071,375.00	
12/31/2028					2,752,750.00
06/01/2029			646,625.00	646,625.00	
12/01/2029	1,460,000	5.000%	646,625.00	2,106,625.00	
12/31/2029					2,753,250.00
06/01/2030			610,125.00	610,125.00	
12/01/2030	1,535,000	5.000%	610,125.00	2,145,125.00	
12/31/2030					2,755,250.00
06/01/2031			571,750.00	571,750.00	
12/01/2031	1,610,000	5.000%	571,750.00	2,181,750.00	
12/31/2031					2,753,500.00
06/01/2032			531,500.00	531,500.00	
12/01/2032	1,690,000	5.000%	531,500.00	2,221,500.00	
12/31/2032					2,753,000.00
06/01/2033			489,250.00	489,250.00	
12/01/2033	1,775,000	5.000%	489,250.00	2,264,250.00	
12/31/2033					2,753,500.00
06/01/2034			444,875.00	444,875.00	
12/01/2034	1,865,000	5.000%	444,875.00	2,309,875.00	
12/31/2034					2,754,750.00
06/01/2035			398,250.00	398,250.00	
12/01/2035	1,955,000	5.000%	398,250.00	2,353,250.00	
12/31/2035					2,751,500.00
06/01/2036			349,375.00	349,375.00	
12/01/2036	2,055,000	5.000%	349,375.00	2,404,375.00	
12/31/2036					2,753,750.00
06/01/2037			298,000.00	298,000.00	
12/01/2037	2,155,000	5.000%	298,000.00	2,453,000.00	
12/31/2037					2,751,000.00
06/01/2038			244,125.00	244,125.00	
12/01/2038	2,265,000	5.000%	244,125.00	2,509,125.00	
12/31/2038					2,753,250.00
06/01/2039			187,500.00	187,500.00	
12/01/2039	2,380,000	5.000%	187,500.00	2,567,500.00	
12/31/2039					2,755,000.00
06/01/2040			128,000.00	128,000.00	
12/01/2040	2,500,000	5.000%	128,000.00	2,628,000.00	



## BOND DEBT SERVICE

City of Shoreline, Washington  
UTGO Bonds, 2022

Preliminary - Rates as of 3/18/2022 plus 0.50%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/31/2040					2,756,000.00
06/01/2041			65,500.00	65,500.00	
12/01/2041	2,620,000	5.000%	65,500.00	2,685,500.00	
12/31/2041					2,751,000.00
	33,275,000		19,893,482.64	53,168,482.64	53,168,482.64

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City of Shoreline, Washington  
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

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## SOURCES AND USES OF FUNDS

City of Shoreline, Washington  
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

## Sources:

Bond Proceeds:	
Par Amount	16,600,000.00
Other Sources of Funds:	
UTGO Bond Proceeds	6,100,000.00
GF Contribution/Unspent Bond Proceeds	2,300,000.00
COI to be paid by the City	35,000.00
	<u>8,435,000.00</u>
	25,035,000.00

## Uses:

Defeasance of 2020 BAN:	
Cash Deposit	25,000,000.00
Cost of Issuance:	
Other Cost of Issuance	32,000.00
Delivery Date Expenses:	
Bank Legal Fee	3,000.00
	<u>25,035,000.00</u>

## BOND PRICING

City of Shoreline, Washington  
 LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond:	06/01/2025	16,600,000	2.500%	2.500%	100.000
		16,600,000			

Dated Date	06/01/2022	
Delivery Date	06/01/2022	
First Coupon	12/01/2022	
Par Amount	16,600,000.00	
Original Issue Discount		
Production	16,600,000.00	100.000000%
Underwriter's Discount	-3,000.00	-0.018072%
Purchase Price	16,597,000.00	99.981928%
Accrued Interest		
Net Proceeds	16,597,000.00	

## BOND SUMMARY STATISTICS

City of Shoreline, Washington  
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

Dated Date	06/01/2022
Delivery Date	06/01/2022
Last Maturity	06/01/2025
Arbitrage Yield	2.500000%
True Interest Cost (TIC)	2.506291%
Net Interest Cost (NIC)	2.506024%
All-In TIC	2.573480%
Average Coupon	2.500000%
Average Life (years)	3.000
Duration of Issue (years)	2.909
Par Amount	16,600,000.00
Bond Proceeds	16,600,000.00
Total Interest	1,245,000.00
Net Interest	1,248,000.00
Total Debt Service	17,845,000.00
Maximum Annual Debt Service	16,807,500.00
Average Annual Debt Service	5,948,333.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	0.180723
Total Underwriter's Discount	0.180723
Bid Price	99.981928

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond	16,600,000.00	100.000	2.500%	3.000	4,814.00
	16,600,000.00			3.000	4,814.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,600,000.00	16,600,000.00	16,600,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-3,000.00	-3,000.00	
- Cost of Issuance Expense		-32,000.00	
- Other Amounts			
Target Value	16,597,000.00	16,565,000.00	16,600,000.00
Target Date	06/01/2022	06/01/2022	06/01/2022
Yield	2.506291%	2.573480%	2.500000%

## BOND DEBT SERVICE

City of Shoreline, Washington  
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2022			207,500	207,500
12/31/2023			415,000	415,000
12/31/2024			415,000	415,000
12/31/2025	16,600,000	2.500%	207,500	16,807,500
	16,600,000		1,245,000	17,845,000

## BOND DEBT SERVICE

City of Shoreline, Washington  
 LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2022			207,500	207,500	
12/31/2022					207,500
06/01/2023			207,500	207,500	
12/01/2023			207,500	207,500	
12/31/2023					415,000
06/01/2024			207,500	207,500	
12/01/2024			207,500	207,500	
12/31/2024					415,000
06/01/2025	16,600,000	2.500%	207,500	16,807,500	
12/31/2025					16,807,500
	16,600,000		1,245,000	17,845,000	17,845,000

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of the Transportation Master Plan Update: Draft Transit, Shared-use Mobility, and Pedestrian Plan		
<b>DEPARTMENT:</b>	Public Works		
<b>PRESENTED BY:</b>	Nora Daley-Peng, Senior Transportation Planner		
<b>ACTION:</b>	<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 of Shoreline Transportation Master Plan (TMP) is the long-range blueprint for multimodal travel and mobility within Shoreline. The last update to the TMP was in 2011. The TMP, which serves as the supporting analysis for the City's Comprehensive Plan Transportation Element, must be updated to align with the City's Comprehensive Plan periodic update by 2024 and meet the Growth Management Act requirements; maintain the City's eligibility for pursuing future grant funding; and set transportation policies for guiding the development of Shoreline.

The purpose of this agenda item is to provide the City Council with the fifth in a series of briefings about the TMP. To date, the project team has assessed existing conditions and needs, conducted the first and second round of public outreach, developed the TMP Vision and Goals, created a draft project evaluation framework, developed the preferred automobile level of service policy, and developed draft TMP project prioritization metrics and performance measures. Tonight, staff will provide Council with a presentation on the TMP draft Transit, Shared-use Mobility, and Pedestrian Plans. Please note that staff will return to Council to present the TMP draft Bicycle Plan in mid-April 2022.

**RESOURCE/FINANCIAL IMPACT:**

There is no additional financial impact associated with the continued work on this project.

**RECOMMENDATION**

There is no action required tonight; this meeting will provide a briefing on the TMP draft Transit, Shared-use Mobility, and Pedestrian Plans for Council's feedback.

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



## **INTRODUCTION**

The TMP update will provide a framework to guide investments in existing and new transportation infrastructure and programs over the next 20 years in accordance with the community's transportation priorities. The TMP update will be developed through close collaboration between City staff, stakeholders, and the public, as well as the Planning Commission and Council, to help identify policies and projects which will support mobility and enhance quality of life in Shoreline.

This is the fifth in a series of briefings to Council about the TMP. On May 24, 2021, Council held the first discussion on the TMP and agreed with the vision and goals for the TMP update. The staff report for that discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport052421-9a.pdf>.

On November 22, 2021, Council discussed and agreed with the project evaluation framework for the TMP update. The staff report for that discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2021/staffreport112221-9b.pdf>.

On March 7, 2022, Council discussed and agreed with the preferred automobile level of service policy for the TMP update. The staff report for that discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2022/staffreport030722-9a.pdf>

And On March 28, 2022, Council discussed the draft prioritization metrics and performance measures for the TMP update. The staff report for that discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2022/staffreport032822-9a.pdf>.

This report provides an overview to tonight's presentation and discussion about the TMP draft Transit, Shared-use Mobility, and Pedestrian Plans.

## **BACKGROUND**

The City is currently updating its TMP to better serve the community's current and future transportation needs. The TMP supports all forms of travel – by foot, bicycle, skateboard, scooter, stroller, wheelchair, transit, motorcycle, automobile, etc. With the coming arrival of light rail transit, new and higher frequency bus service, new pedestrian/bicycle connections, and land use changes and growth, the TMP update provides an opportunity to better align transportation goals, objectives, and policies with the City's Comprehensive Plan.

The TMP update will guide local and regional transportation investments and define the City's future transportation policies, programs, and projects for the next 20 years. Using the TMP as a guide, the City can assess the relative importance of transportation

projects and programs and schedule their planning, engineering, and construction as Shoreline growth takes place and the need for improved and new facilities is warranted. The TMP update will also establish a methodology/criterion for prioritization of projects to be included in future Transportation Improvement Plans (TIPs) and Capital Improvement Plans (CIPs).

The last update to the TMP was in 2011. The TMP, which serves as the supporting analysis for the City's Comprehensive Plan Transportation Element, must be updated to align with the City's Comprehensive Plan periodic update by 2024 and meet the Growth Management Act requirements; maintain the City's eligibility for pursuing future grant funding; and set transportation policies for guiding the development of Shoreline.

### **TMP Update Schedule**

In fall 2020, the City launched a multi-year process to update the TMP with the goal of adoption by the end of 2022. City staff has and will continue briefing the Council throughout the process and seek their feedback on the development of the TMP update.

To date, the project team has assessed existing conditions, conducted two rounds of public outreach, developed the TMP Vision and Goals and draft project evaluation criteria, and developed a future city-wide travel demand model to assist with forecasting the increase in vehicular travel over the next 20 years based on Shoreline's anticipated growth in population and jobs. In addition, staff has developed a draft process for prioritizing transportation projects and reporting their performance over time.

Currently, the team is getting ready to launch Outreach Series 3 in April of this year. The following overview schedule shows key milestones for the TMP update process.



### **DISCUSSION**

Since the start of work on the TMP update, staff with the aid of community participation have progressed in several areas. Tonight, staff will brief the Council on the draft modal plans for riding transit, using shared-use mobility devices (e.g., e-bikes, e-scooters, etc.), and walking in Shoreline. Please note that staff will return to Council to present the draft modal plan for bicycling in Shoreline in mid-April 2022.

The 2020 Shoreline Resident Satisfaction Survey revealed greater support for transit and multimodal options. Moreover, with the coming arrival of light rail transit, new and higher frequency bus service, new pedestrian/bicycle connections, and up zoning in station areas and along Aurora Avenue will accelerate the need for a more flexible,

multimodal system that supports a variety of mobility options. To date, the project team has conducted two outreach efforts for the TMP update. Community feedback from Outreach Series 1 and 2 informed the development of the draft modal plans.

## **Draft Transit Plan**

### ***Overview of Transit Component***

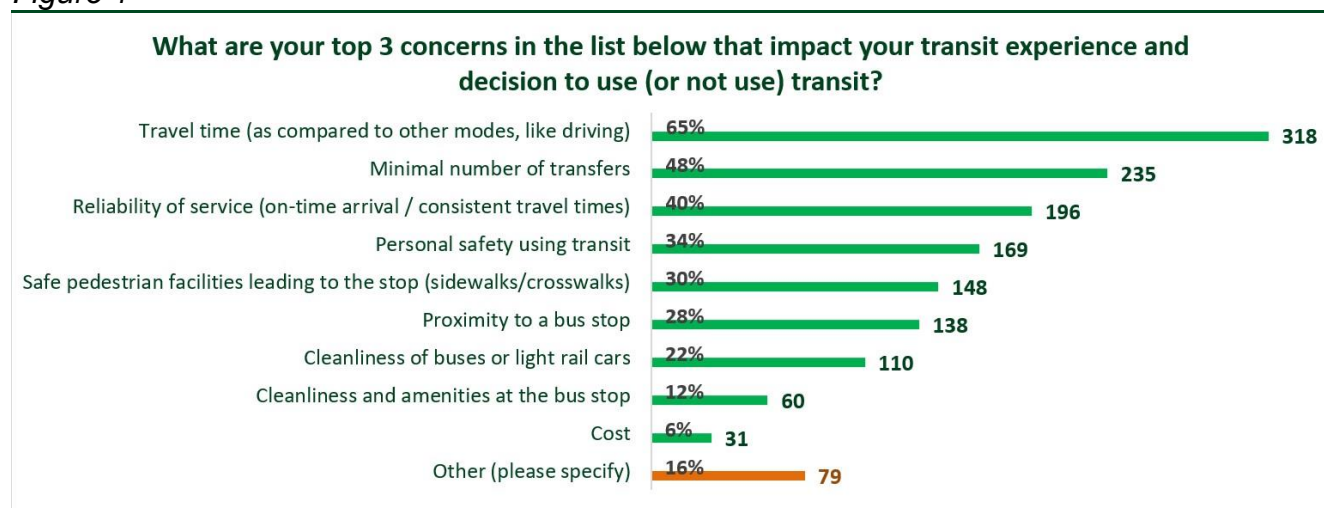
The City is actively working with Sound Transit, King County Metro, and Community Transit to plan effective bus connections to/from the future light rail stations as well as throughout our city. Since King County Metro, Community Transit, and Sound Transit operate transit service in Shoreline, the City's investments in transit service are generally limited to providing access to transit and hosting transit service on city streets. Although transit agencies are responsible for determining route locations, frequency, and bus stop treatments, the City is empowered to advocate for additional transit service (i.e., transit routes/ service areas) to enhance speed and reliability; and for transit stops and stations along city roadways.

### ***Community Input on Transit***

Public transit in Shoreline is a key component for a complete transportation network to transport all ages and abilities to local destinations and connections to regional transportation systems, such as light rail, and the destinations they service. To better understand interest in using transit, the project team asked people in the Outreach Series 2 survey if they were taking transit now and/or interested in taking transit in the future. Over 80% of respondents answered positively.

The Outreach Series 2 survey also asked participants to choose their top three concerns that impact their transit experience and decision to use (or not use) transit. Figure 1 shows the results. The top three choices reflect time, convenience, and reliability. The next two top choices were related to personal safety. Over 20 percent of the survey responses also listed proximity to a bus stop and cleanliness of buses/light rail cars as top concerns. The comments in the "other" category mostly fit broadly within the choices offered in the survey with some expanded or specific detail.

**Figure 1**



### ***Draft Transit Plan Approach***

Using the community's input, the project team developed the draft Transit Plan (see Attachment A) to illustrate the City's vision for a complete and connected transit network. Development of the draft Transit Plan involved identifying the following:

- Priority connections between key destinations, including neighborhood centers and major regional destinations, based on travel needs and demand, and desired connections between transit services.
- Frequent transit service that could connect Shoreline's growth centers to the region, and neighborhoods to urban centers and the regional transit spine. Each connection is designed to meet a wide variety of user groups and trip purposes and meet the needs of multiple markets.
- Preferred travel paths that represent a balance between travel speed and coverage (access to transit) for Shoreline's growth centers and neighborhoods.
- Appropriate "Service Families" that define the desired level of service in terms of the frequency of service by time of day. These standards are established by identifying potential transit demand based on population and employment density measures (persons and jobs per acre), as well as overall travel demand measures (all-day person trips) along the corridor.

### **Draft Shared-Use Mobility Plan**

#### ***Overview of Shared-use Mobility Component***

Shared-use mobility is a rapidly emerging concept in transportation planning. It focuses on providing multiple forms of transportation that people can share either at the same time such as taking a bus, carpool, or light rail or one after the other, such as using bike share, scooter share, or car share. In concept, shared-use mobility hubs (mobility hubs) are places of connectivity where different modes of transportation come together seamlessly at concentrations of employment, housing, shopping, and recreation. Mobility hubs can include space for bike share, scooter share, car share, as well as curb space for ride hailing services/pickups like Uber and Lyft. They also can provide creature comforts like public bathrooms, information kiosks, outdoor seating, bike parking, public art, and cell-phone recharging stations.

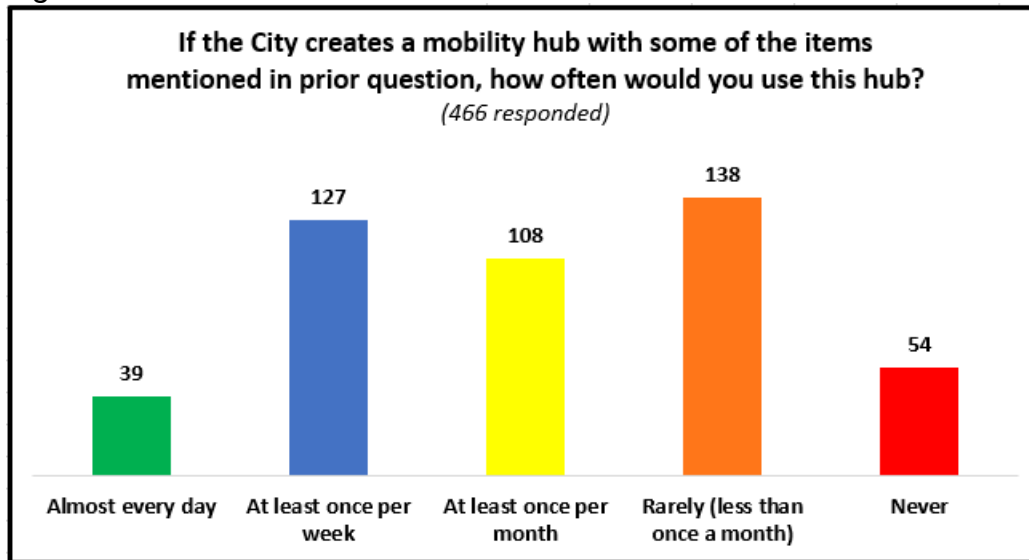
To better understand the state of the practice of shared-use mobility and how the City's policies, programs, and infrastructure could be updated to provide the public with more shared-use mobility options, the City engaged with the University of Washington Evans School Consulting Lab to research how shared-use mobility hubs can support movement in and through Shoreline. The findings of Evans School Consulting Lab's research and analysis on the topic of the future of Shoreline's shared-use mobility is linked here: [\*Making Better Connections: Shoreline Shared-Use Mobility Study\*](#).

#### ***Community Input on Shared-use Mobility***

During Outreach Series 1 and 2, community members shared their thoughts about shared-use mobility through outreach events and surveys. Community members had a range of responses from excitement and curiosity with questions about implementation of shared-use mobility, to some hesitancy and questions about safety.

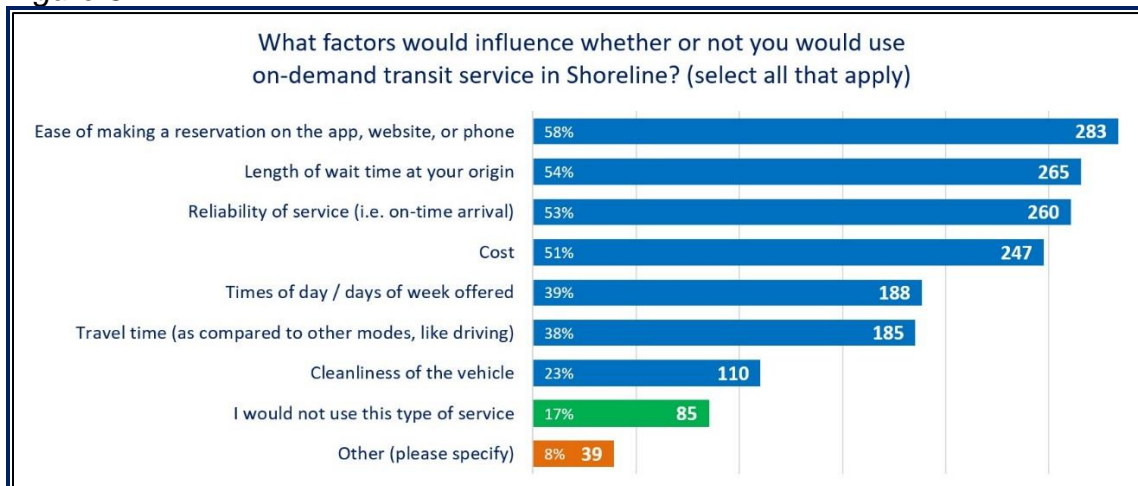
During Outreach Series 1, the project team asked the public for their opinions about shared-use mobility hubs. The survey asked participants if they would use mobility hubs if created in the City. Figure 2 shows a full range of responses with approximately similar numbers of those that would use the facility daily/weekly (166 participants) to those that would rarely or never use these (192 count). Over 100 participants indicated they would use these about once a month.

Figure 2



During Outreach Series 2, the project team asked the public for their opinions about “on-demand transit”, a concept that allows a person to request to be picked up by a smaller vehicle at place of origin using a mobile app, a website, or a phone, and taken either to a transit stop or other destination. The survey asked a question regarding this type of service to understand possible interest and the factors that would make it desirable to use. Figure 3 shows the results. Ease of making the reservation, wait time, reliability, and cost were all highly valued factors. Available days/times and travel times also ranked high. About 17% of those answering this question indicated they would not use this type of service if it were offered.

Figure 3



### ***Draft Shared-use Mobility Plan Approach***

The project team is building on the Evans School Consulting Lab's study by integrating the concept of shared-use mobility hubs into the TMP update. To maximize the use of the upcoming light rail and to reduce auto dependency, the project team developed a draft Shared-use Mobility Plan (see Attachment B) to be shared with the public during Outreach Series 3. The draft Shared-use Mobility Plan shows proposed mobility hubs in strategic locations across Shoreline to enable residents, workers, and visitors to access key destinations like the new light rail stations, commercial centers, and parks without driving. The proposed mobility hubs are categorized into three typologies to inform what features and amenities should be available at each location:

- **Regional hubs** are near light rail stations or major bus stations and should have the most features and amenities, as they will support the largest quantity of people from within and outside of Shoreline.
- **Central hubs** will connect to key locations in Shoreline and should have sufficient amenities to support commuting, leisure, and recreation at and around hubs.
- **Neighborhood hubs** are the smallest type of mobility hubs and should focus on simple, pedestrian-friendly, and comfortable amenities for local communities.

### **Draft Pedestrian Plan**

#### ***Overview of Existing Pedestrian-related Plans***

The current TMP includes a Pedestrian System Plan that identifies key roadways needing sidewalks to create a city-wide pedestrian network. In June 2017, the City began a process to create a Sidewalk Prioritization Plan as early work for this TMP update. Major components of the plan included developing a data-driven process for prioritizing sidewalk improvements and researching and recommending ways to fund the priority projects. The process took over a year to complete including extensive involvement of a resident Sidewalk Advisory Committee (SAC) and included public input through two open houses and online surveys.

The project team worked with the SAC to develop a data-driven system for prioritizing projects. Metrics were created to rate the sidewalk segments of the Pedestrian System Plan based on safety, equity, proximity, and connectivity criteria. In June 2018, Council adopted the 2018 Sidewalk Prioritization Plan (map) as the City's "roadmap" for prioritizing the construction of a continuous, city-wide sidewalk network.

The Sidewalk Prioritization Plan lives and is updated outside of the TMP as the level of specificity is too detailed to be included in the TMP, which is a high-level, 20-year policy document. The City intends to update the data inputs into the Sidewalk Prioritization Plan approximately every five (5) years timed with the availability of new U.S. Census data, traffic collision data, and updated development activity; and to revisit the prioritization criteria and metrics every 10 years in coordination with each TMP update. The five-year update cycle would put the next update of the Sidewalk Prioritization Plan in approximately 2023.

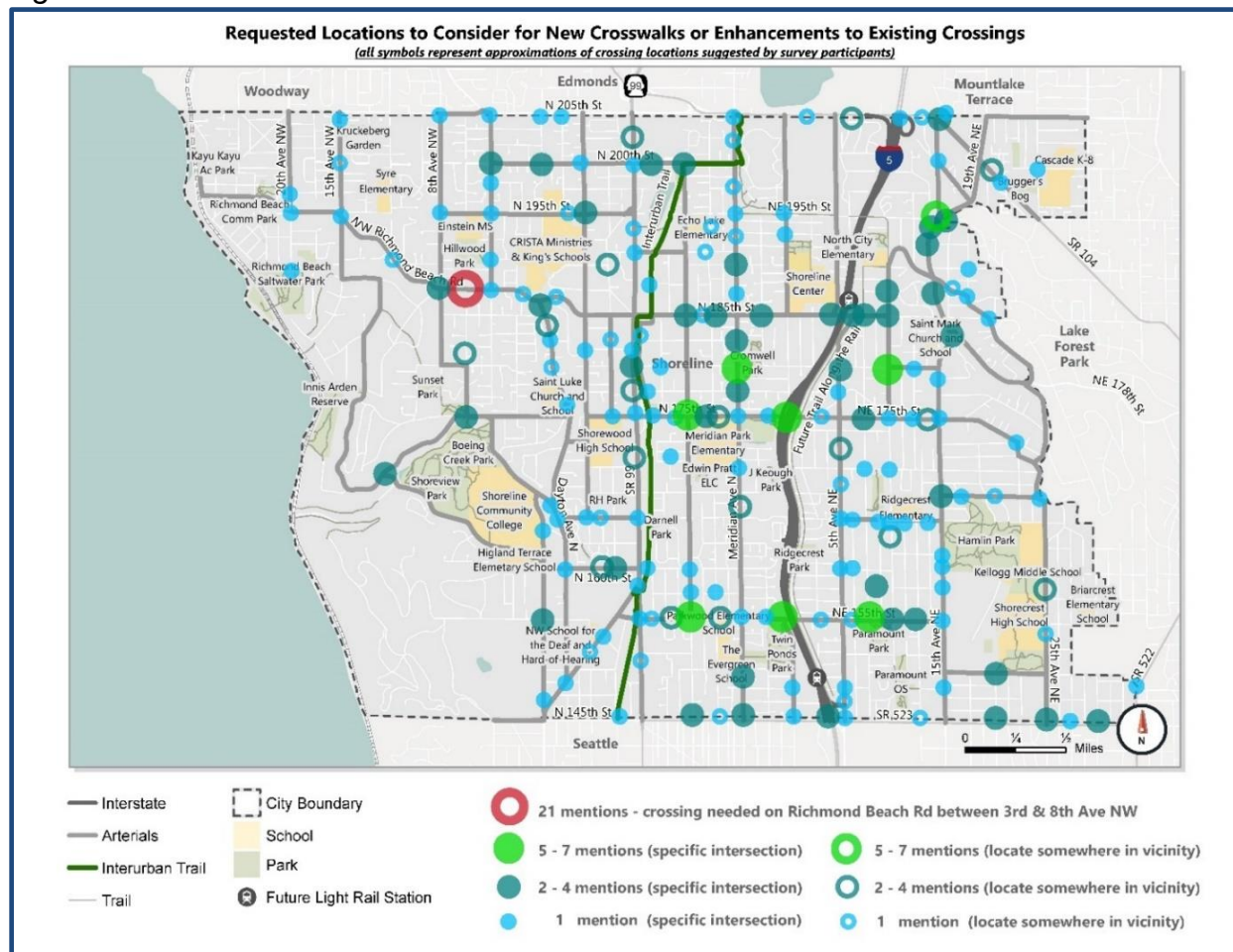


### Community Input on Pedestrian Travel in addition to Sidewalks

The sidewalk network established in the Sidewalk Prioritization Plan is a key component of the draft Pedestrian Plan, but not the only component. To develop a vision for a comprehensive pedestrian network, the project team asked the public during Outreach Series 2 about where improved or new pedestrian roadway crossings and pathways through unimproved right-of-way (ROW) might complement the sidewalk network.

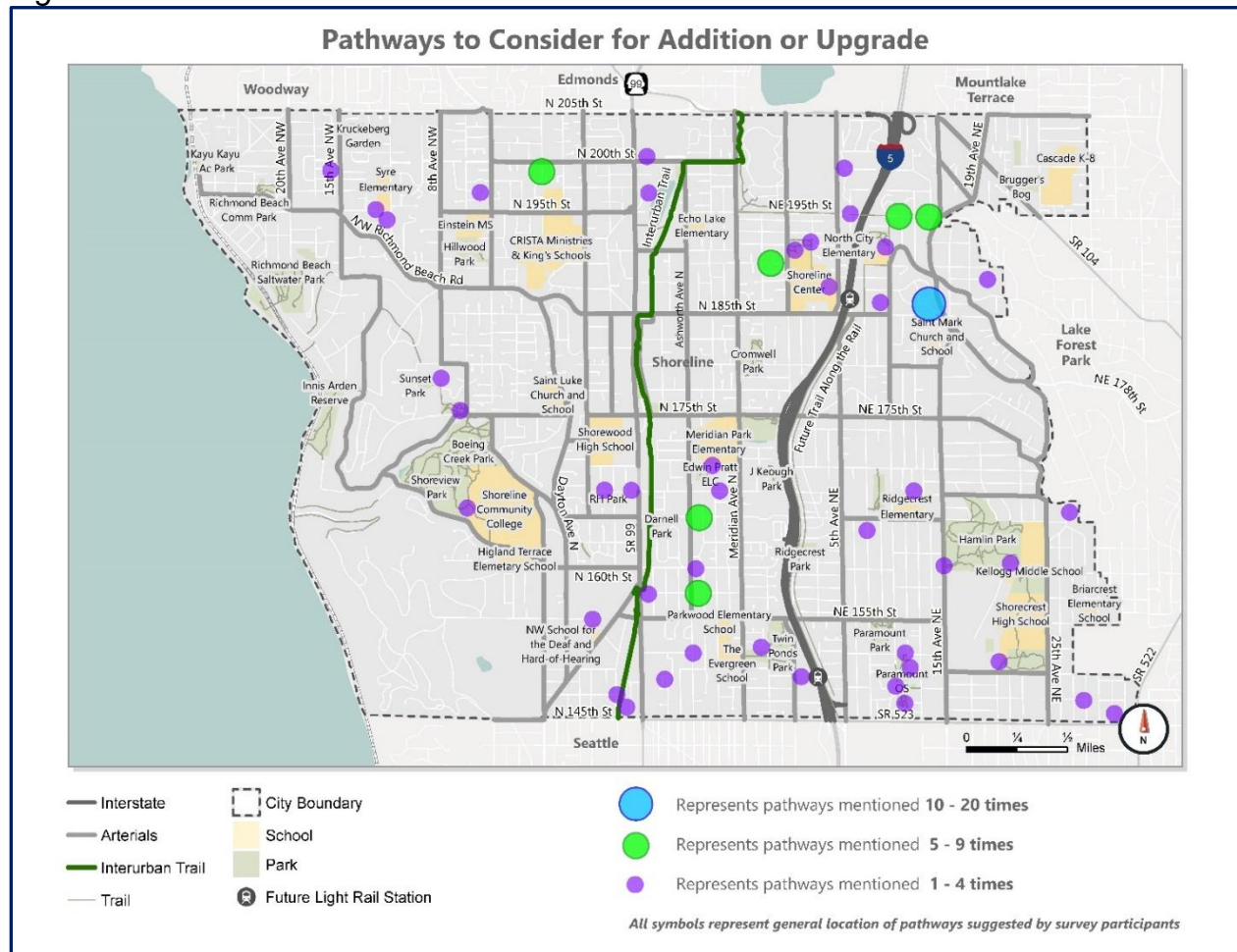
City staff aggregated the results of community input on where they would like to see new or enhanced crossings throughout the City (see Figure 4). The input received showed a crossing on Richmond Beach Road between 3<sup>rd</sup> and 8<sup>th</sup> Avenue NW as having the most mentions. N 155<sup>th</sup> Street was listed as needing more frequent crossings. Many survey participants requested safer, more visible crossings at Twin Ponds and Paramount Parks as they reported that drivers tend not to see pedestrians at these locations. Safe crossings in the Ridgecrest Business District, near Cromwell Park, along the northern portion of 15<sup>th</sup> Avenue NE, at I-5 interchanges, and to Meridian Park Elementary School were some of the other areas that received many submittals.

Figure 4



City staff aggregated the results of community input on where they would like to see new or enhanced pathways through unimproved ROW (see Figure 5 below).

Figure 5



The location mentioned most often with 19 submittals is an informal pathway through unimproved ROW at 185<sup>th</sup> Street/14<sup>th</sup> Avenue NE to NE 184<sup>th</sup> Place/15<sup>th</sup> Place NE. This pathway connects North City neighbors to 15<sup>th</sup> Avenue NE and the business district allowing an alternative to traversing a busy stretch of 15<sup>th</sup> Avenue NE with no sidewalk.

Six other locations were mentioned 5 – 9 times. These include:

- Two connections between Ashworth Avenue and Densmore Avenue (at N 157<sup>th</sup> Street and at N 165<sup>th</sup> Street).
- Two connections along 195<sup>th</sup> Street (approximately 10<sup>th</sup> to 11<sup>th</sup> Avenue NE and 14<sup>th</sup> to 15<sup>th</sup> Avenue NE).
- Near Shoreline Center off 190<sup>th</sup> Street between Corliss Avenue N and 1<sup>st</sup> Avenue N.
- Near King's School at Greenwood Place N south of N 200<sup>th</sup> Street.

### **Draft Pedestrian Plan Approach**

The project team developed the Draft Pedestrian Plan (see Attachment C) as an update to the current Pedestrian System Plan. The proposed simplified title of draft Pedestrian Plan is to create a consistent naming convention among the draft modal plans (i.e., draft Transit, Shared-use Mobility, Pedestrian, Bicycle, and Automobile Plans).



The draft Pedestrian Plan illustrates the City's existing and future sidewalks per the Sidewalk Prioritization Plan. The project team did not propose any additional future sidewalk segments to the draft Pedestrian Plan because this effort was accomplished through the Sidewalk Prioritization Plan process as early work for the TMP update. During the Sidewalk Prioritization Plan process, the City worked with the SAC, the community, and Council to identify new segments of future sidewalks for the Sidewalk Prioritization Plan.

In addition to depicting the existing and future sidewalk network, the draft Pedestrian Plan also includes existing pedestrian/bicycle bridges and the future 148<sup>th</sup> Street Non-Motorized Bridge as well as existing trails and the future Trail Along the Rail.

While the City currently has no funding for new or improved pathways through unimproved ROW, the draft Pedestrian Plan includes the locations of unimproved ROW to identify where there may be future opportunities to incorporate new or enhanced pathways within the City's pedestrian network. The draft Pedestrian Plan shows unimproved ROW broken into the following two categories:

- Unimproved ROW associated with a future sidewalk project in the Sidewalk Prioritization Plan.
- Unimproved ROW that is not part of the Sidewalk Prioritization Plan.

The project team did not include new or improved crossing improvements in the draft Pedestrian Plan because crossing treatments require traffic analysis to determine if they will effectively address safety for all modes. In spring 2022, the project team will compare the community's suggested new or improved crossing improvement locations with the City's traffic safety hot spots (from the Annual Traffic Safety Report) to identify where potential crossing improvements could be integrated into the draft TMP transportation projects list.

## **PUBLIC AND STAKEHOLDER ENGAGEMENT**

Public involvement is an essential component of the TMP update process. There continues to be multiple opportunities throughout the process for the public and stakeholders to learn about future transportation needs, envision improvements, and give feedback.

To date, the City has conducted two outreach efforts. Community feedback from Outreach Series 1 and 2 helped the project team develop the draft modal plans. In [Outreach Series 1](#), the City asked the public about their transportation needs and priorities. In [Outreach Series 2](#), the City asked the public where they would like to see improvements for walking, bicycling, riding transit, using shared-use mobility devices, and driving.

The project team will conduct Outreach Series 3 in April 2022 to share what the City has heard from the community to date and get feedback on draft Transit, Shared-use Mobility, Pedestrian, and Bicycle Plans. The team will also ask for input on the draft prioritization metrics and performance measures.

The TMP will serve the entire community, so it is critical to understand who lives, works, studies, and plays in Shoreline and what their needs are, especially ones whose needs have been systemically neglected. For Outreach Series 3, the project team will endeavor to engage with more people who are typically underrepresented like Black, Indigenous, and People of Color (BIPOC), youth, older adults, people with disabilities, people with low incomes, and people with limited English language skills.

### **NEXT STEPS**

The project team is also preparing to conduct Outreach Series 3 in April 2022 to share what the City has heard from the community to date and get feedback on draft modal plans and policies for walking, biking, taking transit, using shared-use mobility hubs, and driving in Shoreline. The team will also ask for input on the draft prioritization metrics and performance measures.

### **COUNCIL GOAL(S) ADDRESSED**

The TMP update supports all five of the 2021-2023 City Council Goals and directly supports the following City Council Goals:

- *Goal 2: Continue to deliver highly-valued public services through the management of the City's infrastructure and stewardship of the natural environment.*
- *Goal 3: Continue preparation for regional mass transit in Shoreline.*

### **RESOURCE/FINANCIAL IMPACT**

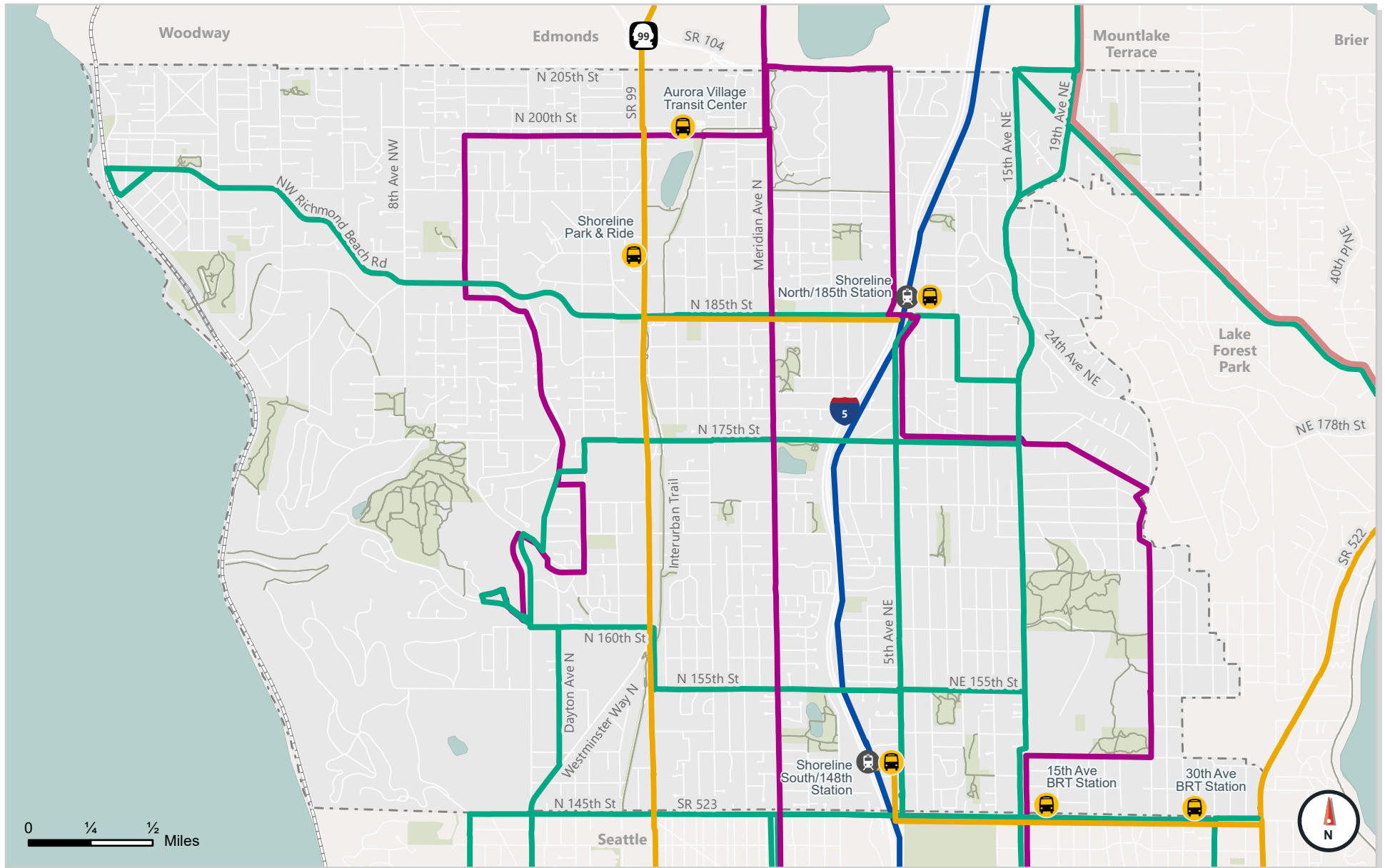
There is no additional financial impact associated with the continued work on this project.

### **RECOMMENDATION**

There is no action required tonight; this meeting will provide a briefing on the TMP draft Transit, Shared-use Mobility, and Pedestrian Plans for Council's feedback.

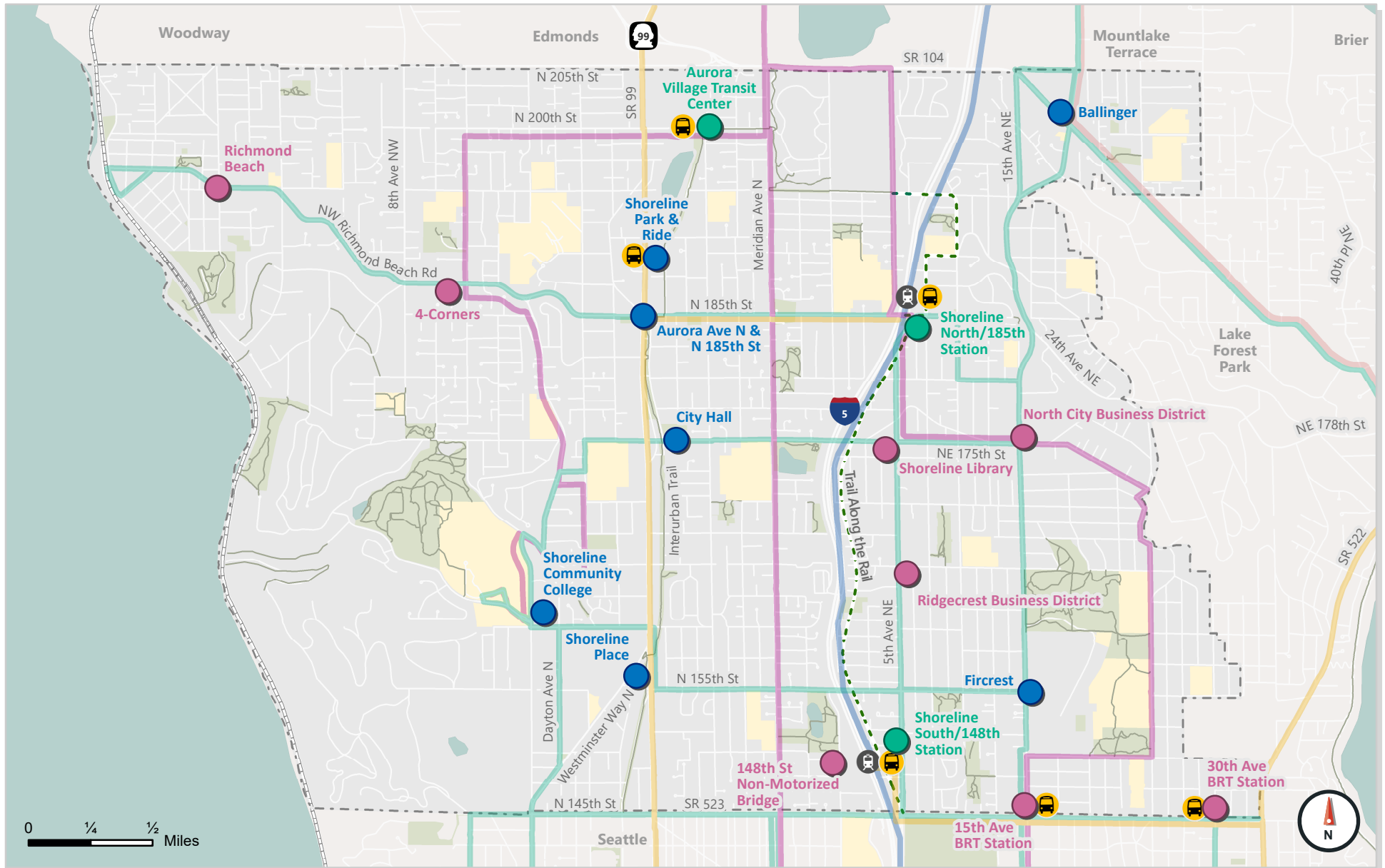
### **ATTACHMENTS**

Attachment A – Draft Transit Plan  
Attachment B – Draft Shared-use Mobility Plan  
Attachment C – Draft Pedestrian Plan



- |                |                    |                                 |
|----------------|--------------------|---------------------------------|
| City Boundary  | Light Rail Station | Light Rail Service              |
| Existing Trail | BRT Station*       | "Bus Rapid Transit" Bus Service |
|                |                    | Frequent Bus Service            |
|                |                    | Express Bus Service             |
|                |                    | Local Bus Service               |

City of Shoreline  
**Draft Transit Plan**



**Recommended Shared-Use Mobility Hubs**

- Regional Mobility Hub
- Central Mobility Hub
- Neighborhood Mobility Hub

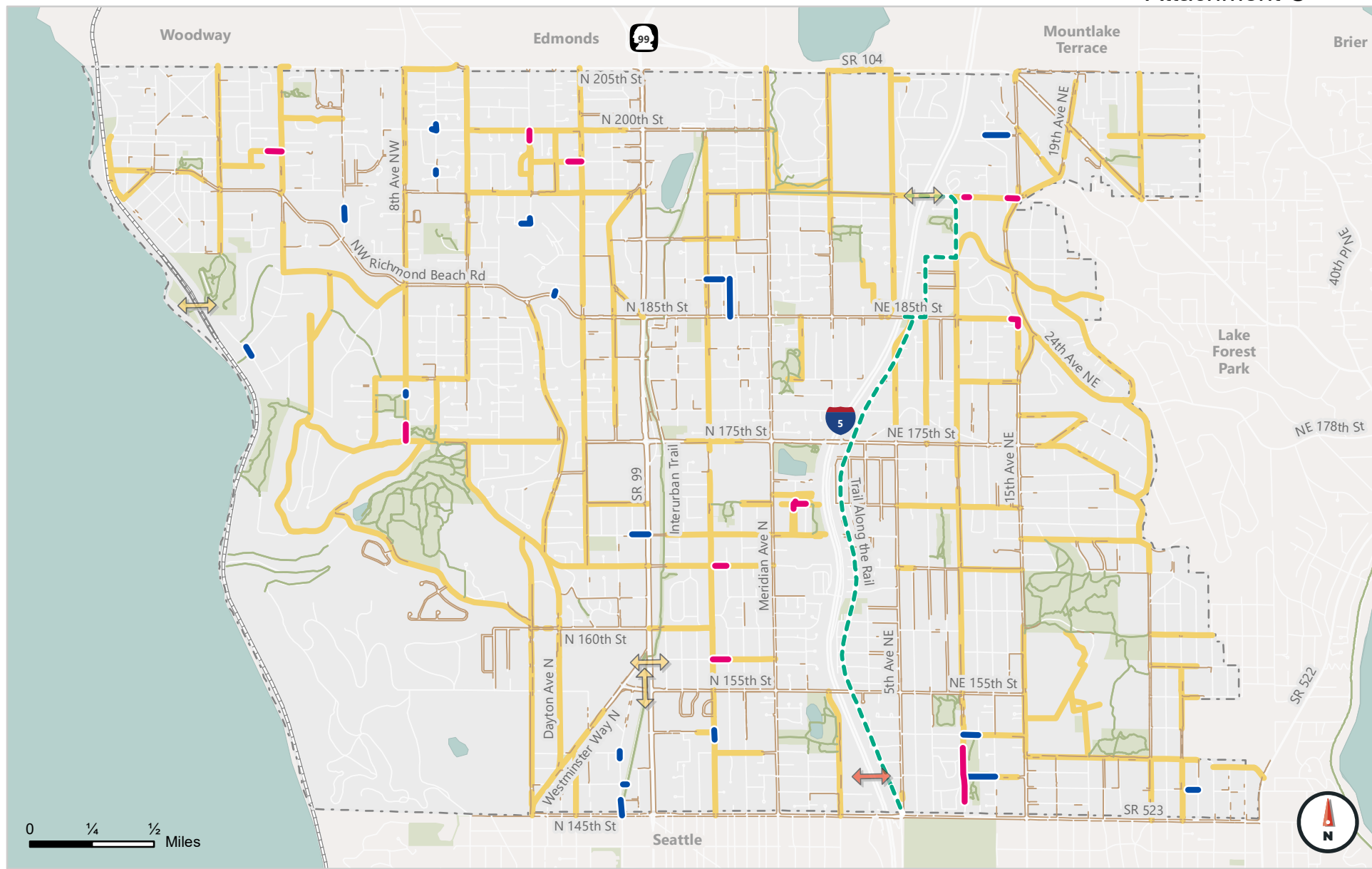
- City Boundary
- Existing Trail
- Future Trail

- Light Rail Station
- BRT Station

- Light Rail Service
- "Bus Rapid Transit" Bus Service
- Frequent Bus Service
- Express Bus Service
- Local Bus Service

8c.13

City of Shoreline  
**Draft Shared-Use  
 Mobility + Transit Plan**



- Planned Sidewalk from Sidewalk Prioritization Plan
- Unimproved Right-of-Way:**
  - Associated with a sidewalk project in the Sidewalk Prioritization Plan
  - Not part of the Sidewalk Prioritization Plan (conditions vary)

- Existing Sidewalk
- Existing Trail
- - - Future Trail
- City Boundary

- ⇄ Existing Pedestrian/Bicycle Bridge
- ⇄ 148th St Future Pedestrian/Bicycle Bridge

City of Shoreline  
**Draft Pedestrian Plan**

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Update on the Wastewater Rate Study Project and Policy Discussion		
<b>DEPARTMENT:</b>	Administrative Services Public Works		
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Randy Witt, Public Works Director		
<b>ACTION:</b>	<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 assumed the Ronald Wastewater District on April 30, 2021. After assumption, the City retained FCS Group (FCSG) to conduct a wastewater rate study to review the utility's existing rate structure (from Ronald at assumption) and determine if adequate funds are provided for operations and to support the Utility's maintenance activities and Capital Improvement Plan, or if a rate update is needed. In addition, FCSG will examine policy alternatives regarding capital funding tools, rate design, and low-income customer assistance options.

At tonight's City Council meeting, staff will present Council with an update and status on the wastewater rate study, and provide information from policy issue papers developed by FCSG on these topics. Staff are seeking Council input and direction to inform the wastewater rate study in advance of preparation of the 2023-2024 biennial budget later this year.

**RESOURCE/FINANCIAL IMPACT:**

There is no resource or financial impact associated with tonight's wastewater rate study discussion. Guidance received tonight will be incorporated into the study and inform the 2023-2024 budget.

**RECOMMENDATION**

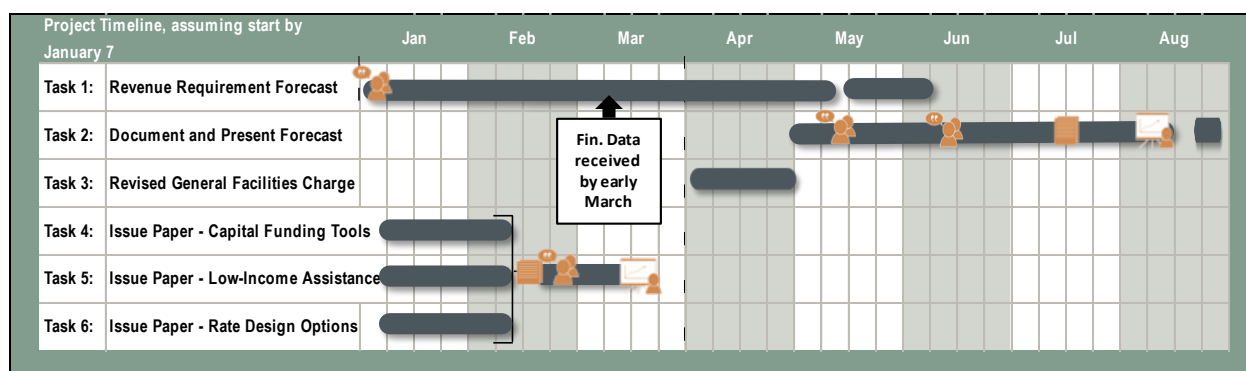
No action is required tonight; staff recommends that the City Council provide input and guidance on the FCSG wastewater rate study and the policy questions associated with the study.

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



## **BACKGROUND**

On December 7, 2020, the City Council [authorized the assumption of the Ronald Wastewater District](#) (Ronald), and the City formally assumed Ronald on April 30, 2021. In December 2022, the City retained FCSG Group (FCSG) to conduct a wastewater rate study to review the utility's existing rate structure (from Ronald at assumption) and determine if adequate funds are provided for operations and to support the Utility's maintenance activities and Capital Improvement Plan (CIP), or if a rate update is needed. In addition, FCSG will examine policy alternatives regarding capital funding tools, rate design, and low-income customer assistance options. The schedule for this work is shown below.



## **DISCUSSION**

The wastewater rate study being conducted by FCSG includes developing policy issue papers on capital funding, rate design, and low-income customer assistance options. The policy issue papers prepared by FCSG will be discussed tonight. FCSG is also examining the General Facilities Charge (GFC) to support the utility's 20-year CIP, and the overall rate structure to support operation and maintenance activities and Capital Improvement projects. Information on these analyses will be presented at a future City Council meeting so that the outcome of Council's direction can be incorporated into the study.

### **Capital Funding Tools**

The Capital Funding Tools Memo (Attachment A) describes the types of funding sources that can be used for capital costs identified in the City's wastewater CIP. In describing capital funding sources, it is important to distinguish between financing and the ultimate cost responsibility. Financing consists of the borrowing mechanism through which a large up-front cost is spread over time. Cost responsibility is the question of who is ultimately responsible to pay; either by paying from current resources (current and past customers) or by paying off a debt over time (current and future customers).

In developing a funding strategy for a CIP, obtaining financing is the easy part. The hard part of infrastructure funding is determining whether it is possible, and if so, under what conditions, to shift the ultimate cost responsibility. For instance, identifying loans as a funding source merely refers to financing; revenue is still required to pay back the loan. In contrast, obtaining grants provides for an actual shift in cost responsibility; a much more significant factor in the affordability of a CIP.

This memo is intended to provide the Council with a foundational understanding of capital funding tools available to the wastewater utility. Staff directed FCSG to propose funding alternatives to support the implementation of the CIP that utilizes a balance of appropriate tools discussed in the memo, including the use of fund balance, rate funded capital, issuing revenue bonds to be supported by rate increases, and where appropriate, potential for grant funding.

### **Low-Income Customer Assistance**

Utilities provide a basic service for the population, so the affordability of utility rates becomes an increasing concern as utility rates increase over time. The State of Washington is unusual in having explicit statutory authorization for utilities to provide discounted rates for low-income customers (RCW 74.38.070). In most states, either the legal framework for low-income rates is ambiguous or they are explicitly prohibited.

The City wastewater utility currently has a low-income customer assistance program. Its key limitation is that it applies only to senior citizens (at least 62 years of age) or disabled citizen homeowners who occupy their dwelling and meet household income requirements. This means that the current program excludes renters from receiving a discount. To determine eligibility, the City validates income annually.

The Low-Income Customer Assistance Memo (Attachment B) describes whether and how the City's program might be expanded, and some possible approaches to expand low-income utility customer assistance programs, including those that offer support to multi-family residents who do not have wastewater utility accounts in their name.

The options listed in the issue paper provide a "level" approach, identifying options based upon the complexity of administration, the impact of the option to rate payers, and cost impact to the utility (and ultimately to the residents not receiving the discount.) A summary of that information is below:

<b>Level</b>	<b>Description</b>	<b>Pros</b>	<b>Cons</b>
One	Status Quo	<ul style="list-style-type: none"> <li>Known administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Only available to low income senior citizens or disabled citizen homeowners who occupy their home</li> </ul>
Two	Expand Current Discount to Renters	<ul style="list-style-type: none"> <li>More residents benefit</li> </ul>	<ul style="list-style-type: none"> <li>Not available to all low-income</li> <li>Does not impact multi-family residents who may be more likely to be low-income</li> <li>Significant administrative cost for limited benefit</li> </ul>
Three	Discount on Electricity Bill for Low-Income Residents	<ul style="list-style-type: none"> <li>More residents benefit including multi-family</li> <li>No increase and potential decrease in administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Requires negotiating program with Seattle City Light (SCL)</li> <li>Will require some routine/reconciliation and coordination with SCL</li> </ul>
Four	City Issues Direct Rebate Checks to Low-Income Shoreline Residents	<ul style="list-style-type: none"> <li>More residents benefit; includes multi-family</li> </ul>	<ul style="list-style-type: none"> <li>Would require increased annual administration</li> </ul>



Recognizing Council's interest in equity and that discounts offered to one set of rate-payers result in increased rates for non-discounted ratepayers, staff recommend that Council direct staff to explore Level 3 and Level 4 for potential implementation in the future and to instruct FCSG to include scenarios modeling discounts at the current level and a reduced discount level in their rate models for future Council consideration.

### **Rate Design Options**

The Final FCSG memo, the Rate Design Options Memo (Attachment C), explores alternative wastewater rate structures for its single-family customers to see if there is a practical way to incorporate water usage into the single-family bills. Currently, single-family customers in the City pay a fixed charge for wastewater service regardless of usage. The current charge is comprised of two components:

- **City Conveyance:** This fixed cost component covers the City's collection, transmission, and administrative operating expenses. The current City rate for single-family residential customers is \$17.48 per month.
- **Wastewater Treatment:** This fixed cost component covers wastewater treatment services, which are not provided by the City. Single-family customers receive wastewater treatment services from either the King County Wastewater Treatment Division or the City of Edmonds, depending on where their property is located in Shoreline.
  - King County provides service to the majority of single-family ratepayers in Shoreline. The County charges the City a flat fee per single-family customer, regardless of usage. The current King County treatment cost for single-family residential is \$49.79 per month.
  - The City of Edmonds provides service to a small number of Shoreline customers. The current Edmonds treatment cost for single-family residential is \$30.35 per month.

Because the wastewater treatment costs make up most of the single-family residential bill, it is important to consider how these costs might be impacted by any changes the City might make. The City is currently charged a flat fee per customer by King County and passes that fee on to ratepayers as a "pass through." Edmonds determines a proportionate share, based on usage, for each of the cities/districts that they serve and charges the City for its proportionate share. The City still structures this treatment charge as a flat fee to single-family residential customers in the Edmonds treatment area. Although a majority of the jurisdictions served by the County's treatment facilities implement a flat rate structure for single-family sewer customers (as is the City's current practice), the County's wastewater contract does not specify that the jurisdiction must use that structure when collecting revenues from its own customers. In fact, there are some jurisdictions that have a volume component in their rate structure.

However, if the City wants to continue to treat the Wastewater Treatment fees as a "pass through", the alternatives should be considered only for the City's portion of the single-family sewer charge. If that is the case, then the effort that would be involved would produce a very small benefit that might not justify the cost. If the City chooses to treat the Wastewater Treatment costs simply as an expense of the Utility, they could be allocated in the same way other costs are allocated, which could produce a greater

benefit to those who use less water. The challenge would be explaining and incorporating the potentially significant treatment rate increases that are anticipated in the future and would be out of the City's control into our rate studies.

### Challenges

Water usage is often used as a measurement to calculate wastewater usage. The City does not have ready access to water usage data (usage data) for its customers. The City would be reliant on receiving timely and accurate data from Seattle Public Utilities and North City Water District, the two water providers in Shoreline. While the City currently receives commercial data from these agencies annually, the process is complex and frequently fraught with errors requiring manual intervention. Duplicating this process to incorporate all of the City's single-family residential ratepayers would be a major administrative and political undertaking.

Additionally, in discussing these alternatives, the analysis must account for the winter and summer average usage. If the City chooses an option based on usage, it will need to define the off-peak season for the purposes of sewer billing, and that decision can be informed by the actual usage patterns for its own single-family customers. Utilities that incorporate winter average usage into their sewer rate structure must also make policy decisions regarding how to charge 'snowbirds' (customers who leave town for the winter) and other customers where a representative winter-average usage history is not available (such as new customers).

### Options

Following are some rate design options the Memo discusses:

- Uniform Flat Rate: The City's current structure imposes a flat rate on all single-family customers; this rate does not depend on their individual average winter water use. This is a very common structure for sewer utilities across the State, not just in the King County/Snohomish wastewater service area, and particularly for those that do not also operate the water utility.
- Tiered Flat Rate: This rate structure is similar to the uniform flat rate, grouping customers in defined tiers based on a customer's winter average monthly water usage (e.g., November through February). For example, the three tiers could include a low-user, medium-user, and high-user. It creates a broad link between a customer's bills and their water use, but only to the extent that one tier differs from another tier. Within a given tier, the usage is averaged and there is no differentiation based on individual usage.
- Tailored Flat Rate, Updated Each Year: This alternative consists of a rate per unit of water usage, multiplied by a customer's specific water use during a defined winter period, such as November through February. Because the winter-average usage statistic is computed based on known historical data (typically updated on an annual basis), this structure effectively creates a flat rate tailored to each customer that remains in place throughout the year, until it is recalculated for the following year.
- Fixed + Volume Rate: This structure includes a fixed charge plus a volume rate that applies to a customer's winter water usage. The City could recover its fixed costs via the fixed charge and recover its variable costs (e.g., pumping related

costs) from the volume rate. This option could use the tiered flat rate or tailored flat rate approaches for the volumetric component of the charge.

- Full Volume Rate: This structure would recover all of the City's own costs from a year-round volumetric rate, with no fixed charge and no consideration of the winter average. This option is a theoretical possibility, but it has numerous difficulties, and staff is not aware of any sewer utilities that actually use this structure.

Considering the policy implications and the practical limitations on the City's access to water usage data, staff recommends that the City continue charging its single-family customers a fixed monthly charge, with no volumetric component.

### **COUNCIL GOAL(S) ADDRESSED**

This item 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 resource or financial impact associated with tonight's wastewater rate study discussion. Guidance received tonight will be incorporated into the study and inform the 2023-2024 budget.

### **RECOMMENDATION**

No action is required tonight; staff recommends that the City Council provide input and guidance on the FCSG wastewater rate study and the policy questions associated with the study.

### **ATTACHMENTS**

Attachment A - Capital Funding Tools FCSG Policy Issue Paper

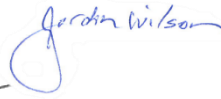


Attachment B - Low-Income Customer Assistance FCSG Policy Issue Paper

Attachment C - Rate Design Options FCSG Policy Issue Paper

**To:** Sara Lane, Administrative Services Director  
City of Shoreline, WA

**Date:** March 22, 2022

**From:** Gordon Wilson, Senior Program Manager  
Tage Aaker, Project Manager  
Chase Bozett, Senior Analyst

**Subject:** City of Shoreline Wastewater System – Capital Funding Tools

## PURPOSE

FCS GROUP is currently working on a wastewater rate study for the City of Shoreline. As part of that study, we will be developing a recommended strategy for funding the cost of the City's wastewater capital improvement plan (CIP). We expect to present our recommended approach this summer when we report on the results of the rate study.

Our understanding is that the City Council is interested in the question of whether and how much debt the City might issue for wastewater purposes. Currently the City wastewater utility has no outstanding debt.

This memo does two things. First, it describes in general terms the types of funding sources that can be used for wastewater capital costs. Secondly, we discuss debt more specifically—whether, when, and in what form. Issuing debt is a policy option, and the degree to which the City relies on debt vs. “pay as you go” cash financing is a tradeoff between debt and rate increases.

No action is expected from the Council at this point, but our goal in this memo is that the “debt vs. pay as you go” question can be understood in the context of the broader issue of capital funding.

## OVERVIEW OF CAPITAL FUNDING

### Financing vs. Cost Responsibility

In describing capital funding sources, it is important to distinguish between *financing* and the ultimate *cost responsibility*. Financing consists of the borrowing mechanism through which a large up-front cost is spread over time. Cost responsibility is the question of who is ultimately responsible to pay—either by paying from current resources or by paying off a debt.

In developing a funding strategy for a CIP, obtaining financing is the easy part. The hard part of infrastructure funding is determining whether it is possible—and if so, under what conditions—to shift the ultimate cost responsibility. If someone talks about “loans” as a funding source, they are merely referring to financing. Revenue is still required to pay back the loan. In contrast, if someone talks about “grants,” they are referring to an actual shift in cost responsibility—a much more significant factor in the affordability of a CIP.

### Sources of Cost Responsibility

For most wastewater utilities, there are three most common sources of cost responsibility: property owners (including developers), outside parties with a policy interest, and ratepayers.

## Property Owners

Capital funding sources from property owners may include General Facilities Charges (GFCs), local facilities charges, or utility local improvement district (ULID) assessments. Often infrastructure is directly funded by developers to City standards and then deeded to the City; this counts as a type of capital funding source even though it does not involve cash spending through the CIP. Sometimes a particular capital improvement may have a contractual funding contribution from a private company. Those arrangements are likely to be negotiated in connection with new development.

## Outside Parties

The outside parties can be the State, the federal government, a county government, neighboring wastewater utilities (including wholesale customers or regional partners), or other benefactors. Their policy interests may include environmental protection, orderly land development, or regional cooperation in the provision of wastewater treatment.

In some places, a city's General Fund may serve as an "outside party" (outside of the wastewater ratepayers, that is). However, where there is a well-established utility, the City General Fund is not likely to play a role. New wastewater utilities often receive "launch aid" from tax resources for their initial capitalization, but the general expectation in this country is that utilities will not depend on taxpayer funding on an ongoing basis. Instead, they are expected to recover their ongoing costs (including debt service) from rate revenue paid by connected customers.

## Ratepayers

For a utility, the default cost responsibility rests with the ratepayers. They are the ultimate funding source. If the cost responsibility cannot be shifted to someone else, then a capital project will be funded—either now or later—by ratepayers, if it is to be funded at all.

## Summary of Potential Funding Sources

**Exhibit 1** summarizes the types of capital funding sources that may be available to a utility. The left column—the "someone else pays" column—represents a shift in the cost responsibility. Those are described as "narrow-based funding sources" because none of them are large enough to carry an entire CIP. The "broad-based funding sources" are all different varieties of ratepayer funding, either now or later. They include debt financing, current-year rate funding and cash reserves. Together, current-year rate funding and cash reserves are commonly referred to as "pay as you go financing" or "cash financing."

### Exhibit 1: Overview – Types of Capital Funding Sources

<b>Narrow-Based Funding Sources</b>	<b>Broad-Based Funding Sources</b>
<b>Grants</b> <ul style="list-style-type: none"> <li>• Usually specific to a particular project</li> <li>• Usually competitive, scarce funding</li> </ul>	<b>Current-Year Rate Funding</b> <ul style="list-style-type: none"> <li>• Amount is limited in any given year, so need to “smooth” the funding demands</li> </ul>
<b>Contractual Partnerships</b> <ul style="list-style-type: none"> <li>• With intergovernmental or private partners</li> <li>• Strings attached, but may be good for specific projects</li> </ul>	<b>Reserves (Advance Savings)</b> <ul style="list-style-type: none"> <li>• Useful when costs are projected in advance</li> <li>• Depends on planning horizon</li> <li>• Preserves financial flexibility</li> <li>• Earns interest</li> </ul>
<b>Property Owner Funding</b> <ul style="list-style-type: none"> <li>• Developer construction of local infrastructure</li> <li>• General Facilities Charges (GFCs)</li> <li>• Local Improvement Districts</li> <li>• Local Facilities Charges</li> <li>• Tax increment Financing</li> </ul>	<b>Debt</b> <ul style="list-style-type: none"> <li>• Timing matches needs</li> <li>• Intergenerational equity</li> <li>• However, interest costs and reduced flexibility</li> </ul>
<b>Someone Else Pays</b>	<b>Ratepayer Funding – Now or Later</b>

## NARROW-BASED FUNDING SOURCES

The three major types of narrow-based funding sources are grants, contractual partnerships, and property owner funding.

### Grants

The sources of grants are generally the State of Washington, the federal government, and sometimes a County government. Often a federal grant is administered by the State, so the application process and determination of eligibility would go through the State. For a wastewater grant program administered by the State, the Department of Ecology and Department of Commerce are the most common decision-makers.

Grants are made available because an outside government has a policy interest—such as promoting clean water—and the outside government has decided that some local utilities will not realistically have enough ratepayer resources to make the capital investments that further that policy interest. Just as a local utility will naturally choose grant funding ahead of ratepayer funding, the State also assumes that ratepayers should pay all that they are realistically able to pay before a grant is offered—both parties prefer “someone else” funding. For that reason, grants are usually highly competitive, and often an important criterion is the rate impact of a given capital project in relation to the economic circumstances of the utility customers.

In addition to the primary policy interest, grantors also have other policy interests, such as supporting American-based suppliers or ensuring that construction workers are paid the prevailing level of

wages. These policy interests are included in the criteria for awarding the grant. There are typically strict accounting requirements for grants. Grants usually have some kind of “local match” requirement—a percentage share of the project funding that must be provided by the local utility or other resources outside the grant itself. Often there is a requirement that the outside grant funding will “supplement, not supplant” local resources. The local utility may also have to demonstrate that it has planned adequately for the successful completion of the project for which it seeks grant funding. Sometimes there is a “but for” test—in other words, the grant recipient must demonstrate that *but for* the grant funding, it would not be able to fund the project. For all these reasons, a local utility needs to be willing to accept the “strings attached” in order to compete for a federal or State grant.

For our purposes, the “grant” category includes *forgivable loans* and *direct legislative appropriations*. Forgivable loans are structured so that they initially have a payback requirement, but all or most of the required loan payback is waived after successful completion of the project. A direct legislative appropriation occurs when the State legislature explicitly includes funding for a given local project in the State capital budget. Although direct appropriations are not technically the result of a competitive process, in reality they are reserved for the most high-profile projects, where the need is obvious and the project considered essential. The key shared characteristic of grants, forgivable loans, and direct legislative appropriations is that they do not have to be paid back. For that reason, they represent a genuine shift of funding responsibility, and they make a big difference to the rate impact of a given package of capital improvements.

The appendix included with this memo is a summary of Washington State grant and loan programs for water and wastewater projects, as of February 2022. It is produced by the Department of Commerce, and it contains details on the various programs, eligibility requirements, contact information, and whether a given program offers grants or loans.

## Contractual Partnerships

Another narrow-based source of funding is contractual partnerships with either public or private entities. For instance, a major new industrial development may require utility capital investment, with cost-sharing and specified rights negotiated between the utility and the private investor. Similarly, a regional partnership or wholesale relationship may be formed with other utilities based on a negotiated agreement.

## Property Owner Funding

Funding for utility capital improvements may also come from property owners. There is more than one type of funding tool in this category.

### Funding of General Infrastructure

*General infrastructure* consists of large facilities serving multiple properties, such as lift stations, major trunk lines, or treatment plants. To recover a proportionate share of the cost of *general* infrastructure, utilities can impose general facilities charges (GFCs). These charges are also referred to as system development charges (SDCs), capital facilities charges, system investment fees, connection charges, or other terms, but the common element in all of them is that they are one-time charges that recover a proportionate share of the existing and planned capital cost of the system. GFCs are typically imposed for new connections to the system or redevelopment that increases system demand. GFCs may be used only for capital improvements or debt service. For cities, GFCs are authorized in RCW 35.92.025.



## Funding of Local Infrastructure

For wastewater utilities, *local infrastructure* generally includes the sewer pipe, manholes, cleanouts, or other collection system assets that convey wastewater from a given property downstream to the general infrastructure. The most common policy across much of the United States (including in Washington) is that property owners are expected to bear the cost of local infrastructure. There are several ways in which that may happen.

- *Developer-built infrastructure.* Developers preparing a tract for development can be required to build the local infrastructure to the standards of the local utility and then deed the assets to the utility. While this type of investment is not reflected in the utility CIP, it is still a type of property owner capital funding.
- *Local Facilities Charges.* If the local utility builds a local sewer line, it can require property owners to pay a proportionate share of the cost when the property is connected to the sewer.
- *Local Improvement Districts (LIDs).* A group of properties can be assessed for the proportionate share of the cost of local infrastructure using an LID. (A “utility local improvement district” or ULID is a type of LID that can rely on utility debt.) Organizing an LID is administratively time-consuming, and it is subject to potential rejection by the property owners—a protest by property owners responsible for at least 60% of the cost will stop LID formation. However, if an LID is successfully formed, then it is binding upon all property owners in the defined improvement area, and 100% of the costs are recovered. That gives the City certainty in advance of construction.
- *Latecomer fees.* If a developer is required to extend a sewer line past other undeveloped properties in order to reach his own development, the City can enter into a development agreement in which the City collects “latecomer fees” from the intervening properties when they are developed. The City then remits those amounts to the developer that built the sewer lines.

## Tax Increment Financing

A special type of infrastructure funding tool was authorized by the State legislature in May 2021: tax increment financing (TIF). TIF is new to Washington but well established in other states such as Oregon or California. It rests on the premise that public investment can accelerate private development, which leads to growth in property taxes, which can be used to pay the debt service on the public investment.

Tax increment financing is different from the other types of property owner funding described above because it does not result in an additional cost burden on property owners. Instead, property owners just pay the property tax that they would have paid anyway, and then a portion of that property tax revenue is segregated from regular property tax revenue and committed to fund public improvements in the specified area (which includes their properties). For property owners in the defined area, TIF may be a favorable funding tool.

The first step in the TIF process is to perform a feasibility study and define the relevant geographic area, the “increment area.” The adopting ordinance must specify the public improvements to be completed within the increment area—which can include wastewater system improvements—and make certain other findings. Once the increment area is created, the growth in tax revenue attributable to growth in assessed value in the area is then segregated from the regular property tax revenue for a period of time. That stream of dedicated property tax revenue can be used to fund capital improvements directly, or to pay debt service on tax increment-backed revenue bonds. Tax



increment-backed revenue bonds would be considered non-recourse debt, so they would not count against the City’s statutory G.O. indebtedness limit.

Under the new Washington statute, the City can have no more than two tax increment areas, and the two areas cannot overlap. At the time of formation, their combined assessed value must be less than \$200 million and 20% of the total City assessed value. The segregation of property tax revenue would end after 25 years or until all bonds are retired. At that point the assessed value of the TIF area would be added to the regular assessed value of the City and other taxing jurisdictions. The list of potential public improvements is broad, but they all must be identified in the enacting ordinance. Once the increment area is formed, the City cannot expand the boundaries or add new types of public improvements—except to ensure that the original approved improvements can be carried out.

TIF can be used where there is redevelopment as well as new development. For example, Portland has made extensive use of TIF in funding downtown improvements over the past decades. However, TIF does have a notable constraint as a funding source: timing. Experience in other states has shown that it takes a few years for assessed value growth in a defined area to generate enough incremental tax revenue to sell a meaningful amount of bonds. But even early in the life of a tax increment area, TIF can be useful as a supplemental funding source for capital improvements.

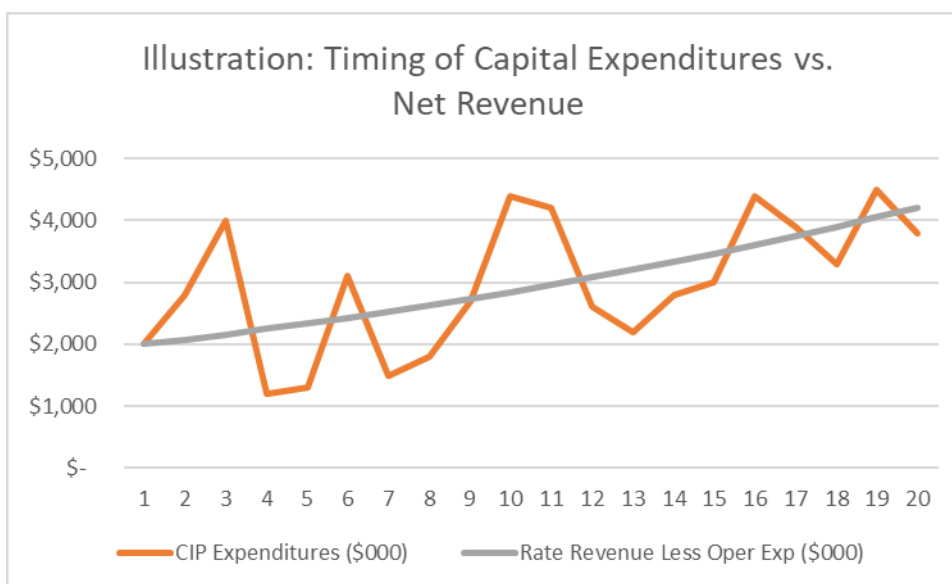
In other states, tax increment financing has generated controversy at times. The key point of debate has to do with the degree to which the incremental growth would have occurred regardless of the TIF investments. To the degree that the incremental growth in property value *would have occurred anyway*—without the public improvements—then segregating the incremental property tax revenue diminishes the funding available for other public services until the TIF area is terminated (in Washington, a maximum of 25 years). However, to the degree that the incremental growth in property value *would not have occurred* without public capital investment in the target area, TIF does not diminish property tax funding for other services, and after 25 years, property tax revenue for other services is increased due to the development stimulated by the TIF investment. Also, the Portland experience illustrates the fact that in certain critical areas like a downtown, TIF can give the City the ability to co-invest with private developers and thereby shape the *quality* of urban development, accomplishing its land use plans more directly than would be possible otherwise.

## RATEPAYER FUNDING – DEBT VS. CASH FINANCING

After narrow-based funding sources have been considered and taken advantage of to the degree appropriate, the remaining cost responsibility falls to the ratepayers.

The basic dilemma for capital funding is the fact that rate revenue tends to be a relatively smooth annual amount, whereas capital expenditures can vary widely from year to year. **Exhibit 2** uses hypothetical data to illustrate the possible year-to-year variability of a capital program in contrast to the relatively smooth growth of net revenue. “Net revenue” refers to total rate revenue minus operating expenses.

**Exhibit 2: Illustration – Timing of Capital Expenditures vs. Net Revenue**



By and large, ratepayers don’t like extreme swings in their rates, so there needs to be a way to smooth out the variability in capital spending. Either the utility needs to save up in advance, or it needs to borrow, or some combination of both.

The following section discusses the potential considerations in deciding how much to rely on debt as opposed to cash financing, and what potential sources of debt financing might be available to the City.

## Cash Financing

As we mentioned above, the term “cash financing” (or “pay as you go” financing) refers to a combination of current-year rate revenue and cash reserves saved from prior-year rate revenue.

### Current Rate Revenue and Smoothing the CIP Over Time

Current rate revenue is clearly eligible as a funding source for wastewater capital projects. While it is a flexible source of revenue, its biggest disadvantage is that the amount available in any given year is limited, whereas the amounts needed to fund the CIP might vary widely. In order to smooth out the financial demands over time, utilities typically need to either save money in advance or borrow.

Still, with good financial planning, a significant part of the Shoreline wastewater CIP might be able to be funded with current rate revenue. Because the City does not have a wastewater treatment plant, the wastewater collection system largely consists of pipes and pumps. Pipe replacement programs have two advantages when it comes to rate-funded capital: the need for pipe replacement can be identified well in advance, and the size of the pipe replacement program can be scaled to meet the resources available in a given year.

### Cash Reserves

In this discussion, “cash reserves” refer to beginning cash balances from prior-year rate revenue. Note that to the degree that beginning cash balances originate with a restricted revenue source, they

are committed to the purposes of that revenue source.<sup>1</sup> But beginning cash balances that are not restricted are considered “cash reserves” that can be broadly used to address the City’s wastewater system capital needs.

For that reason, cash reserves are a useful capital funding tool for a wastewater system. Using advance savings as a part of the capital funding package has some distinct advantages. Instead of paying interest on debt, the utility is earning interest on balances. Cash reserves give the utility financial flexibility. If in some future year the utility suffers from a sudden cash squeeze—either a drop in revenue or an unexpected expenditure, it can decide to draw down its cash reserves more quickly or defer some capital projects, but it cannot decide to skip its debt service payments.

However, relying on cash reserves depends on having saved up the cash in advance—this strategy puts a premium on forward-thinking financial planning. And it is especially well-suited for the types of capital projects that are scalable and can be anticipated well in advance, such as pipe replacement programs. If there is a spike in capital spending needs—for instance, if the CIP calls for replacing three lift stations in a two-year period—then it might not make sense to raise the rates suddenly enough to cover that cost without borrowing.

## Debt

Debt is also a useful part of the capital funding toolbox. It provides money when the money is needed, beyond what has been saved for in advance. Debt creates intergenerational equity—it is sometimes referred to as “pay as you use” in contrast to “pay as you go” financing, because the people who carry the cost burden are the ones who benefit from the capital improvement. However, issuing debt requires that interest be paid instead of earned. Debt also reduces financial flexibility; it increases the risk that unanticipated contingencies will have disruptive effects.

While debt is a useful way to smooth the rate impacts of a capital program, it should be carefully managed so that the utility does not rely too much on it. The threshold for how much debt is too much will be addressed later in this rate study. The Ronald Wastewater District had no outstanding debt at the time it was assumed by the City, and it is safe to say that the City could issue some amount of debt without becoming over-reliant on it. If there is a backlog of unfunded capital projects, it might be in the City’s interest to use debt to moderate the rate increases that would otherwise be needed to fully fund the CIP. As we prepare the long-term financial forecast, we will bring forward a recommendation about how much debt the City should incur.

## Sources of Debt Financing

For utilities, there are two primary sources of debt financing: State or federal loan programs, and market debt financing.

### State-Administered Loan Programs

State-administered loans (including federal loans administered by the State) are generally preferable to market debt financing. The interest rate is generally lower for State loans, and the loan terms often

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<sup>1</sup> For instance, beginning cash balances from the sale of bonds would be committed for whatever purpose the bonds were sold for. A similar principle is that interest follows principal: interest on unspent bond proceeds is restricted in the same way as the original unspent bond proceeds. Grants are typically funded as an after-the-fact reimbursement, so there is usually no ongoing cash balance and no interest from grant proceeds.

offer more flexibility in administering the debt. For instance, most State loan programs do not include a requirement that the utility maintain a certain minimum level of debt service coverage.

The appendix included with this memo is a summary of State-administered capital funding programs for water and wastewater utilities, including loans as well as grants. This summary describes the eligibility requirements and the types of loans available, as well as contact information for the people administering each program.

#### Water Infrastructure Finance and Innovation Act (WIFIA)

The WIFIA loan program is administered directly by the federal Environmental Protection Agency (EPA). It was established in 2014 as a federal credit program for water and wastewater capital. WIFIA loans are intended for large projects. For cities of over 25,000 population, the minimum loan size is \$20 million, and WIFIA can fund only up to 49% of the eligible project cost.

Terms for repayment extend for up to 35 years. The program allows flexibility in the repayment schedule, including repayment deferrals up to five years after substantial completion of the project.

The interest rate is based on U.S. Treasury securities of a similar maturity as the WIFIA loan, and it is determined at the time the loan is extended. Additional information regarding funding availability and the application process can be found at <https://www.epa.gov/wifia>.

#### Market Debt Financing

##### General Obligation Bonds

General Obligation (G.O.) bonds are voter-approved bonds secured by the full faith and credit of the issuing agency, committing all available tax and revenue resources to debt repayment. With this high level of commitment, G.O. bonds have relatively low interest rates. General Obligation taxing authority can be sought as a backup pledge to reduce the interest rate of utility debt, even if the actual source of repayment is intended to be utility rates. However, the use of G.O. bond financing is limited in relation to assessed valuation, and G.O. bonds must be authorized by 60% of the voters. For these reasons, G.O. bonds are not often used for utility capital projects.

Limited Tax General Obligation (LTGO) bonds can also be issued up to a statutory ceiling without a vote of the people. In Washington, they are sometimes referred to as “councilmanic” bonds. Unlike G.O. bonds, LTGO debt does not authorize additional property taxes; instead, it must be repaid within the City’s existing taxing authority. Usually there are competing demands for that funding within a City, and for that reason, LTGO debt is not often used for utility capital projects.

##### Revenue Debt

Revenue debt is secured by the revenues of the issuing utility; the debt obligation does not extend to the City’s other revenue sources. With this limited commitment, revenue debt usually bears higher interest rates than G.O. bonds.

Utilities can obtain bank loans, but bank loans often have shorter terms or smaller amounts than would be needed to fund a complete package of capital improvements. In recent years, other financial instruments have been developed that attempt to incorporate the flexibility of bank financing with the larger amounts and longer terms needed to finance a utility CIP. With these hybrid debt instruments, the credit evaluation is done at the outset as part of a master financing agreement, after which specific loan amounts and rates are determined as a capital program progresses.

The most common type of long-term debt for utilities is revenue bonds. Revenue bonds typically require the achievement of minimum debt service coverage each year. Revenue bonds can be issued in Washington without a public vote. There is no limit, except the practical limit of the utility's ability to generate revenue to repay the debt and meet debt service coverage each year.

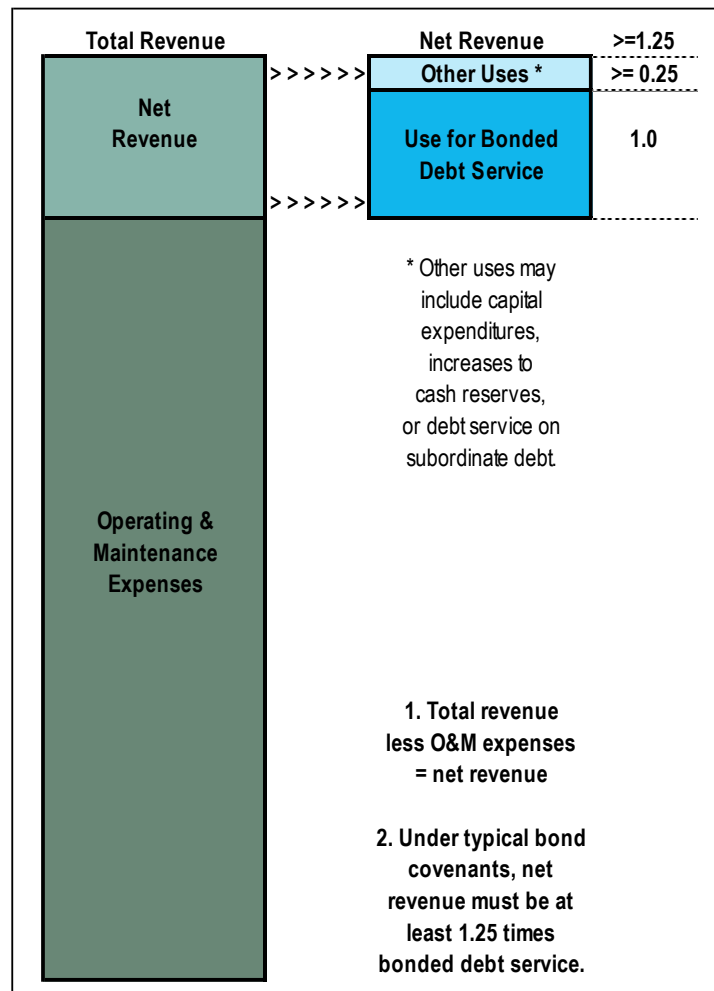
## Debt Service Coverage

Most revenue bonds require a contractual minimum debt service coverage of 1.25 to be maintained by the utility during the life of the bonds. The minimum debt service coverage calculation typically applies to all “parity debt”—that is, all debt that has a first claim on available revenues, equal to the legal rights of the bonds being issued. However, when it comes to debt service coverage, the bond market rewards overachievement—a utility is likely to obtain lower interest rates if coverage on bonded debt is at least 2.0, and if coverage on all debt (including State loans that do not have a legal coverage requirement) is at least 1.5.

What is debt service coverage, and why is it used as a test of financial stability for a utility? (For simplicity in discussion, this paragraph ignores the distinction between parity debt and subordinate debt.) Debt service coverage is defined as the ratio between net revenue (or “net operating income”) and annual debt service (either bonded debt service or total debt service). We saw that net revenue is total rate revenue minus operating expenses—it is the equivalent of “operating profit” for a private business. In other words, net revenue is the financial cushion that a given utility has after paying to maintain and operate the system. What can be done with that financial cushion? Logically, it can be used for debt service, or capital expenditures, or building reserves. An annual coverage requirement means that a given utility cannot plan to use all of its financial cushion on debt service—instead, it must use some of it for either capital expenditures or to build reserves. For example, if a utility expects net revenue of \$1 million per year, a minimum coverage of 1.25 would mean that it cannot commit more than \$800,000 to debt service (because  $\$1 \text{ million} \div \$800,000 = 1.25$ ). In other words, a minimum coverage of 1.25 means that the utility promises to generate enough rate revenue so that it will cover all of its debt service cost *plus* an additional 25% on top of that. With \$1 million in net revenue, a coverage target of 2.0 would mean that the utility cannot commit more than \$500,000 to debt service (because  $\$1 \text{ million} \div \$500,000 = 2.0$ ).

**Exhibit 3** illustrates the relationship between the various quantities involved in defining debt service coverage. (This exhibit does acknowledge the difference between parity debt and subordinate debt.)

**Exhibit 3: Illustration of Debt Service Coverage**



When we return this summer with a recommended capital funding strategy, we will also recommend a policy target for debt service coverage if the City does not already have one.

## Capital Resource Funding Priorities

An optimal funding strategy would include the use of grants or other narrow-based funding sources when available and appropriate. To the degree that ratepayer funding is needed, we would first recommend cash financing as long as the forecasted rates are tolerable. The last-resort capital funding source we recommend is debt. To be conservative, our rate forecast typically assumes that any debt incurred is in the form of revenue bonds, but we do recommend that the City explore State or federal loan programs to see if some of them are worth applying for.

# Funding Programs for Drinking Water and Wastewater Projects

## Updated 2-14-22

Type of Program	Pages
Planning/ Pre-Construction	2 - 5
Pre-Construction Only	6 - 7
Construction	8 - 12
Emergency	13 - 14

You can find the latest version of this document at <http://www.infracfunding.wa.gov/resources.html>

Please contact Cathi Read at [cathi.read@commerce.wa.gov](mailto:cathi.read@commerce.wa.gov) if you would like to update your program information

PLANNING Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CDBG</b> Community Development Block Grant – General Purpose Grant Fund – Planning-Only Activities	<ul style="list-style-type: none"> <li>• Comprehensive plans</li> <li>• Non-routine infrastructure plans</li> <li>• Feasibility studies</li> <li>• Community action plans</li> <li>• Low-income housing assessments</li> </ul>	Projects must principally benefit low- to moderate-income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>• Cities or towns with fewer than 50,000 people</li> <li>• Counties with fewer than 200,000 people</li> </ul>	Grant <ul style="list-style-type: none"> <li>• Up to \$30,000 for a single jurisdiction.</li> </ul>	2022 CDBG General Purpose application materials are due June 1, 2022. Grant awards early September.  <b>Contact:</b> Jon Galow 509-847-5021 <a href="mailto:jon.galow@commerce.wa.gov">jon.galow@commerce.wa.gov</a>  Visit <a href="http://www.commerce.wa.gov/cdbg">www.commerce.wa.gov/cdbg</a> and click on the General Purpose grant menu for information and forms.
<b>SOURCE WATER PROTECTION GRANT PROGRAM</b>	Source water protection studies (watershed, hydrogeologic, feasibility studies).  Eligible activities can lead to reducing the risk of contamination of a system's drinking water sources(s), or they can evaluate or build resiliency for a public water supply. They must contribute to better protecting one or more public water supply sources.	Non-profit Group A water systems.  Local governments proposing a regional project.  Project must be reasonably expected to provide long-term benefit to drinking water quality or quantity.	Grants <ul style="list-style-type: none"> <li>• Funding is dependent upon project needs, but typically does not exceed \$30,000.</li> </ul>	Applications accepted anytime; grants awarded on a funds available basis.  <b>Contact:</b> Derrick Dennis 360-236-3122 <a href="mailto:derrick.dennis@doh.wa.gov">derrick.dennis@doh.wa.gov</a> or Deborah Johnson 360-236-3133 <a href="mailto:Deborah.johnson@doh.wa.gov">Deborah.johnson@doh.wa.gov</a>  <a href="http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/SourceWater/SourceWaterProtection.aspx">http://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/SourceWater/SourceWaterProtection.aspx</a>  Grant guidelines <a href="https://www.doh.wa.gov/Portals/1/Documents/Pubs/331-552.pdf">https://www.doh.wa.gov/Portals/1/Documents/Pubs/331-552.pdf</a>



PLANNING Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>ECOLOGGY: INTEGRATED WATER QUALITY FUNDING PROGRAM</b> State Water Pollution Control Revolving Fund (SRF)  Centennial Clean Water Fund	Planning projects associated with publicly-owned wastewater and stormwater facilities.  The integrated program also funds planning and implementation of nonpoint source pollution control activities.	Counties, cities, towns, conservation districts, or other political subdivision, municipal or quasi-municipal corporations, and tribes	Loan: \$10,000,000 reserved for preconstruction statewide  Interest rates (SFY 2023) <ul style="list-style-type: none"> <li>6-20 year loans: 1.1%</li> <li>1-5 year loans: 0.5%</li> </ul> Preconstruction set-aside (Distressed Communities) 50% forgivable principal loan and 50% loan	Applications due October 12, 2022.  <b>Contact:</b> David Dunn 360-515-8601 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a>  <a href="https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans">https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans</a>
<b>RD PRE-DEVELOPMENT PLANNING GRANTS (PPG)</b> U.S. Dept. of Agriculture Rural Development – Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants	Water and/or sewer planning; environmental work; and other work to assist in developing an application for infrastructure improvements.	Low-income, small communities and systems serving areas under 10,000 population.	Planning grant to assist in paying costs associated with developing a complete application for RD funding for a proposed project.  Maximum \$30,000 grant. Requires minimum 25% match.	Applications accepted year-round, on a fund-available basis.  <b>Contact:</b> Marti Canatsey 509-367-8570 <a href="mailto:marlene.canatsey@usda.gov">marlene.canatsey@usda.gov</a>  <a href="http://www.rd.usda.gov/wa">http://www.rd.usda.gov/wa</a>
<b>RD ‘SEARCH’ GRANTS: SPECIAL EVALUATION ASSISTANCE FOR RURAL COMMUNITIES</b> U.S. Dept. of Agriculture Rural Development – Rural Utilities Service – Water and Waste Disposal Direct Loans and Grants	Water and/or sewer planning; environmental work; and other work to assist in developing an application for infrastructure improvements.	Low-income, small communities and systems serving areas under 2,500 population.	Maximum \$30,000 grant. No match required.	Applications accepted year-round, on a fund-available basis.  <b>Contact:</b> Marti Canatsey 509-367-8570 <a href="mailto:marlene.canatsey@usda.gov">marlene.canatsey@usda.gov</a>  <a href="http://www.rd.usda.gov/wa">http://www.rd.usda.gov/wa</a>

PLANNING Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CERB PLANNING AND FEASIBILITY GRANTS</b> Community Economic Revitalization Board – Project-Specific Planning Program	Project-specific feasibility and pre-development studies that advance community economic development goals for industrial sector business development.	Eligible statewide <ul style="list-style-type: none"> <li>Counties, cities, towns, port districts, special districts.</li> <li>Federally recognized tribes</li> <li>Municipal corporations, quasi-municipal corporations w/ economic development purposes.</li> </ul>	Grant <ul style="list-style-type: none"> <li>Up to \$50,000 per application.</li> <li>Requires 25% (of total project cost) matching funds.</li> </ul>	Applications accepted year-round. The Board meets six times a year.  <b>Contact:</b> Janea Delk 360-725-3151 <a href="mailto:janea.delk@commerce.wa.gov">janea.delk@commerce.wa.gov</a>
<b>RCAC</b> Rural Community Assistance Corporation  Feasibility and Pre-Development Loans	Water, wastewater, stormwater, and solid waste planning; environmental work; and other work to assist in developing an application for infrastructure improvements.	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 or less if proposed permanent financing is through USDA Rural Development.	<ul style="list-style-type: none"> <li>Typically up to \$50,000 for feasibility loan.</li> <li>Typically up to \$350,000 for pre-development loan.</li> <li>Typically up to a 1-year term.</li> <li>5% interest rate.</li> <li>1% loan fee.</li> </ul>	Applications accepted anytime.  <b>Contact:</b> Jessica Scott 719-458-5460 <a href="mailto:jscott@rcac.org">jscott@rcac.org</a>  Applications available online at <a href="http://www.rcac.org/lending/environmental-loans/">http://www.rcac.org/lending/environmental-loans/</a>
<b>DWSRF</b> Drinking Water State Revolving Fund  Preconstruction Loans	Preparation of planning documents, engineering reports, construction documents, permits, cultural reports, environmental reports.	Group A (private and publicly-owned) community and not-for-profit non-community water systems, but not federal or state-owned systems.	<ul style="list-style-type: none"> <li>\$500,000 maximum per jurisdiction</li> <li>0% annual interest rate</li> <li>2% loan origination fee</li> <li>2-year time of performance</li> <li>10-year repayment period</li> </ul>	On-line applications accepted year-round until funding exhausted. Approximately \$3 million available to award each year.  <b>Contact:</b> Corina Hayes 360-236-3153 <a href="mailto:Corina.hayes@doh.wa.gov">Corina.hayes@doh.wa.gov</a>  For information and forms visit: <a href="http://www.doh.wa.gov/DWSRF">http://www.doh.wa.gov/DWSRF</a>

PLANNING Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Economic Development Administration (EDA)</b> United States Department of Commerce  <b>EDA Public Works Program:</b> Planning, Feasibility Studies, Preliminary Engineering Reports, Environmental Consultation for distressed and disaster communities.	Drinking water infrastructure; including pre-distribution conveyance, withdrawal/harvest (i.e. well extraction), storage facilities, treatment and distribution.  Waste water infrastructure; including conveyance, treatment facilities, discharge infrastructure and water recycling.	Municipalities, counties, cities, towns, states, not-for-profit organizations, ports, tribal nations.	Grants: <ul style="list-style-type: none"> <li>EDA investment share up to \$1M.</li> <li>Cost sharing required from applicant <b>up to</b> 50% of total project cost. <ul style="list-style-type: none"> <li>Up to 100% for Tribal Nations</li> </ul> </li> </ul>	<b>Information:</b> <a href="http://EDA.gov">EDA.gov</a>  <b>Contact:</b> Laura Ives 206-200-1951 <a href="mailto:lives@eda.gov">lives@eda.gov</a>  <b>Apply at:</b> <a href="http://grants.gov">grants.gov</a>

PRECONSTRUCTION ONLY Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>ECOLOGY: INTEGRATED WATER QUALITY FUNDING PROGRAM</b> State Water Pollution Control Revolving Fund (SRF)  Centennial Clean Water Fund  Stormwater Financial Assistance Program (SFAP)	Design projects associated with publicly-owned wastewater and stormwater facilities.  The integrated program also funds planning and implementation of nonpoint source pollution control activities.	Counties, cities, towns, conservation districts, or other political subdivision, municipal or quasi-municipal corporations, and tribes.	Loan: \$10,000,000 reserved for preconstruction statewide  Interest rates (SFY 2023) <ul style="list-style-type: none"> <li>• 6-20 year loans: 1.1%</li> <li>• 1-5 year loans: 0.5%</li> </ul> <u>Preconstruction set-aside (Distressed Communities)</u> 50% forgivable principal loan and 50% loan	Applications due October 12, 2022.  A cost effectiveness analysis must be complete at the time of application.  <b>Contact:</b> David Dunn 360-515-8601 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a>  <a href="https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans">https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans</a>
<b>PWB PRE-CON</b> Public Works Board  Pre-Construction Program	Low-interest loans to fund pre-construction activities that prepare a specific project for construction.  Water, sanitary sewer, stormwater, roads, streets, bridges, solid waste, and recycling facilities.	Counties, cities, special purpose districts, and quasi-municipal organizations that meet certain requirements.  School districts and port districts are not eligible.	<ul style="list-style-type: none"> <li>• Approximately \$10 million available for preconstruction</li> <li>• Maximum loan amount \$1 million per jurisdiction per biennium.</li> <li>• 5-year loan term.</li> <li>• Interest rates vary.</li> <li>• Pre-construction work must be completed within 2 years.</li> </ul>	The next funding cycle is expected to be announced in early 2023.  Check the Public Works Board website periodically at <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> to obtain the latest information on program details or to contact Public Works Board staff.  <b>Contact:</b> Mark Rentfrow 360-529-6432 <a href="mailto:Mark.rentfrow@commerce.wa.gov">Mark.rentfrow@commerce.wa.gov</a>

PRECONSTRUCTION ONLY Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>RCAC</b> Rural Community Assistance Corporation  Feasibility and Pre-Development Loans	Water, wastewater, stormwater, or solid waste planning; environmental work; and other work to assist in developing an application for infrastructure improvements.	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 or less if proposed permanent financing is through USDA Rural Development.	<ul style="list-style-type: none"> <li>Typically up to \$50,000 for feasibility loan.</li> <li>Typically up to \$350,000 for pre-development loan.</li> <li>Typically a 1-year term.</li> <li>5% interest rate.</li> <li>1% loan fee.</li> </ul>	Applications accepted anytime.  <b>Contact:</b> Jessica Scott 719-458-5460 <a href="mailto:jscott@rcac.org">jscott@rcac.org</a>  Applications available online at <a href="http://www.rcac.org/lending/environmental-loans/">http://www.rcac.org/lending/environmental-loans/</a>
<b>Economic Development Administration (EDA)</b> United States Department of Commerce  <b>EDA Public Works Program:</b> Design and/or Construction for distressed and disaster communities.	Drinking water infrastructure; including pre-distribution conveyance, withdrawal/harvest (i.e. well extraction), storage facilities, treatment and distribution.  Waste water infrastructure; including conveyance, treatment facilities, discharge infrastructure and water recycling.	Municipalities, counties, cities, towns, states, not-for-profit organizations, ports, tribal nations.	Grants: <ul style="list-style-type: none"> <li>EDA investment share up to \$1M.</li> <li>Cost sharing required from applicant <b>up to</b> 50% of total project cost. <ul style="list-style-type: none"> <li>Up to 100% for Tribal Nations</li> </ul> </li> </ul>	<b>Information:</b> <a href="http://eda.gov">EDA.gov</a>  <b>Contact:</b> Laura Ives 206-200-1951 <a href="mailto:lives@eda.gov">lives@eda.gov</a>  <b>Apply at:</b> <a href="http://grants.gov">grants.gov</a>

CONSTRUCTION AND DESIGN/CONSTRUCTION Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>CDBG-GP</b> Community Development Block Grant  General Purpose Grants	<ul style="list-style-type: none"> <li>Final design and construction of wastewater, drinking water, side connections, stormwater, streets, and community facility projects.</li> <li>Infrastructure in support of economic development or affordable housing.</li> <li>Planning activities</li> </ul>	Projects must principally benefit low- to moderate-income people in non-entitlement cities and counties. <ul style="list-style-type: none"> <li>Cities or towns with fewer than 50,000 people</li> <li>Counties with fewer than 200,000 people</li> </ul>	Maximum grant amounts: <ul style="list-style-type: none"> <li>\$1,000,000 for construction and acquisition projects.</li> <li>\$500,000 for local housing rehabilitation programs.</li> <li>\$250,000 for local microenterprise assistance programs.</li> <li>\$30,000 for planning-only activities.</li> </ul>	2022 CDBG General Purpose application materials are due June 1, 2022. Grant awards early September.  <b>Contact:</b> Jacquie Andresen 360-688-0822 <a href="mailto:Jacquie.andresen@commerce.wa.gov">Jacquie.andresen@commerce.wa.gov</a> <a href="http://www.commerce.wa.gov">www.commerce.wa.gov</a> Visit <a href="http://www.commerce.wa.gov/cdbg">www.commerce.wa.gov/cdbg</a> and click on the General Purpose Grants menu for information and forms.
<b>PWB</b> Public Works Board  Construction Program	New construction, replacement, and repair of existing infrastructure for drinking water, wastewater, stormwater, solid waste, recycling, road or bridge projects.	<ul style="list-style-type: none"> <li>Counties, cities, special purpose districts, and quasi-municipal organizations.</li> <li>No school districts, port districts, or tribes per statute.</li> </ul>	<ul style="list-style-type: none"> <li>Approximately \$114 million available for construction projects.</li> <li>Maximum loan amount \$10 million per jurisdiction per biennium.</li> <li>20-year loan term.</li> <li>Interest rates vary.</li> <li>Construction must be completed within 5 years.</li> </ul>	The next funding cycle is expected to be announced in early 2023.  Check the Public Works Board website periodically at <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> to obtain the latest information on program details or to contact Public Works Board staff.  <b>Contact:</b> Mark Rentfrow 360-529-6432 <a href="mailto:Mark.rentfrow@commerce.wa.gov">Mark.rentfrow@commerce.wa.gov</a>  Please visit: <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a>

CONSTRUCTION AND DESIGN/CONSTRUCTION Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>DWSRF</b> Drinking Water State Revolving Fund  Construction Loan Program	Drinking water system infrastructure projects aimed at increasing public health protection.  There is a limited amount of principal forgiveness for communities with high affordability index numbers and water system restructuring/ consolidation projects.	Group A (private and publicly-owned) community and not-for-profit non-community water systems, but not federal or state-owned systems.  Tribal systems are eligible provided the project is not receiving other national set-aside funding for the project.	Loan <ul style="list-style-type: none"> <li>• 1.0% loan fee (water systems receiving subsidy are not subject to loan fees).</li> <li>• 1.75% interest rate (final rate is set September 1, 2022).</li> <li>• Loan repayment period: 20 years or life of the project, whichever is less.</li> <li>• No local match required.</li> </ul>	Online applications available and accepted October 1 through November 30, 2022.  NOTE: The timeframe for applications may be modified to coincide with infrastructure stimulus funding. Check the DWSRF webpage for updates.  <b>Contact:</b> Corina Hayes 360-236-3153 <a href="mailto:Corina.hayes@doh.wa.gov">Corina.hayes@doh.wa.gov</a>  For information and forms visit: <a href="http://www.doh.wa.gov/DWSRF">http://www.doh.wa.gov/DWSRF</a>
<b>ECOLOGY: INTEGRATED WATER QUALITY FUNDING PROGRAM</b> State Water Pollution Control Revolving Fund (SRF)  Centennial Clean Water Fund  Stormwater Financial Assistance Program (SFAP)	Construction projects associated with publicly-owned wastewater and stormwater facilities.  The integrated program also funds planning and implementation of nonpoint source pollution control activities.	Counties, cities, towns, conservation districts, or other political subdivision, municipal or quasi-municipal corporations, and tribes.  <u>Hardship Assistance</u> Jurisdictions listed above with a population of 25,000 or less.	Loan: \$250,000,000 available statewide.  Interest rates (SFY 2023) <ul style="list-style-type: none"> <li>• 21-30 year loans: 1.4%</li> <li>• 6-20 year loans: 1.1%</li> <li>• 1-5 year loans: 0.5%</li> </ul> <u>Hardship assistance</u> for the construction of wastewater treatment facilities may be available in the form of a reduced interest rate, and up to \$5,000,000 grant or loan forgiveness.  <u>Stormwater grant</u> maximum award per jurisdiction: \$5,000,000, with a required 25% match.	Applications due October 12, 2022.  A cost effectiveness analysis must be complete at the time of application.  <b>Contact:</b> David Dunn 360-515-8601 <a href="mailto:david.dunn@ecy.wa.gov">david.dunn@ecy.wa.gov</a>  <a href="https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans">https://ecology.wa.gov/About-us/How-we-operate/Grants-loans/Find-a-grant-or-loan/Water-Quality-grants-and-loans</a>

CONSTRUCTION AND DESIGN/CONSTRUCTION Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>RD</b> U.S. Dept. of Agriculture Rural Development - Rural Utilities Service  Water and Waste Disposal Direct Loans and Grants	Pre-construction and construction associated with building, repairing, or improving drinking water, wastewater, solid waste, and stormwater facilities.	<ul style="list-style-type: none"> <li>Cities, towns, and other public bodies, tribes and private non-profit corporations serving rural areas with populations under 10,000.</li> </ul>	Loans; Grants in some cases <ul style="list-style-type: none"> <li>Interest rates change quarterly; contact staff for latest interest rates.</li> <li>Up to 40-year loan term.</li> <li>No pre-payment penalty.</li> </ul>	Applications accepted year-round on a fund-available basis.  <b>Contact:</b> Marti Canatsey 509-367-8570 <a href="mailto:marlene.canatsey@usda.gov">marlene.canatsey@usda.gov</a>  <a href="http://www.rd.usda.gov/wa">http://www.rd.usda.gov/wa</a>
<b>CERB</b> Community Economic Revitalization Board  Construction Program	Public facility projects required by private sector expansion and job creation.  Projects must support significant job creation or significant private investment in the state. <ul style="list-style-type: none"> <li>Bridges, roads and railroad spurs, domestic and industrial water, sanitary and storm sewers.</li> <li>Electricity, natural gas and telecommunications</li> <li>General purpose industrial buildings, port facilities.</li> <li>Acquisition, construction, repair, reconstruction, replacement, rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>Counties, cities, towns, port districts, special districts</li> <li>Federally-recognized tribes</li> <li>Municipal and quasi-municipal corporations with economic development purposes.</li> </ul>	Loans; grants in unique cases <ul style="list-style-type: none"> <li>Projects without a committed private partner allowed for in rural areas.</li> <li>\$3 million maximum per project, per policy.</li> <li>Interest rates: 1-3% Based on Debt Service Coverage Ratio (DSCR), Distressed County, and length of loan term.</li> <li>20-year maximum loan term</li> <li>Match for committed private partners: 20% (of total project cost).</li> <li>Match for prospective partners: 50% (of total project cost).</li> <li>Applicants must demonstrate gap in public project funding and need for CERB assistance.</li> <li>CERB is authority for funding approvals.</li> </ul>	Applications accepted year-round. The Board meets six times a year.  <b>Contact:</b> Janea Delk 360-725-3151 <a href="mailto:janea.delk@commerce.wa.gov">janea.delk@commerce.wa.gov</a>
<b>RCAC</b> Rural Community Assistance Corporation  Intermediate Term Loan	Water, wastewater, solid waste and stormwater facilities that primarily serve low-income rural communities.	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less.	<ul style="list-style-type: none"> <li>For smaller capital needs, normally not to exceed \$100,000.</li> <li>Typically up to a 20-year term</li> <li>5% interest rate</li> <li>1% – 1.125% loan fee</li> </ul>	Applications accepted anytime. <b>Contact:</b> Jessica Scott 719-458-5460 <a href="mailto:jscott@rcac.org">jscott@rcac.org</a>  Applications available online at <a href="http://www.rcac.org/lending/environmental-loans/">http://www.rcac.org/lending/environmental-loans/</a>



CONSTRUCTION AND DESIGN/CONSTRUCTION Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>RCAC</b> Rural Community Assistance Corporation  Construction Loans	Water, wastewater, solid waste and stormwater facilities that primarily serve low-income rural communities. Can include pre-development costs.	Non-profit organizations, public agencies, tribes, and low-income rural communities with a 50,000 population or less, or 10,000 populations or less if using USDA Rural Development financing as the takeout.	<ul style="list-style-type: none"> <li>Typically up to \$3 million with commitment letter for permanent financing</li> <li>Security in permanent loan letter of conditions</li> <li>Term matches construction period.</li> <li>5% interest rate</li> <li>1.125% loan fee</li> </ul>	Applications accepted anytime.  <b>Contact:</b> Jessica Scott 719-458-5460 <a href="mailto:jscott@rcac.org">jscott@rcac.org</a>  Applications available online at <a href="http://www.rcac.org/lending/environmental-loans/">http://www.rcac.org/lending/environmental-loans/</a>
<b>RURAL WATER REVOLVING LOAN FUND</b>	Short-term costs incurred for replacement equipment, small scale extension of services, or other small capital projects that are not a part of regular operations and maintenance for drinking water and wastewater projects.	Public entities, including municipalities, counties, special purpose districts, Native American Tribes, and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.	<ul style="list-style-type: none"> <li>Loan amounts may not exceed \$100,000 or 75% of the total project cost, whichever is less. Applicants will be given credit for documented project costs prior to receiving the RLF loan.</li> <li>Interest rates at the lower of the poverty or market interest rate as published by USDA RD RUS, with a minimum of 3% at the time of closing.</li> <li>Maximum repayment period is 10 years. Additional ranking points for a shorter repayment period. The repayment period cannot exceed the useful life of the facilities or financed item.</li> </ul>	Applications accepted anytime.  <b>Contact:</b> Tracey Hunter Evergreen Rural Water of WA 360-462-9287 <a href="mailto:thunter@erwow.org">thunter@erwow.org</a>  Download application online: <a href="http://nrwa.org/initiatives/revolving-loan-fund/">http://nrwa.org/initiatives/revolving-loan-fund/</a>
<b>Economic Development Administration (EDA)</b> United States Department of Commerce  <b>EDA Public Works Program:</b> Design and/or Construction for distressed and disaster communities.	Drinking water infrastructure; including pre-distribution conveyance, withdrawal/harvest (i.e. well extraction), storage facilities, treatment and distribution.  Waste water infrastructure; including conveyance, treatment facilities, discharge infrastructure and water recycling.	Municipalities, counties, cities, towns, states, not-for-profit organizations, ports, tribal nations.	Grants: <ul style="list-style-type: none"> <li>EDA investment share up to \$3M.</li> <li>Cost sharing required from applicant <b>up to</b> 50% of total project cost. <ul style="list-style-type: none"> <li>Up to 100% for Tribal Nations</li> </ul> </li> </ul>	<b>Information:</b> <a href="http://EDA.gov">EDA.gov</a>  <b>Contact:</b> Laura Ives 206-200-1951 <a href="mailto:lives@eda.gov">lives@eda.gov</a>  <b>Apply at:</b> <a href="http://grants.gov">grants.gov</a>

CONSTRUCTION AND DESIGN/CONSTRUCTION Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>Energy Retrofits for Public Buildings Program:</b> <b>Energy Efficiency Grant</b> <i>(formerly Energy Efficiency &amp; Solar)</i>  Washington State Department of Commerce	Retrofit projects that reduce energy consumption (electricity, gas, water, etc.) and operational costs on existing facilities and related projects owned by an eligible applicant. Projects must utilize devices that do not require fossil fuels whenever possible.	<ul style="list-style-type: none"> <li>Washington State public entities, such as cities, towns, local agencies, public higher education institutions, school districts, federally recognized tribal governments, and state agencies.</li> <li>Some percentage of funds are reserved for projects in small towns or cities with populations of 5,000 or fewer.</li> <li>Priority will be given to applicants who have not received funding previously, and school districts that reduce PCB's through lighting upgrades.</li> </ul>	2022: \$1.5 million <ul style="list-style-type: none"> <li>Maximum grant: TBD</li> <li>Minimum match requirements will apply.</li> <li>Other State funds cannot be used as match.</li> <li>Applications expected to open March 2022.</li> </ul>	<b>Contact:</b> Kristen Kalbrener 360-515-8112 <a href="mailto:energyretrofits@commerce.wa.gov">energyretrofits@commerce.wa.gov</a>  Visit <a href="https://www.commerce.wa.gov/growing-the-economy/energy/energy-efficiency-and-solar-grants/">https://www.commerce.wa.gov/growing-the-economy/energy/energy-efficiency-and-solar-grants/</a> for more information.
<b>Energy Retrofits for Public Buildings:</b> <b>Solar Grants</b> <i>(formerly Energy Efficiency &amp; Solar)</i>  Washington State Department of Commerce	Purchase and installation of grid-tied solar photovoltaic (electric) arrays net metered with existing facilities owned by public entities.  Additional points for 'Made in Washington' components.	<ul style="list-style-type: none"> <li>Washington State public entities, such as cities, towns, local agencies, public higher education institutions, school districts, federally recognized tribal governments, and state agencies.</li> <li>Minimum payback period of 35 years. Priority will be given to applicants who have not received funding previously.</li> </ul>	2022: \$1.1 million <ul style="list-style-type: none"> <li>Maximum amount per awardee: \$250,000</li> <li>Minimum match requirements will apply.</li> <li>Applications expected to open March 2022.</li> </ul>	<b>Contact:</b> Jill Eikenhorst 360-522-0000 <a href="mailto:energyretrofits@commerce.wa.gov">energyretrofits@commerce.wa.gov</a>  Visit <a href="https://www.commerce.wa.gov/growing-the-economy/energy/energy-efficiency-and-solar-grants/">https://www.commerce.wa.gov/growing-the-economy/energy/energy-efficiency-and-solar-grants/</a> for more information.

EMERGENCY Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>RD – ECWAG</b> U.S. Dept. of Agriculture Rural Development  Emergency Community Water Assistance Grants	Domestic water projects needing emergency repairs due to an incident such as: a drought; earthquake; flood; chemical spill; fire; etc. A significant decline in quantity or quality of potable water supply that was caused by an emergency.	Public bodies, tribes and private non-profit corporations serving rural areas with populations under 10,000.	Grant; pending availability of funds <ul style="list-style-type: none"> <li>• \$150,000 limit for incident related emergency repairs to an existing water system.</li> <li>• \$500,000 limit to alleviate a significant decline in potable water supply caused by an emergency.</li> </ul>	Applications accepted year-round on a fund-available basis.  <b>Contact:</b> Marti Canatsey 509-367-8570 <a href="mailto:marlene.canatsey@usda.gov">marlene.canatsey@usda.gov</a>  <a href="http://www.rd.usda.gov/wa">http://www.rd.usda.gov/wa</a>
<b>DWSRF</b> Department of Health – Drinking Water State Revolving Fund  Emergency Loan Program	Will financially assist eligible communities experiencing the loss of critical drinking water services or facilities due to an emergency.	<ul style="list-style-type: none"> <li>• Publicly or privately owned (not-for-profit) Group A community water systems with a population of fewer than 10,000.</li> <li>• Transient or non-transient non-community public water systems owned by a non-profit organization. Non-profit non-community water systems must submit tax-exempt documentation.</li> <li>• Tribal systems are eligible provided the project is not receiving other national set-aside funding for the project.</li> </ul>	Loan <ul style="list-style-type: none"> <li>• Interest rate: 0%, no subsidy available</li> <li>• Loan fee: 1.5%</li> <li>• Loan term: 10 years</li> <li>• \$500,000 maximum award per jurisdiction.</li> <li>• Time of performance: 2 years from contract execution to project completion date.</li> <li>• Repayment commencing first October after contract execution.</li> </ul>	To be considered for an emergency loan, an applicant must submit a completed emergency application package to the department.  <b>Contacts:</b> Department of Health Regional Engineers or Corina Hayes 360-236-3153 <a href="mailto:Corina.hayes@doh.wa.gov">Corina.hayes@doh.wa.gov</a>  For information and forms visit: <a href="http://www.doh.wa.gov/DWSRF">http://www.doh.wa.gov/DWSRF</a>
<b>PWB</b> Public Works Board  Emergency Loan Program: Repair, replace, rehabilitate, or reconstruct eligible systems to current standards for existing users.	A public works project made necessary by a natural disaster, or an immediate and emergent threat to the public health and safety due to unforeseen or unavoidable circumstances.  Demonstrate financial need through inadequate local budget resources.	Counties, cities, special purpose districts, and quasi-municipal organizations.  No school districts, port districts, or tribes per statute.  Water, sanitary sewer, storm water, roads, streets, bridges, solid waste, and recycling facilities.	<ul style="list-style-type: none"> <li>• Approximately \$5 million for emergency loan funding.</li> <li>• Maximum loan amount \$1 million per jurisdiction per biennium.</li> <li>• 20-year loan term or life of the improvement, whichever is less.</li> <li>• Interest rates vary.</li> <li>• Application cycle is open until available funds are exhausted.</li> </ul>	Check the Public Works Board website periodically at: <a href="http://www.pwb.wa.gov">http://www.pwb.wa.gov</a> to obtain the latest information on program details or to contact Public Works Board staff.  <b>Contact:</b> Mark Rentfrow 360-529-6432 <a href="mailto:Mark.rentfrow@commerce.wa.gov">Mark.rentfrow@commerce.wa.gov</a>

EMERGENCY Programs	Eligible Projects	Eligible Applicants	Funding Available	How To Apply
<b>ECOLOGY</b> – Clean Water State Revolving Fund  Emergency Funding Program	Water quality-related projects that meet the definition of “environmental emergency” in <a href="#">WAC 173-98-030(27)</a> and have received a Declaration of Emergency from the local government. Eligible projects may result from a natural disaster or an immediate and emergent threat to public health due to water quality issues resulting from unforeseen or unavoidable circumstances.	Counties, cities, towns, federally-recognized tribes, and special purpose districts serving a population of 10,000 or less.	Loan <ul style="list-style-type: none"> <li>• 10-year loan term or the life of the project, whichever is less.</li> <li>• 0.0% interest rate.</li> <li>• \$5,000,000 maximum total per year.</li> <li>• \$500,000 maximum per jurisdiction per year.</li> <li>• 2 years to complete project after loan execution.</li> <li>• Repayment begins 1 year after completion.</li> </ul>	Applications accepted any time.  <b>Contact:</b> Daniel Thompson 360-407-6510 <a href="mailto:daniel.thompson@ecy.wa.gov">daniel.thompson@ecy.wa.gov</a>  Funding Guidelines and Applicant Prep Tool:  <a href="https://apps.ecology.wa.gov/publications/documents/2010059.pdf">https://apps.ecology.wa.gov/publications/documents/2010059.pdf</a>
<b>HAZARD MITIGATION GRANT PROGRAM</b> FEMA/WA Emergency Management Division	Disaster risk-reduction projects and planning after a disaster declaration in the state.	Any state, tribe, county, or local jurisdiction (incl., special purpose districts) that has a current FEMA-approved hazard mitigation plan.	Varies depending on the level of disaster, but projects only need to compete at the state level.  Local jurisdiction cost-share: 12.5%	Applications will be opened after a disaster declaration.  <b>Contact:</b> Tim Cook State Hazard Mitigation Officer 253-512-7072 <a href="mailto:Tim.cook@mil.wa.gov">Tim.cook@mil.wa.gov</a>
<b>PUBLIC ASSISTANCE PROGRAM</b> FEMA/WA Emergency Management Division	Construction, repair to, and restoration of publicly owned facilities damaged during a disaster.  Debris-removal, life-saving measures, and restoration of public infrastructure.	State, tribes, counties, and local jurisdictions directly affected by the disaster.	Varies depending on the level of disaster and total damage caused.	Applications are opened after disaster declaration.  <b>Contact:</b> Gary Urbas Public Assistance Project Manager 253-512-7402 <a href="mailto:Gary.urbas@mil.wa.gov">Gary.urbas@mil.wa.gov</a>
<b>RURAL WATER REVOLVING LOAN FUND</b> Disaster area emergency loans	Contact staff for more information on emergency loans.	Public entities, including municipalities, counties, special purpose districts, Native American Tribes, and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.	90-day, no interest, disaster area emergency loans with immediate turn-around.  Download application online: <a href="http://nrwa.org/initiatives/revolving-loan-fund/">http://nrwa.org/initiatives/revolving-loan-fund/</a>	Applications accepted anytime.  <b>Contact:</b> Tracey Hunter Evergreen Rural Water of WA 360-462-9287 <a href="mailto:thunter@erwow.org">thunter@erwow.org</a>

**To:** Sara Lane, Administrative Services Director  
City of Shoreline, WA

**Date:** March 23, 2022

**From:** Gordon Wilson, Senior Program Manager

Tage Aaker, Project Manager

Chase Bozett, Senior Analyst

**Subject:** City of Shoreline – Low-Income Customer Assistance

## INTRODUCTION

Utilities provide a basic service for the population, so the affordability of utility rates becomes an increasing concern as utility rates increase over time. The City has inquired about whether and how its existing bill discount program to low-income wastewater customers might be expanded. This memo describes some possible approaches to low-income customer assistance programs, including those that support multi-family residents who do not have utility accounts in their name.

## Legal Background

The State of Washington is unusual in having explicit statutory authorization for utilities to provide discounted rates for low-income customers; in most states, either the legal framework for low-income rates is ambiguous or they are explicitly prohibited. In Washington, RCW 74.38.070 states:

Notwithstanding any other provision of law, any county, city, town, public utility district or other municipal corporation, or quasi municipal corporation providing utility services may provide such services at reduced rates for **low-income senior citizens** or other **low-income citizens**: PROVIDED, That, for the purposes of this section, "low-income senior citizen" or "other low-income citizen" shall be defined by appropriate ordinance or resolution adopted by the governing body of the county, city, town, public utility district or other municipal corporation, or quasi municipal corporation providing the utility services. Any reduction in rates granted in whatever manner to low-income senior citizens or other low-income citizens in one part of a service area shall be uniformly extended to low-income senior citizens or other low-income citizens in all other parts of the service area.

## Current City Low-Income Customer Assistance Program

The City of Shoreline wastewater utility currently has a low-income customer assistance program. It consists of a 50% bill discount to qualifying City wastewater customers. To qualify, residents must (a) have a City utility account in their name; (b) meet the City's definition of low-income; and (c) be either senior (age 62 or older) or disabled. If there are two adults in the household, both must be age 62 or older to qualify as a senior household. For administrative and bill collection reasons, the name on City utility accounts is always the property owner, which means that the wastewater bill-discount program is effectively limited to senior or disabled homeowners who meet the income test. The most recent qualifying income is \$50,160/year for one person or \$57,360 for a household with two or more residents. The 50% bill discount applies to the full service charge, including the treatment charge as well as the City charge.

The key limitation of the City's current utility customer assistance program is that only a narrow range of low-income residents are eligible. It excludes low-income residents who are not homeowners, and even among homeowners, it excludes low-income residents who are less than 62 and not disabled. According to City staff, about 310 customers participate in the bill discount program, or 1.8% of the City's 16,903 utility accounts. According to the Census Bureau's most recent data from the American Community Survey, 6,066 households in Shoreline earn less than \$50,000 per year, so the 310 participating customers represent about 5% of the low-income households who might be eligible if the criteria were less restrictive.

An Appendix is attached to this memo with information from the City's web site about various utility discount programs for Shoreline residents, as well as a copy of the application form for the wastewater bill discount program. In addition, because it is relevant to the discussion later in this memo, the Appendix includes a copy of web pages and a description of the application process for Seattle City Light and Seattle Public Utilities.

## LEVELS OF ADMINISTRATIVE COMPLEXITY

Low-income assistance programs can be thought of as having four levels of complexity. With each successive level, the number of customers potentially receiving assistance increases, but the administrative costs and foregone rate revenue are also a more significant consideration.

### Level One: Eligibility Limited to Homeowners and Senior or Disabled

Level One is the status quo program for the City. Qualified customers may apply, but eligibility is effectively limited to low-income homeowners who are seniors or disabled persons. The program design makes it likely that a relatively small fraction of the low-income residents who are affected by City utility bills can actually qualify for support.

### Level Two: All Low-Income Customers with a City Utility Account

A Level Two program design would broaden the pool of eligible customers by allowing any low-income customers—not just seniors or disabled citizens—to apply for a bill discount. The allowable documentation could include proof of eligibility for SNAP assistance (food stamps), free/reduced lunch, or other means-tested government programs, without age or disability limitation.

Another way of broadening the pool of eligible low-income customers has to do with the name on the account. In order to explain that idea, we first need to step back and offer a brief explanation about the general challenge of reaching renters with a bill discount program for low-income individuals or families. These challenges apply to all water or wastewater utilities, not just the City of Shoreline.

#### Barriers to Reaching Renters

There are two types of barriers for extending the benefits of a bill discount program to renters. First, if the utility account must be in the property owner's name, the occupant or renter might not be identified as the person who is paying the bill. Cities that have a water utility can allow someone other than the property owner to be the account holder, because if the wastewater bill goes unpaid, those cities can shut off the water. Because Shoreline does not have a water utility, its only recourse for non-payment is a cumbersome lien process, and the City has to be strict about making sure that the account holder is the property owner.



The second type of barrier is the fact that there is typically a single joint water meter for a multi-unit building. So only one party pays the wastewater bill for the entire building—probably a property management company or the owner, but probably not one of the renters. If a low-income family rents a unit in a multi-unit building, a reduced wastewater bill will not help that family.

#### Potential Eligibility of Renters Authorized to Receive Duplicate Bill

With that background, we'll return to our discussion of the goal of broadening the eligibility criteria to include low-income residents who are not necessarily just homeowners. The second type of barrier—where a joint water meter serves multiple dwelling units—is beyond Level Two; we will discuss that with Level Three or Four. However, according to the staff, Shoreline has a lot of single-family rental housing. If there is one water meter per dwelling unit, then the only barrier to reaching renters is the fact that the account holder must be the property owner.

Fortunately, the City does have a process by which the property owner can submit a form designating someone else to receive a duplicate bill. The designee may either be a property manager or a tenant, but not both. Where the renter is designated to receive a duplicate bill, it is probably because the renter is normally the party who actually pays the bill (even if the property owner is legally responsible in case the renter moves out). So the authorization for a renter to receive duplicate bills gives the City information on which eligibility for a low-income discount program can be based.

Currently the City application form requires that a low-income applicant show evidence of property ownership (typically, a property tax statement). If the City wants to broaden the eligibility to at least some renters, it can change the form so that a low-income applicant provides *either* evidence of property ownership *or* a copy of the form authorizing the renter to receive duplicate wastewater bills. The City can then link the application to a customer account and begin classifying that account as a low-income account.

Moving from a Level One program design to Level Two would mean added cost to the City utility in two ways: (a) more foregone rate revenue, and (b) additional administrative costs, as the City receives and processes more applications.

#### Administrative Cost

How much administrative cost? That is a difficult question to answer for Shoreline specifically, but an analysis we performed for the City of Bellingham last year can give us some clues. Because the Bellingham bill discount program has three income tiers and three levels of support (25%, 50%, and 75% discount), the City has to administer its own program instead of just taking advantage of the property tax deferral program. That means the administrative cost for Bellingham might correspond more closely to a Level Two program design than to Shoreline's current design.

We spoke with the Bellingham customer billing supervisor to learn about their cost of administering the City's low-income discount program, which currently has 699 participants. The program's time demands are not a steady cost throughout the year; instead, most of their staff time required to determine eligibility is concentrated into a one- or two-month window. Given that caveat, a ballpark estimate of the total hours of staff time in a given year equates to approximately \$70,000-\$80,000 per year. Since the total foregone rate revenue for Bellingham's bill discount program (for water, sewer, and stormwater utilities combined) is about \$485,000 per year, the administrative cost represents about 15% of the total benefit to customers. As an order of magnitude, the staff time demand is not a small consideration.

## Level Three: Discount on Electricity Bill for Multi-family Residents

Level Three is to attempt to reach renters by offering a discount on the electricity bill. It is common for multi-family complexes to have one water meter per building but an electric meter for each unit. Low-income residents are therefore likely to have an electric account in their name even if they do not have a water, sewer, or stormwater account in their name.

For cities that have their own electric utilities (like Seattle, Tacoma, and Port Angeles), this is a preferred way to extend the benefits of a water/sewer bill discount to individual renters. However, most cities (including Shoreline) do not have their own electric utility.

It may be possible to reach a data sharing and reimbursement agreement with an outside electric utility, either public or private. As far as we are aware, this approach has not yet been implemented with an outside electric utility in the Pacific Northwest for a low-income utility bill discount program. However, Shoreline does have an existing pass-through arrangement with Seattle City Light (SCL) with respect to its utility tax exemption on PSE (natural gas) and Recology (solid waste) bills. SCL is the electricity provider for Shoreline residents. SCL has experience with a utility bill discount program, because it provides electricity bill discounts for Seattle Public Utilities water, sewer, and solid waste customers who live in multi-family housing. For that reason, Shoreline might be well positioned to develop the concept with an outside electric utility, but it would take time and administrative effort to implement this type of program.

If Shoreline decides that it is interested in going down this path, it would need to negotiate a legal framework, match the eligible multi-family residents with electric accounts, program the data sharing, and carry out the financial reimbursement to the electric utility.

With any effort to have a low-income program reach renters in multi-unit housing, the foregone rate revenue and the administrative cost would typically be higher than with a program limited to homeowners or renters of single-family housing.

### Adopting Eligibility Criteria of Seattle City Light

However, if the City were to work out a reimbursement agreement with Seattle City Light, that agreement could be used for more than just passing through a bill discount to the SCL electricity bills of Shoreline multi-unit renters. The City might try to achieve some administrative efficiencies by adopting the SCL eligibility criteria— not just for renters in multi-unit housing but also for homeowners and renters in single-family housing. The City would be saying, in effect, “If you are low-income for the SCL electricity bill discount program, then you are low-income for the Shoreline wastewater bill discount also.” The SCL income thresholds are shown in the Appendix—they are different from Shoreline’s thresholds. For example, the Shoreline qualifying income for a single person is \$50,160; for Seattle it is \$39,372. For Shoreline, the qualifying income for households of two or more is \$57,360. For Seattle, the qualifying income for a two-person household is \$51,480, but the qualifying income is scaled for larger household sizes.

If the City of Shoreline were to adopt the eligibility criteria of SCL, it would in effect be piggybacking off the eligibility determination made by SCL. In that case, SCL might want to be reimbursed for a share of its own administrative effort on behalf of Shoreline wastewater customers.



## Level Four: Direct Rebate Checks to Multi-family Residents

A Level Four program design would offer assistance to low-income residents in multi-family housing by sending them a rebate check. This is the approach taken by Bellevue. This can work alongside a more conventional bill discount program for low-income residents who have City utility accounts in their names. While a cash rebate is not a direct offset against utility expenses, the *amount* of the potential rebate could be set with reference to the City's typical water, sewer, or stormwater bills.

## IMPACT ON RATES

With all four levels, the foregone rate revenue and cost of administration will have an impact on the rates for non-low-income customers.

Here is a simple hypothetical example with round numbers. For simplicity, this example ignores commercial customers, which would not be eligible for a bill discount. Consider a scenario where the revenue requirement for a given year is \$9 million and the average household is charged \$60 per month. (These assumptions imply that there are 12,500 total customers.) If 4% of the households (that is, 500 households) qualify for and participate in a low-income program that offers a 50% bill discount, then the foregone revenue would be 2% of \$9 million, or \$180,000. However, that \$180,000 still needs to be generated in order to run the wastewater system, so everyone's rates would be pushed up to compensate. Before considering administration costs, the result would be a 2% increase in the rates, to \$61.20 per month.

Now, let's also assume that program administration costs are \$100,000 per year. The resulting revenue requirement now is not \$9,000,000 but \$9,100,000. Still assuming 12,500 customers (of which 500 pay half of the regular rate), the regular rate would therefore be about \$61.88 per month, a 3.1% increase over the rates with no low-income program. The average low-income customer in that case would benefit by \$30.94 per month (50% of the \$61.88 adjusted monthly rate), which adds up to \$371 per year.

Is it worth it to charge everyone 3.1% more in order to help low-income people by \$30.94 per month? That is for City policymakers to decide—and the decision should be made with real numbers rather than hypothetical numbers.

If the rate impact to non-low-income customers is too great, then the City may consider adjusting the discount percentage. In general, there are four related variables: the number of qualifying people, the level of discount, the estimated administrative costs, and the rate impact on the non-low-income customers. The first three drive the fourth. Depending on how many low-income customers are projected to take advantage of an expanded program, the need to keep the rate impact manageable might point to a logical percentage discount of 30% or 40% or something else. In order to expand the bill discount program, it might be worth it to offer less assistance to a larger number of people.

## JURISDICTIONAL SURVEY

The following six jurisdictions within King County were included in a survey of current practices: the cities of Seattle, Bellevue, Auburn, and Lynnwood as well as Sammamish Plateau Water and Sewer District and Northshore Utility District. All provide support to multi-family customers. The following elements of the multi-family low-income discount programs were surveyed:

- What level of discount or rebate/voucher is provided for?

- What type of qualifying income documentation is needed?
- Are in-person interviews a required part of the application process?

The following exhibit outlines the findings of each multi-family low-income discount program.

**Exhibit 1: Multi-family Low-Income Discount Program Findings**

Jurisdiction	Discount & Description of Program	Income Documentation Required?	Interview Required?
Seattle	If you are a tenant whose SPU utilities (water/sewer) are paid by a Condo Home Owners Association (HOA) or landlord, but you still receive a Seattle City Light bill, then you (the tenant) can receive a <b>50%</b> credit per month on their electric bill	Yes. Either SNAP (Supplemental Nutrition Assistance Program) Benefits Client ID or Social Security Number. If not on SNAP, other documentation can be provided such as paycheck stubs.	No
Bellevue	If the customer's utility costs have been paid through rent or other third party, they may qualify for a rebate check. Residents can get a rebate of <b>70%</b> off their basic water, wastewater, and drainage costs previously paid through rent or other third party by qualifying for this program.	Yes. Previous years' income documents (tax statements) are required for each member of household. Bank statements could potentially substitute for preferred income documentation.	Yes, if applying for the first time or it has been more than 12 months since last application.
Auburn	Customers who pay utilities (water, sewer, storm and/or water) to the City of Auburn through their landlord or property manager may be eligible. Applicants are accepted each year in the month of May. Current recipients need to re-apply each year with the previous year's annual income in May.  <b>80%</b> water rebate on the base charge and <b>50%</b> rebate on sewer charge for customers that pay indirectly. <b>City staff noted that the rebate is for both the City's charge and King County's charge.</b>	Yes. Previous years' federal tax return required.	No
Lynnwood	Directly Billed Customers: Customers receive a <b>50-60%</b> discount on base and volume charges  Indirectly Billed Customers: Customers receive a <b>50-60%</b> discount on base and volume charges with in the usage allowance	The City accepts multiple forms of documentation including property tax information, proof of state assistance programs, proof of free/reduced school lunch program, or medical necessity	No

Jurisdiction	Discount & Description of Program	Income Documentation Required?	Interview Required?
<b>Sammamish Plateau Water</b>	This program applies to residents of apartments, condominiums, and residential homes who pay for water and sewer service through rent or to a third party. For each month that you lived at the residence, you will receive the following rebates: <b>45%</b> of the base charge for water and <b>30%</b> discount on the collection portion for sewer  This program is included in the District's budget and has been funded by a previous rate adjustment of 0.25% for water rates and 0.25% sewer rates.	Yes. Previous years' federal tax return required.	No
<b>Northshore Utility District</b>	Indirectly billed eligible customers (served from a shared metered connection) will receive a rebate check on an annual basis. The amount will be the difference between the full base rate and the discounted rate.  <b>45% discount on base water rate and 50% discount on base sewer rate. No discount on King County sewer treatment costs.</b>	Yes. Previous years' federal tax return required. Other documentation may be accepted.	No

The following bullets summarize the findings of the survey:

- Discounts range from 30-80% with the most common discount rate being about 50% per utility. Where noted by the jurisdiction, this equated to an approximate range of \$15-\$45 per month.
- Both Sammamish Plateau Water and Northshore Utility District specify that the King County Treatment charge is not eligible for a discount. However, the City of Auburn's multi-family rebate applies to both the City's charge and King County's charge.
- All six of the jurisdictions surveyed currently request federal documents to verify the customer is eligible for the program (Seattle, Bellevue, and Lynnwood allow alternative documentation if federal documents are not available).
- Based on information made available on each jurisdiction's website, only one of the six jurisdictions require an in-person interview as a part of the application process (City of Bellevue). This could be due to the higher level of administrative burden along with the perceived additional barrier for prospective customers looking to enroll in the program.
- While the six jurisdictions included in this survey offer examples of multi-family low-income discount programs, the majority of utilities in this area do not have a discount program for multi-family residents at this time.
- However, low-income assistance in general is an emerging area of policy interest among our clients across the Northwest, and there may be more efforts in the future to design programs that can reach multi-family residents.

## SUMMARY - ITEMS FOR CONSIDERATION

Currently the City's bill discount program is limited to low-income homeowners who are senior or disabled. Even the Level Two approach—expanding the current program so that it applies regardless of age or disability status, and including renters of single-family housing—would increase the percentage of low-income people who can benefit from assistance with City utility costs. Going to

Level Three or Four would mean developing a way—either through the electricity bills or through cash payments—to offset the implied utility costs borne by low-income Shoreline residents who do not see a wastewater utility bill.

If the City is interested in expanding its current low-income discount program, there are a few items that should be considered during the evaluation process:

- What level of assistance should be provided?
- What documentation methods would be accepted?
- If assistance is to be provided to customers without a linkage to a City utility account, how should that assistance be delivered? Should there be a cash rebate provided directly to the customer, or should the City work with Seattle City Light to create a discount on the electric bill?
- Depending on the level of participation, how much total revenue might be foregone if the City were to expand its discount program? How much of a rate impact to non-low-income customers would be acceptable?
- Depending on the program level, how much additional staff time would need to be dedicated to the program?
- How detailed would the application be?
- How often will customers need to re-apply?
- Should the bill discount apply only to the non-treatment part of the bill, or should it continue to apply to the King County treatment charge as well?
- If the City develops a reimbursement agreement with Seattle City Light to extend wastewater bill rebates to electricity customers, should it also adopt the SCL eligibility criteria?

We suggest that the City consider either Level Two or Three. Level Two would be more straightforward to implement but would still have administrative impacts because of a greater volume of applications. The City staff will need to help estimate the administrative cost, after which we can estimate the rate impact.

If the City plans to significantly expand the reach of its low-income bill discount program, we suggest that it consider alternate discount percentages in order to ensure that the rate impact to non-low-income customers is acceptable.

This is a complicated enough topic that an expanded low-income bill discount program might not fit within the time frame of the current rate study. If needed, it would not be difficult for FCS GROUP to adapt the rate model at a later date to incorporate the impact of an expanded program.

## APPENDIX

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- Page from City of Shoreline web site, describing assistance available to low-income residents for several utilities.
- City of Shoreline application form for current low-income discount program for wastewater utility.
- Pages from City of Seattle web site, describing the Utility Discount Program used by Seattle City Light and Seattle Public Utilities, including the income thresholds.
- City of Seattle guide to the on-line application process for the Utility Discount Program.

- Federal Public Housing Assistance (Section 8)
- VA Veterans Pension (Supplemental Income for Wartime Veterans)
- VA Survivors Pension

## Electric, Water, and Garbage/Recycling Service

The Utility Discount Program helps income qualified Seattle City Light customers lower their electric bills by 60%. Seattle Public Utilities customers will also receive 50% off their water bills if enrolled in this program. You may be eligible if you are a Seattle City Light customer and meet income eligibility requirements. Call 206-684-0268 or go to the [Utility Discount Program](#) webpage for more information.

Qualifying Recology and Puget Sound Energy (PSE) customers may be eligible for exemption from City of Shoreline utility tax on these services. For more information please call the City at (206) 801-2302.

## Low Income Property Tax Info

Low income Seniors over 61, and persons with disabilities may be able to lower their current property tax bills. The [King County Assessor](#) has full details on this program. For more information on Shoreline tax information, please visit the [Finance](#) page.

## Low Income Utility Assistance

The City of Shoreline provides \$25,000 in annual funding to [Hopelink](#) for utility assistance for low-income individuals. Persons seeking to apply for assistance should contact Hopelink at (206) 440-7300.

## North City Water District

The [North City Water District](#) provides a low-income discount for those households that have income within the "very-low income" limits set by HUD for the Seattle area. The discount is 50% of the base charge for single family customers (~ \$25 discount per billing cycle). In addition, NCWD has implemented several programs to provide assistance to customers financially impacted by COVID-19. For more information please, visit the website, North City Water District, or call (206) 362-8100.

## Wastewater Service

Qualifying senior citizens (62 years of age or older) and persons with disabilities receive reduced rates from the City of Shoreline Wastewater District ([Low Income Senior Citizen Discount form](#)). The qualifying income levels correspond with the limits by HUD for "very-low income" for the Seattle area. For more information please call (206) 546-2494.

**City of Shoreline Wastewater Utility**

17500 Midvale Avenue N

Shoreline, Washington 98133-4905

(206) 546-2494

www.customerservice@shorelinewa.gov

**2021 Application for  
Low Income Senior Citizen Discount or  
Low Income Disabled Citizen Discount**

Please read the entire form before completing. Please call if you have questions.

Name \_\_\_\_\_ Co-Applicant's Name \_\_\_\_\_  
Street Address \_\_\_\_\_ Phone # \_\_\_\_\_  
Applicant's Birth date \_\_\_\_\_ Co-Applicant's Birth date \_\_\_\_\_  
Age at time of completing this application \_\_\_\_\_ Co-Applicant's Age \_\_\_\_\_  
Email \_\_\_\_\_

**Requirements for Low Income Senior Citizen Discount or Low Income Disabled Citizen Discount for Year 2021:**

**Senior Citizen Discount ONLY:**

- You or your spouse/co-applicant must be at least 62 years of age.
- A copy of your Washington State Driver's License or Birth Certificate(s).
- A copy of your property tax statement or assessment card. Must own and reside at the property for at least one (1) year prior to date of application.
- A copy of your 2020 1040 form or 2020 SSA-1099 form or SSA-4926 form.

**Disability Discount ONLY:**

- A copy of your Social Security Administration Disability Verification Letter.
- A copy of your Washington State Driver's License or Birth Certificate(s).
- A copy of your property tax statement or assessment card. Must own and reside at the property for at least one (1) year prior to date of application.
- A copy of your 2020 1040 form or 2020 SSA-1099 form or SSA-4926 form.

**Please note: financial eligibility requirements are:**

One person Gross Income must be less than \$50,160.00 per year  
Two Person Gross Income must be less than \$57,360.00 per year

**Please notify Shoreline Wastewater Utility immediately of any changes in your eligibility.**

I hereby apply for the City of Shoreline Wastewater Utility Low Income Senior Citizen or Disability Discount and, by signing below, do certify under penalty of perjury that to the best of my knowledge all on this form are true.

Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Applicant's Signature \_\_\_\_\_ Date \_\_\_\_\_

**UTILITY USE ONLY**

Approval Date: \_\_\_\_\_ Effective Date: \_\_\_\_\_ By: \_\_\_\_\_

Application Denied Date: \_\_\_\_\_ Reason: \_\_\_\_\_

**CITY OF SHORELINE WASTEWATER UTILITY  
2021 LOW INCOME SENIOR CITIZEN DISCOUNT OR  
LOW INCOME DISABLED CITIZEN DISCOUNT  
INCOME FILING FORM**

Please use this form when your only taxable income was one or more of the sources listed below, and you DO NOT file a 1040 form. Enter the amount of 2020 income for each item listed below, IF APPLICABLE.

- |  |          |          |
|--|----------|----------|
| 1. Gross Social Security Income  | \$ _____ | per year |
| 2. Gross Income (Wages/Salaries)   | \$ _____ | per year |
| 3. Gross Dividend Income   | \$ _____ | per year |
| 4. Gross Rental Income   | \$ _____ | per year |
| 5. Gross Taxable Interest Income   | \$ _____ | per year |
| 6. Gross Taxable Retirement Income<br>(Pensions, Annuities, IRA Distributions) | \$ _____ | per year |
| 7. TOTAL GROSS INCOME (Add lines 1-7)  | \$ _____ | per year |

If line 7 is less than the Total Gross Income listed below, you should qualify for a discount with the Ronald Wastewater District.

Single Applicant	\$50,160.00 per year
Household of two (2) or more	\$57,360.00 per year

_____	_____
Print Name	Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Co-Applicant's Name

\_\_\_\_\_  
Co-Applicant's Signature

# People in Household \_\_\_\_\_



**CITY OF SHORELINE WASTEWATER UTILTIY**

***List of Acceptable Documentation for the Senior Citizen & Disabled Discount***

- **PROOF OF BIRTH DATE** (One of the following)
  - > Driver's License
  - > Birth Certificate
  - > Passport
  - > Any official document with your birth date on it
  
- **PROOF OF PROPERTY OWNERSHIP** (One of the following)
  - > Property Tax Statement
  - > Property Assessment Card
  - > If the mortgage company pays your property taxes, then use a copy of the receipt the Mortgage Company provides.
  - > Must own and reside at the property for at least one (1) year prior to date of application.
  
- **DISABLED APPLICANTS ONLY – SOCIAL SECIRUTY DEPARTMENTS  
DISABILITY VERIFICATION LETTER**
  
- **COPY OF 1040 TAX RETURN -- OR --**
  
- **COMPLETED SENIOR/DISABLED INCOME FILING FORM (Page 2)**
  - > Complete ONLY if you do not file a 1040 tax return
  - > Report income from all sources (example: Social Security, interest, pension, retirement, Rental income, wages, etc.)
  - > Must be signed by applicant and spouse/co-applicant (if applicable)
  
- **SENIOR CITIZENS ONLY – COPY OF SSA-1099 OR SSA-4926**
  - > You should receive these each year from Social Security
  - > We will need one for you and your spouse/co-applicant (if applicable)
  - > If you did not receive, please call Seattle Social Security office at 1-800-772-1213
  - > To obtain a copy, either call or go to the Social Security office:  
13510 Aurora Ave N Suite B  
Seattle, WA 98133

**We only need copies of the verifications – PLEASE DO NOT SEND ORIGINALS!!**

There is a copy machine in our office, and we are happy to make all necessary copies for you.



## Seattle Public Utilities Information & Alerts

### Bill Assistance

SPU knows the COVID-19 pandemic has made it harder for some of its customers to afford essential services. We're here to help. SPU has several financial assistance resources available, including **flexible payment plans, utility discounts, and emergency bill assistance (/utilities/your-services/discounts-and-incentives/covid-19-assistance)**. You can help by donating to the **Community Donation Fund (/utilities/your-services/discounts-and-incentives/community-donation-fund)**.

## Seattle Public Utilities (utilities)

### Utility Discount Program

The Utility Discount Program provides bill assistance for seniors, persons with disabilities, and low-income customers. If your household income is at or below 70% of the state median income, the program helps you get current and stay current on utility payments by offering a discount of about 60% on your Seattle City Light bill and a 50% discount on your Seattle Public Utilities (SPU) bill. This discount is only available for residential City Light and SPU customers.



If you need immediate help with a past due balance, you may be able to receive **emergency assistance (/utilities/your-services/discounts-and-incentives/emergency-assistance-program)**.

## Eligibility

To be eligible for the Utility Discount Program, you must meet the following:

- You are the homeowner or renter; if a landlord pays all utilities, qualifying low-income tenants may still be eligible for utility financial help.
- You have a Seattle City Light and/or Seattle Public Utilities bill in your name.
- Effective January 1, 2022, your total household income in the one-month period prior to applying must be at or below:

Household Size	Gross Monthly Income	Gross Yearly Income
1	\$3,281	\$39,372
2	\$4,290	\$51,480
3	\$5,300	\$63,600
4	\$6,309	\$75,708
5	\$7,319	\$87,828
6	\$8,328	\$99,936
7	\$8,518	\$102,216
8	\$8,707	\$104,496
9	\$8,896	\$106,776
10	\$9,086	\$109,056
Each additional	\$190	\$2,280

**Note:** Gross Income is based on 70% of the state's median income.

### Not directly billed for your SPU utilities?

If you are a tenant whose SPU services are paid by a Condo Home Owners Association (HOA) or landlord, but you still receive a Seattle City Light bill, then you can receive the following credits per month to your electric bill:

	Water	Sewer	Drainage	Garbage	Yard Waste
Single-family	\$22.85	\$33.43	\$23.24	\$19.30	\$6.20
Duplex	\$22.85	\$33.34	\$11.62	\$19.30	\$6.20
Multi-family	\$12.50	\$23.32	\$2.49	\$15.80	\$6.20

All credits effective January 1, 2020 except for garbage and yard waste, which are effective April 1, 2020.

### Free transfer station passes

Utility Discount Program (UDP) participants may receive free transfer station passes up to twice each year. To be eligible for this special assistance program, participants must:

- Be enrolled in the Utility Discount Program (UDP).
- Live at the UDP-enrolled address.
- Be the primary account holder for Seattle City Light and/or Seattle Public Utilities accounts.

To learn more, please call the Utility Discount Program using the contact information below.

## Application and Contact

To apply for the Utility Discount Program:

- Complete the **UDP online enrollment form** (<https://civiform.seattle.gov/applicants/8998/edit>). (Download a **Help Guide** [\[D\]](#) ([Documents/Departments/SPU/Documents/UDPHelpGuide.pdf](#)))
- Your application will be reviewed and processed. If your application meets the eligibility requirements above, your household will be enrolled in UDP.

If you need more information, contact the Utility Discount Program at **UDP@seattle.gov** (<mailto:UDP@seattle.gov>) or **(206) 684-0268** (tel: +1 (206) 684-0268) (TTY/TDD: (206) 233-2778 (tel: +1 (206) 233-2778)). Our call-in hours are Monday to Friday, 8:30 a.m. - 4:00 p.m.

# UTILITY DISCOUNT PROGRAM

Attachment B

## HOW TO SUBMIT AN APPLICATION



The following instructions are intended to help residents use CiviForm to enter information and upload required documents. If you have questions about the Utility Discount Program, please call **(206) 684-0268** or email [UDP@seattle.gov](mailto:UDP@seattle.gov).

### 1) Quick Start

- Go to <http://www.seattle.gov/udp>
- Click **APPLY ONLINE**

**CREATE ACCOUNT** to save your information and receive an email confirmation of your application.

**LOG IN** if you have a Seattle CiviForm account.

**CONTINUE AS GUEST** to start the application right away. You will have the option to create an account later.

### 2) Complete the Form

**NOTE:** You will need your *Seattle City Light 10-digit account number* and *all income documents* and *government identification* for all household members over 18 years of age.

**REVIEW:** Preview the form and edit previous responses.

**PREVIOUS:** Navigate to the previous page.

**NEXT:** Save your responses and navigate to the next page.

### 3) Upload Required Documents

**CHOOSE FILE:** To upload the requested documents.

**TIP!** Accepted formats include photos, PDFs, and digital images such as JPEG and PNG.

### 4) Review & Submit Your Application!

**EDIT:** Make any final changes to your responses.

**SUBMIT:** Once submitted, our team will review your application.

**TIP!** You can select "Apply to Another Program" to reuse your information for other City discount programs.



**City of Seattle**  
Updated: 1/26/2022

## ONLINE APPLICATION DOCUMENTATION GUIDANCE

Attachment B

1. You will need to provide financial documents and an acceptable form of government-issued identification for everyone 18 and older in the household
2. The documents can be provided in several formats: photos taken with your phone, PDFs, JPG/PNG images
3. Uploading clear, readable versions of your all required documents will make this process quicker and easier for you to be enrolled

### **All applications must include a digital copy of an acceptable form of government-issued identification.**

For each household member 18 years or older, you'll be asked to upload a copy of **ONE** of the following types of government identification and just the front side of the card:

- State Driver's License
- State Identification Card
- Passport (include the page with the photograph only)
- Permanent Resident Card

### **Does the primary account holder of the Seattle City Light account in the household receive Supplemental Nutrition Assistance Program (SNAP) benefits?**

If the City Light primary account holder for the household receives SNAP and the entire household's combined income meets the program income guidelines, you'll only need to upload a copy of your Department of Social and Health Services (DSHS) **Approval Letter for Benefits**. You'll need to provide both the **cover page** of your approval letter, and the **calculation page**. Find an example of the DSHS approval letter for benefits on the [Washington DSHS site](#). **YOU ARE NOT REQUIRED TO UPLOAD ANY OTHER DOCUMENTS IF YOU PROVIDE YOUR SNAP INFORMATION.**

**If the primary utility account holder does not receive SNAP benefits, you'll be asked to provide income documentation for each household member 18 years of age or older.** For each adult household member, you'll be asked to report all types of income they receive. The table below will help you gather the documents you'll need to submit with your application.

## UTILITY DISCOUNT PROGRAM: FORMS OF INCOME DOCUMENTATION

IF THE HOUSEHOLD MEMBER HAS THIS TYPE OF INCOME...	YOU'LL BE ASKED TO PROVIDE THIS DOCUMENTATION
<b>WAGES</b>	All <b>pay stubs</b> received between the first and last day of the most recent full month.
<b>UNEMPLOYMENT</b>	The household member's <b>Employment Security Department (ESD) Form</b> . An electronic copy of the ESD form can be downloaded by logging into SecureAccess Washington: <a href="https://secure.esd.wa.gov/home">https://secure.esd.wa.gov/home</a>
<b>CHILD SUPPORT</b>	A <b>court-ordered document</b> , or a <b>note from the parent paying child support</b> .
<b>ADOPTION SUPPORT</b>	An <b>Adoption Award Letter</b> .
<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES / AGED, BLIND OR DISABLED ASSISTANCE (TANF/ABD )</b>	A Washington Department of Social and Health Services (DSHS) <b>Approval Letter for Benefits</b> . Must include both the Cover Page and the Calculation Page. Find an example of these documents <a href="#">on the Washington DSHS site</a> .
<b>PENSION/ANNUITY</b>	All <b>pension/annuity paystubs or statements</b> received between the first and last day of the most recent full month.
<b>REFUGEE CASH ASSISTANCE (RCA)</b>	The household member's <b>Refugee Cash Assistance Award Letter</b> . You can find an electronic version of the RCA award letter by logging into the <a href="#">Washington Connection site</a> .
<b>VETERAN'S BENEFITS (VA)</b>	The household member's <b>Veterans Affairs Benefits Letter</b> . You can find an electronic version of the BA Benefits Letter on the <a href="#">Department of Veteran's Affairs site</a> .
<b>RENTAL INCOME</b>	<b>Lease or Rental Agreement(s)</b> held by the household member. This includes any rental or investment property income received by the household member.
<b>HOUSING AND ESSENTIAL NEEDS REFERRAL (HEN)</b>	A Washington Department of Social and Health Services (DSHS) <b>Approval Letter for Benefits</b> . Must include both the Cover Page and the Calculation Page. Find an example of these documents <a href="#">on the Washington DSHS site</a> .
<b>SOCIAL SECURITY / SSI</b>	The household member's Social Security, SSI and/or Survivor <b>Benefits Award Letter</b> . An electronic copy can be downloaded by visiting the <a href="#">Social Security Administration site</a> .
<b>SELF-EMPLOYED</b>	The household member's most recent <b>tax return</b> , or last three months of <b>profit and loss statements</b> .
<b>OTHER</b>	Select this option for any other types of income not listed above.
<b>NONE</b>	If the household member has no sources of income, select this option.

**To:** Sara Lane, Administrative Services Director  
City of Shoreline, WA

**Date:** March 22, 2022

**From:** Gordon Wilson, Senior Program Manager  
Tage Aaker, Project Manager  
Chase Bozett, Analyst

**Subject:** City of Shoreline – Rate Design Options

## Introduction

The City of Shoreline is exploring alternative wastewater rate structures for its residential customers to see if there is a practical way to incorporate water usage into the residential bills. (In the City, “residential” customers are those occupying a residential structure of up to four units. Duplexes, triplexes, and fourplexes are charged per unit. Multi-family structures with five or more dwelling units are included with commercial customers.)

Residential customers in the City currently pay a fixed charge regardless of usage. The current charge is comprised of two components:

- **City:** This fixed component covers the City’s own collection, transmission, and administrative operating expenses;
- **Treatment:** This fixed component covers the cost of treatment. For most of the City’s wastewater service area, King County Wastewater Treatment Division provides treatment service. For a small part of the service area, the City of Edmonds is the treatment provider. King County charges the City a flat fee per residential customer, regardless of usage.

## Key Assumptions and Choices

Although a majority of the jurisdictions served by the County’s treatment facilities implement a flat rate structure for single-family sewer customers (as is the City’s current practice), the County’s wastewater contract does not specify that the jurisdiction must use that structure when collecting revenues from its own customers. If the City were to opt for any type of volume-based charge for residential customers, it would need to decide if water consumption would be used to calculate the City charge only or for both the City and treatment charge.

In discussing these alternatives, our assumption is that most of the difference between winter average usage and summer average usage represents irrigation water that does not enter the sewer system. The term “winter average” refers to the off-peak season for water usage, and it can vary by utility. We sometimes see utilities with a four-month “winter” and others with a six-month “winter.” Occasionally utilities will choose a five-month “winter.” If the City chooses an option based on usage, it will need to define the off-peak season for the purposes of sewer billing, and that decision can be informed by the actual usage patterns for its own single-family customers.

Utilities that incorporate winter average usage into their sewer rate structure must make policy decisions regarding how to charge ‘snowbirds’ (customers who leave town for the winter) and other customers where a representative winter-average usage history is not available (such as new customers). The most common solutions to these issues include charging for a minimum volume or charging based on the median usage level.



## Alternatives

Following are some rate design options for the City to consider.

- **Uniform Flat Rate:** The City’s current structure imposes a flat rate on all single-family customers; this rate does not depend on their individual average winter water use. This is a very common structure for sewer utilities—across the State, not just in the King County wastewater service area.
- **Tiered Flat Rate:** This rate structure is similar to the uniform flat rate, grouping customers in defined tiers based on a customer’s winter average monthly water usage (e.g., November through February). For example, the three tiers could include a low-user, medium-user, and high-user. It creates a broad link between a customer’s bills and their water use, but only to the extent that one tier differs from another tier. Within a given tier, the usage is averaged and there is no differentiation based on individual usage.
- **Tailored Flat Rate, Updated Each Year:** This alternative consists of a rate per unit of water usage, multiplied by a customer’s specific water use during a defined winter period, such as November through February. Because the winter-average usage statistic is computed based on known historical data (typically updated on an annual basis), this structure effectively creates a flat rate tailored to each customer that remains in place throughout the year, until it is recalculated for the following year.
- **Fixed + Volume Rate:** This structure includes a fixed charge plus a volume rate that applies to a customer’s winter water usage. The City could recover its fixed costs via the fixed charge and recover its variable costs (e.g., pumping related costs) from the volume rate. This option could use the tiered flat rate or tailored flat rate approaches for the volumetric component of the charge.
- **Full Volume Rate:** This structure would recover all of the City’s own costs from a year-round volumetric rate, with no fixed charge and no consideration of the winter average. This option is a theoretical possibility, but it has numerous difficulties, and we know of no sewer utilities that actually use it.

There are variations on these options when it comes to defining and applying the winter average. For instance, some sewer utilities calculate the winter average and that becomes the basis for a customer’s volume charges over the following 12 months, regardless of actual usage during the following year. Other utilities define the basis of their volume charge as the prior-year winter average or the current month’s actual usage, whichever is less. Some of these design decisions are affected by software limitations and whether the sewer utility has ready access to water usage data.

## Policy Considerations

Wastewater utilities often use a flat rate for single family customers. There are several reasons for this.

- **Relatively Similar Demand.** Single-family customers are relatively similar in their demand characteristics, in contrast with commercial or industrial customers. For multi-family customers, many sewer utilities use a fixed charge per dwelling unit, again because the per-unit demand tends to be similar. There is a relatively small number of commercial and industrial customers,

and they vary dramatically in their demand characteristics. For that reason, there has to be some way to scale up the charge—to differentiate between large and small customers—and that is a big enough consideration to justify a more complex rate design for commercial and industrial customers. But that is not the case for single-family customers.

- **Nature of Costs to be Recovered.** A high percentage of the cost of a sewer system are fixed over the short term. For Shoreline, the treatment cost paid to King County is not fixed—it varies with the number of Residential Customer Equivalents—but the cost per residential customer is fixed. The City's other costs consist mainly of pipes, pumps, and administration. The capital cost of pipes and pumps is sensitive to the capacity requirement—in other words, the potential demand—of a given customer, but not to the actual volume of wastewater discharged into the system. The main variable cost is the electricity used in pumping, but the per-customer cost of electricity is relatively small compared to the overall cost of building, maintaining, and operating the system.
- **Simplicity.** A flat rate for single-family customers is simpler and less costly to administer. This is particularly important for the City, which would have to rely on North City Water District and Seattle Public Utilities for data on customer water usage.
- **Revenue Stability.** Since the large majority of the customers in the utility are single-family, having single-family charges based on a flat monthly rate makes a noticeable improvement in the revenue stability for the utility as a whole. Again, this matters because such a high percentage of the system costs are fixed costs, so if water usage declines, the costs do not decline by very much.
- **Usage Component for Treatment Charge.** If the City were to implement a volume component to its wastewater rates, it would need to decide whether to have that volume charge apply to the cost of the collection system only or also to the treatment costs. Right now, roughly one third of the District's costs are for the collection system and the other two-thirds are for treatment charges paid to King County (and, to a small extent, to the City of Edmonds). On the one hand, it seems hardly worth the administrative effort to have a volume-sensitive charge only apply to a third of the City's wastewater costs. On the other hand, the treatment charges paid by the City to its primary provider—King County—is a flat amount per single family customer, no matter how much water a given customer uses. To make the treatment charge sensitive to water usage would introduce artificial variability to the revenue stream, one that is disconnected from the reality of the City's costs.

## Implementation Considerations

If the City wants to continue farther down the road of choosing a volume-based rate design for single-family customers, following are some implementation questions for consideration.

The City should evaluate the following policy considerations regarding alternative rate structures:

- Can the City's customer billing software handle an alternative rate structure? If not, what programming changes would need to be made in order to produce the bills?
- How and when would the City obtain customer water usage data from North City Water District and Seattle Public Utilities?
- How much additional administrative effort would be needed to analyze the water usage data and incorporate the information into residential customer bills? This currently happens for

commercial customers, but creating volume rates for residential customers would introduce a whole new level of administrative complexity.

- How should the City address new customers or “snowbird” customers, who do not have a good measurement for how their usage would impact the system?
- How should the City address sewer-only customers, where the water service is provided by a well and therefore there is no measurement of demand specific to the individual customers?

## Recommendation

After considering the policy implications and the practical limitations on the City’s access to water usage data, we recommend that the City continue charging its single-family customers a fixed monthly charge, with no volumetric component. The fact that the King County wastewater disposal system bills the City a fixed amount for residential customers means that a large share of the City’s costs (for treatment and transmission) are already fixed. In addition, the majority of the City’s collection system costs are relatively fixed over time; they are sensitive to the capacity required—that is, the *potential* demand—but not to the *actual* water usage in any given month or year. Finally, the fact that the City does not have its own water customer billing data and would need to coordinate its data collection with two separate agencies raises a practical barrier to volume-based charges for the City’s single-family sewer customers. For all of these reasons, we suggest that the current sewer rate design be retained.