



SHORELINE CITY COUNCIL REGULAR MEETING AGENDA

Monday, June 13, 2022

7:00 p.m.

Council Chamber · Shoreline City Hall

<https://zoom.us/j/95015006341>

253-215-8782 | Webinar ID: 950 1500 6341

This meeting is conducted in a hybrid manner with both in-person and virtual options to attend.

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		7:00
2. FLAG SALUTE/ROLL CALL		
(a) Proclamation of Juneteenth	<u>2a-1</u>	
3. APPROVAL OF THE AGENDA		
4. REPORT OF THE CITY MANAGER		
5. COUNCIL REPORTS		
6. PUBLIC COMMENT		

The City Council provides several options for public comment: in person in the Council Chamber; remote via computer or phone; or through written comment. Members of the public may address the Council during regular meetings 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 comments are being recorded.



Sign up for In-Person Comment the night of the meeting. *In person speakers will be called on first.*



[Sign up for Remote Public Comment](#) *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.*

7. CONSENT CALENDAR		
(a) Approval of Minutes of Special Meeting of May 23, 2022	<u>7a1-1</u>	
Approval of Minutes of Regular Meeting of May 23, 2022	<u>7a2-1</u>	
(b) Approval of Expenses and Payroll as of May 27, 2022 in the Amount of \$5,477,441.84	<u>7b-1</u>	
(c) Appointment of Parks Recreation Cultural Services/Tree Board Youth Members	<u>7c-1</u>	
(d) Authorize the City Manager to Execute a Contract with Central Paving, LLC in the Amount of \$1,230,161 for Construction of the N 155 th Pavement Preservation Project	<u>7d-1</u>	

(e) Authorize the City Manager to Execute a Contract with Kamins Construction in the Amount of \$396,934 for the Ridgecrest Elementary Safe Routes to School Project 7e-1

(f) Approval of Multi-Family Tax Exemption Program Contract with Geo Properties LLC for the Geo 2 Project Located at 1122 N 180th Street 7f-1

8. STUDY ITEMS

(a) Discussion on Tenant Protection Regulations 8a-1 7:20

(b) Discussion of 10 Year Financial Sustainability Strategy #7 – Levy Lid Lift Renewal 8b-1 7:50

9. ADJOURNMENT

8:35

Any person requiring a disability accommodation should contact the City Clerk's Office at 206-801-2230 in advance for more information. For TTY service, call 206-546-0457. For up-to-date information on future agendas, call 206-801-2230 or visit the City's website at shorelinewa.gov/councilmeetings. Council meetings are shown on the City's website at the above link and on Comcast Cable Services Channel 21 and Zply Fiber Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proclamation Recognizing Juneteenth		
DEPARTMENT:	Recreation, Cultural and Community Services		
PRESENTED BY:	Suni Tolton, Equity and Social Justice Coordinator		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Proclamation

ISSUE STATEMENT:

Juneteenth commemorates June 19, 1865, which is the day that Union General Gordon Granger arrived in Galveston, Texas and informed those that the war was over and slavery had ended. This was two and a half years after President Lincoln’s Emancipation Proclamation was issued on January 1, 1863. Enslaved people in other states had been freed earlier with the Emancipation Proclamation, but Texas was somewhat isolated from Union and Confederate forces during the Civil War, which enabled the enslavers to maintain chattel slavery until the presence of General Granger’s regiment of 2,000 troops was strong enough to influence and overcome resistance.

The holiday was originally called June the 19th and eventually became Juneteenth. Also known as Emancipation Day, Freedom Day, Jubilee Day, and Liberation Day, Juneteenth is the oldest nationally celebrated commemoration of the end of slavery. Segregation laws prohibited Black people from using public spaces, so when they wanted to celebrate the first annual Juneteenth, they celebrated near rivers and lakes. Eventually, many Black people also raised money and purchased spaces like Emancipation Park in Houston, Texas. People dressed up, had barbecues, sang spirituals, and preached religious sermons. Strawberry soda, red fruit, and desserts like strawberry pie and red velvet cake were served to commemorate the blood that was shed during slavery. These traditions are still practiced as Juneteenth is celebrated with parades, cook-outs, and festivals.

Juneteenth provides a time to reflect on the history, trauma, and legacy slavery, but also celebrate the strength and resilience of those who survived this tragedy and transformed this country in the face of oppression. It is also a time to address current issues that impact Black people negatively and continue the work of creating an anti-racist community through addressing biased policies and practices and ending racial inequities.

RECOMMENDATION

Staff recommends that the Mayor read the proclamation.

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



PROCLAMATION

WHEREAS, Juneteenth commemorates the day that General Gordon Granger arrived in Galveston, Texas on June 19, 1865 and informed enslaved African-Americans that the Civil War and slavery had ended; and

WHEREAS, the Emancipation Proclamation was issued two and a half years earlier on January 1, 1863 and declared “that all persons held as slaves” are free, but slavery had been maintained in Texas; and

WHEREAS, Juneteenth, also known as Emancipation Day, Freedom Day, Jubilee Day, and Liberation Day, is celebrated nationally as the end of chattel slavery; and

WHEREAS, recognition of Juneteenth is an opportunity to learn more about our history and address current manifestations of racism in ourselves, institutions, and systems; and

WHEREAS, City Council Resolution No. 467 stated the City’s commitment to Shoreline becoming an anti-racist community, which includes addressing all the ways racism persists as a systemic and chronic reality;

NOW, THEREFORE, I, Keith Scully, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim June 19, 2022 as

JUNETEENTH

in the City of Shoreline and encourage all people to celebrate and take action to achieve racial justice for all.

Keith Scully, Mayor

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING

Monday, May 23, 2022
5:30 p.m.

Held Remotely via Zoom

PRESENT: Mayor Scully, Deputy Mayor Robertson, Councilmembers, Mork, Roberts, Pobe, and Ramsdell

ABSENT: Councilmember McConnell

STAFF: Debbie Tarry, City Manager; John Norris, Assistant City Manager; Melissa Muir, HR and Organizational Development Director; Kendyl Hardy, Deputy City Clerk

GUESTS: Doug Johnson, Vice President, Ralph Anderson and Associates

1. CALL TO ORDER

At 5:30 p.m., the meeting was called to order by Mayor Scully who presided.

2. ROLL CALL

Upon roll call by the Deputy City Clerk, all Councilmembers were present except for Councilmember Mork, who joined the meeting at 5:33 p.m. and Councilmember McConnell.

Deputy Mayor Robertson moved to excuse Councilmember McConnell for personal reasons. The motion was approved by unanimous consent.

3. UPDATE ON THE 2022 COMPENSATION STUDY

HR and Organizational Development Director, Melissa Muir, prefaced the presentation by stating that the focus of the special meeting is to collect Council feedback on the recommended scope of the City's 2022 Compensation Study and she listed scope components and then introduced the City's consultant, Doug Johnson, from Ralph Andersen and Associates.

Mr. Johnson spoke about the study objectives and explained that salary surveys are a fact-finding process to provide data to inform decision makers and help understand the labor market in order to optimize the City's recruitment and retention of employees. He described pay plan development and stated that it is defined by organizational structure and services that may be compared to other organizations, along with a consideration for internal equity, to determine the market value for skills.

Next, Mr. Johnson described labor market selection criteria, listed the criteria selected for Shoreline, shared the list of survey agencies the City currently uses, and explained some of the

disparities between them. He stated that the same comparable cities from the previous study are proposed to be used in the upcoming study and elaborated on the meaning behind the historical practices criteria. He also informed Council that the form of government of the comparable cities in the study would generally not impact agency to agency job matches.

Mr. Johnson said the next step would be to move into a comparative analysis to establish a market position which he said is generally between the 50th and 75th percentile. City Manager, Debbie Tarry, commented that the City has historically paid at the 50th percentile, or median, of the market.

Responding to a question about the time required for an employee to reach the maximum step in a salary range, which is six years in Shoreline, Mr. Johnson said comparable cities will generally try to adopt similar trends in this respect but they would look into anything beyond five to eight years on a case-by-case basis to ensure the full value of a job is captured. He explained that the survey will look at labor rates but is not intended to analyze consumer price index increases, as it does not drive labor rates but may still be considered to help anticipate changes to salary over time. A question was asked regarding cash supplements and the dynamic between longevity and merit compensation and Ms. Tarry explained that the City does not have supplemental merit compensation and Mr. Johnson added that longevity and merit pay are retention mechanisms that would be included in the analysis if provided by other cities.

Mr. Johnson was asked to speak to how the job classifications are compared among agencies and he stated that when comparing like agencies there is a high likelihood of comparable positions but he said there will always be some variability and explained that comparisons are made through matching data points such as job description duties, position-controlled documents, and feedback processes to discover the best match. He then discussed next steps to inform staff of the study implementation, confirm survey parameters, and implement the survey process until the final report and presentation is complete. Ms. Muir commented that there is fine tuning to be done regarding new positions, specifically those assumed from the wastewater division, to define their classification but staff expect to have that resolved soon to be included in the study.

Regarding Council compensation, it was asked why it is surveyed separately and Ms. Tarry stated that Council adopted a Salary Commission process last year Councilmember Roberts commented that it would be helpful to have an idea of what role other Councils have in their compensation process.

Reflecting on the 2015 study, Councilmember Roberts said he does not believe any changes to the process are needed. Assistant City Manager, John Norris, recalled the City being below market during the 2015 study and he said that since then, Council has modified the cost-of-living adjustment to 100% of the consumer price index and expressed hope that the City is in a better market position at this time relative to Shoreline's comparable cities. Ms. Tarry commented that upfront consensus from Council on compensation policy made it easier to implement at the staff level although not without challenges. Ms. Muir said she appreciates the funnel approach to collect feedback to allow for staff input.

4. ADJOURNMENT

At 6:25 p.m., Mayor Scully declared the meeting adjourned.

Kendyl Hardy, Deputy City Clerk

DRAFT

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

The purpose of these minutes is to capture a high-level summary of Council's discussion and action. This is not a verbatim transcript. Meeting video and audio is available on the [City's website](#).

Monday, May 23, 2022
7:00 p.m.

Held Remotely via Zoom

PRESENT: Mayor Scully, Deputy Mayor Robertson, Councilmembers McConnell, Mork, Roberts, Pobee, and Ramsdell

ABSENT: None.

1. CALL TO ORDER

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

2. ROLL CALL

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

3. APPROVAL OF THE AGENDA

Councilmember Roberts moved to remove Item 7(i), Adopting Resolution No. 491 - Repealing Resolution No. 459 – Temporarily Authorizing Meetings and Public Hearings to be Held Electronically Due to the COVID-19 Public Health Emergency, from the Consent Calendar.

Mayor Scully stated Consent Calendar Item 7(d) would now become Action Item 8(a).

The agenda was approved by unanimous consent.

4. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, reported on various City meetings, projects, and events.

5. COUNCIL REPORTS

Councilmember Ramsdell reported his attendance to a Shoreline Rotary Club meeting where he heard a presentation on the program from Homestead Community Land Trust to provide affordable homeownership opportunities. He stated he also attended the Westminster Triangle Neighborhood Leadership Group meeting where they elected two new co-chairs and planned for the Night Out Against Crime. He then shared an updated from a meeting of the North Urban

Human Services Alliance stating that the conversation centered around the future of the Enhanced Shelter as the contract ends in the middle of 2023.

Deputy Mayor Robertson gave an update on the Regional Transit Committee and said the main purpose of the meeting was to discuss the Metro Connects Implementation report and gaps in funding sources. She shared information on ridership, the new Orca card program, and on a proposal to reduce youth fares.

Councilmember McConnell said she attended a meeting for the Domestic Violence Initiative and stated that victim's access to resources is challenging due to several barriers. She also reported her attendance to the Shoreline Arts Gala and said at least \$60,000 was raised to support arts education.

Councilmember Mork reported her attendance to the King County-Cities Climate Collaboration (K4C) Town Hall where they spoke about the addition of two cities to the consortium and Vision Zero.

Mayor Scully said he attended a meeting of the Lake Ballinger Forum where he heard a presentation from the Washington State Department of Transportation about salmon accessibility through a tunneling project. He announced that Representative Jayapal has made a funding request for the Ballinger Creek Restoration Project which is a step towards making the creek passable for fish.

6. PUBLIC COMMENT

The Council heard comments from the public from approximately 7:14 p.m. to 7:53 p.m. Written comments were also submitted to Council prior to the meeting and are available on the [City's website](#).

Councilmember Roberts moved to suspend Council Rules to allow for enough time for all people who are signed up to speak for two minutes. The motion was seconded and passed by unanimous consent.

The following members of the public spoke in support of Ordinance No. 967:

Sandra Gillette, Shoreline resident, said the purchase of Parcel No. 727810-0905 is an opportunity for the City to acquire a beautiful piece of land for the use of the people. She relayed that the current access to the beach is very unsafe and suggested it can be done safely while addressing illegal use.

Jack Malek, Shoreline resident, said that until recently he did not know Parcel No. 727810-0905 was private property and offered that the only utility of the parcel is recreation as it has been used to access the beach. He stated his support for Ordinance No. 967.

Tom Mailhot, Shoreline resident, shared his support for the acquisition of Parcel No. 727810-0905 stating it would help meet the City's goal to increase public access and remove confusion about the north boundary of Saltwater Park. He recommended an easement be made with BNSF

Railway to ensure public access and stated support for prohibiting public parking at 27th Avenue Northwest.

Tom McCormick, Shoreline resident, recalled signage posted in 2020 that indicated the end of the City road along Parcel No. 727810-0905 and stated that Saltwater Park's boundary extends north to the south boundary of the parcel. He advised that the boundary be extended to the bulkhead; property line issues will be worked out, but safety and access needs to be a priority.

Forrest Taylor, Shoreline resident, expressed his support for the purchase of Parcel No. 727810-0905 and stated that the next entrance to the beach is a long walk up the hill. He said people will use the route to access the beach whether it is private or not and proposed the City make public access official.

Thomas Petersen, Shoreline resident, agreed that Council should meet with residents to study their concerns and shared his support for the acquisition of Parcel No. 727810-0905. He stated his support to prohibit parking on 27th Avenue Northwest and recommended the City improve signage and enforcement and work with BNSF Railway on a dedicated route to the beach.

The following members of the public spoke in opposition of Ordinance No. 967:

Richard Kink, Shoreline resident, shared anecdotes involving eminent domain that supported his idea that there are many variables that could dramatically affect the acquisition cost of Parcel No. 727810-0905. He requested that Council table Ordinance No. 967 in order to perform a survey and resolve bulkhead issues to determine the value of the property.

Bryan Chow, Shoreline resident, spoke regarding Ordinance No. 967 and said he is troubled that there was not meaningful dialogue about the parcel purchase with the people who live on 27th Avenue Northwest and he expressed concern over the cost to make the property compliant with the Shoreline Master Program.

Jim McCurdy, Shoreline resident, commented on the process for the purchase of the beach property. He asked Council to delay voting on the item until there is more discussion.

Nathan Beard, Shoreline resident and President of the Richmond Beach Preservation Association, asked that the City postpone consideration of Ordinance No. 967 until a plan is created to address issues that he listed that will arise from acquiring and converting the property to a park.

David Barnett, Shoreline resident and Chairman of the Cowlitz Indian Tribe, spoke of the history of Native American people being forced off the land due to government authority but stated that with the permission of the property owner, Native Americans use Parcel No. 727810-0905 for traditional purposes, and he advocated to keep the property as it is.

David Spellman, Seattle resident and Lawyer for Peter Vitaliano, spoke regarding Ordinance No. 967 requesting that Council postpone the vote until a more inclusive process and analysis can be conducted.

Randy Stime, Shoreline resident, suggested that the use of eminent domain is a bullying process and asked how much is enough being that there are 34 parks and the neighborhood on 27th Avenue Northwest. He said public use would disrupt their living with heavy traffic, reduced parking, and litter.

Additional comment was offered by the following members of the public:

Theresa LaCroix, Edmond resident and Director of Shoreline Lake Forest Park Senior Center, spoke in support of the Older Americans Month proclamation and shared that the Center has been hosting events all month which will culminate on June 11th with a Wellness Fair. She said she looks forward to continuing working with Council to serve the aging community.

Kathleen Russell, Shoreline resident and representative of Save Shoreline Trees, commented regarding Agenda Item 9b and asked for a location list of the projects that make up the 7,947 units to be developed by 2025. She also advocated for a continuous 8-foot-wide sidewalk along 20th Avenue Northwest, and requested a fact sheet to answer the questions previously directed to the Project Manager and Council.

Derek Blackwell, Shoreline resident, suggested that Mill Creek Residential wants to minimize discussion around the development to replace Garden Park Apartments and stated that the proposed access to the building is ill suited for the surroundings. He said the company has not rationally addressed their concerns and asked who in the City could undertake the safety issues.

7. CONSENT CALENDAR

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

- (a) Approval of Minutes of Regular Meeting of April 25, 2022
Approval of Minutes of Regular Meeting of May 2, 2022**
- (b) Approval of Expenses and Payroll as of May 6, 2022 in the Amount of
\$2,968,078.64**
- (c) Authorizing the City Manager to Execute Professional Services Agreement with
DOWL LLC. in the Amount of \$454,550 for Design of the 1st Avenue NE (NE
145th Street to NE 155th Street) Sidewalk Project**
- (d) Authorizing the City Manager to Execute Contract Amendment with Nature
Vision, Inc in the Amount of \$240,000 for 2022-2025**
- (e) Authorizing the City Manager to Execute Contract Amendment #9543.02 with
Skyhawks Sports Academy LLC in the Amount of \$374,997 for 2022-2024**
- (f) Authorizing the City Manager to Execute Contract Amendment #9999.01 with
Play-Well TEKnologies in the Amount of \$104,997 for 2022-2024**

(g) Authorizing the City Manager to Execute a Construction Contract with Quilceda Excavation, Inc. in the Amount of \$1,005,714 for the 2022 Stormwater Pipe Repair and Small Drainage Projects

(h) Confirmation of Mayoral Appointments of the 2022 Salary Commission Members

8. ACTION ITEMS

- (a) Adopting Resolution No. 491 - Repealing Resolution No. 459 – Temporarily Authorizing Meetings and Public Hearings to be Held Electronically Due to the COVID-19 Public Health Emergency

City Attorney, Margaret King, presented legislative actions regarding remote virtual meetings including City Council’s Resolution No. 459 that suspended City Council Rules 5.3 and 5.5 and allowed for virtual meetings. She stated House Bill 1329 recently amended the Open Public Meetings Act to require a physical location for meetings and allows virtual meetings during a state of emergency. She also noted the Governor’s Proclamation 20-28.16 which requires public meetings to be held virtually terminates on June 1, 2022. She then spoke about new technology in City Hall that integrates cameras and microphones and allows staff presentations and public comments to be shared through a videoconferencing platform for City meetings.

Mayor Scully opened the Public Comment period. Seeing no one wishing to provide comment, the Public Comment period was closed.

Deputy Mayor Robertson moved to adopt Resolution No. 491 repealing Resolution No. 459.

Councilmember McConnell said it was important to discuss this Resolution so the public is aware of the move back to the Council Chamber and that they meetings will be hybrid. She explained why she would be participating in the hybrid meetings remotely and encouraged the public to continue engaging in the meetings.

It was asked what the public and Councilmembers could expect going back to in person meetings, specifically regarding Chamber capacity and public comment requirements. Ms. Tarry stated that capacity limits have yet to be discussed and explained historical overflow protocols. She shared the public may continue to participate remotely and sign-up requirements for public comment will continue to be in effect.

Regarding in-person appearance of Councilmembers and Board Members, Ms. King clarified that Resolution No. 459 mandated meetings be held in a virtual setting only and Resolution No. 491 would undo that and allow remote attendance. City Clerk, Jessica Simulcik Smith, confirmed that hybrid equipment is being installed in several City Hall meeting rooms to allow for remote participation as needed. Mayor Scully stated that Council decided not to implement policing mechanisms for how Councilmembers decided to participate in meetings and expects that to extend to Boards and Commissions, and that the City would revisit issues as they come up.

The motion passed unanimously, 7-0.

(b) Public Hearing and Discussion of Ordinance No. 965 – Extension of Interim Regulations for Outdoor Seating

Planning Manager, Andrew Bauer, explained that Ordinance No. 965 would extend the interim regulations for outdoor seating for another six months to provide for ongoing flexibility and response to the COVID-19 pandemic and stated that the regulations have been extended three times with the latest extension expiring June 21st. This is the last extension staff expects to need as the Planning Commission has drafted regulations to allow outdoor seating on a permanent basis.

Mayor Scully opened the Public Hearing. Seeing no comment, he closed the Public Hearing.

Deputy Mayor Robertson brought up a section of the ordinance that suspends minimum off street parking requirements and suggested looking further into reducing the minimum requirements for off-street parking for food and drinking establishments. Mayor Scully added his support for the regulations becoming permanent to which Councilmember Roberts agreed and commented that it would add to the vibrancy of the street.

9. STUDY ITEMS

(a) Discussion of Ordinance No. 966 – Amending Shoreline Municipal Code Chapter 13.20 to Add a New Section SMC 13.20.060 – Deferred Underground Facilities

Assistant City Manager, John Norris, discussed two related ordinances to allow for the construction of temporary three phase overhead power in the MUR-70 zones through Ordinance No. 958 and Ordinance No. 966. This action would add section 13.20.060 to Shoreline Municipal Code to allow the same construction within a limited area to operationalize a development property if entered into deferred underground facilities agreement (DUFA) that would establish connection to the underground facilities. He explained that the ordinance would require Seattle City Light (SCL) to perform work for the construction and removal of the overhead facilities as well as enforcement provisions should SCL fail to comply with the code. He said staff shared and received feedback from key stakeholders including SCL on code components to help ensure code requirements could be met.

Questions were asked regarding the ordinance's extension to MUR-45 zones, the usage of the temporary power facilities, and clarity on the timing of the completed capital project and connection. Mr. Norris answered that Council could expand the ordinance to include MUR-45 zones but the code as it is currently proposes allowing the Director of Public Works to identify what zone is in the map and to modify that when needed through a judicial process. He believes the temporary power would be used by telecom or fiber optic companies as it may replace existing single phase poles and he explained the intent of the proposed code and stated that staff could clean up the language to prevent confusion about timelines. Mr. Norris also clarified that developers would be required to install underground infrastructure as part of their development project for future connection to underground facilities once available.

(b) Discussion of Ordinance No. 964 -Planning and Community Development and Public Works Staffing Request to Support Increased Development Permit Volume

Planning & Community Development Director, Rachael Markle, spoke about the plan for additional permit staffing as development has been steadily increasing over the years. She said with staff working to achieve certified green standards, adopt more stringent versions of the State Energy Code, and adhere to stormwater and critical area regulations, administration has become more complex causing the City to begin to exceed its ability to provide predictable and timely reviews and permit issuance. She stated that the Department is seeking a budget amendment to hire 6.5 full-time equivalent staff to primarily provide permitting services and reduce turn-around time for permits as well as a .5 FTE to full-time increase to an existing GIS position. Ms. Markle said this request comes ahead of the 2023-2024 Biennial Budget in order to have time to recruit and train new staff and she explained the plan to pay for the requested staff will almost entirely be supported by permit revenue.

Responding to a question about the long-term sustainability of the additional staff, Ms. Markle said the projections for the staff report were inclusive of projects in the pipeline through 2025 with an expected revenue of about \$7 Million per biennium and stated that staff also have indications of future projects likely past 2025. Ms. Tarry commented that staff expect the positions to be funded through the next four years and would have to address a decline in funding from a staffing perspective. She said much of the revenue from this biennium will cover work happening into the next biennium but stated that monitoring is necessary as the work is tied to a specific revenue source.

Ms. Markle elaborated on the role of the two requested Development Review Engineers stating that they are part of the permit review process who would contribute to the work of the three current Engineers and City Engineer. Tricia Juhnke added that the three positions hired in 2021 were allocated to the Wastewater Division with one serving as support for development review.

Councilmember Mork commented that staff should be hired if truly needed to solve problems. Mayor Scully said that many people are frustrated with the permitting process and, while providing sustainable employment is important, permit turnaround is the priority.

Ms. Tarry asked if Council was comfortable with staff proceeding with the recruitment process to which Council consented with the understanding that offers would not be made until Council has taken action to fund the positions.

(c) Discussion of Ordinance No. 967 – Authorizing the Use of Eminent Domain for Acquisition of Certain Real Property identified as King County Tax Parcel No. 727810-0905 for Public Park Land

Councilmember McConnell stated that she will continue to recuse herself from the topic and excused herself for the evening.

Ms. King explained the purpose of the Ordinance is to authorize the use of eminent domain to acquire 2nd class tidelands which she said will be used to add land to the City's public park

systems and she shared photos of tax Parcel No. 727810-0905 and three surrounding access points including two unauthorized at-grade crossings to tidelands owned by BNSF at Innis Arden Reserve and Kayu Kayu Park. She stated that the City's consultant has reached out to negotiate a purchase and sale agreement with the property owner and eminent domain would only be used if good faith efforts fail and added that just compensation would be paid to the property owner.

There was concern expressed over a dispute on who owns sections of 27th Avenue, and Ms. King said she did not have clarification on the issue at this time but stated that the dispute would be a separate issue from the proposed ordinance. In discussing access to the beach along 27th Avenue, Ms. King confirmed that individuals would need to cross the railroad and rocky terrain, and Ms. Tarry added that staff have requested a lease to access the Burlington Northern right-of-way to allow people to traverse the tideland but have yet to hear back on the request. To address comments about parking on 27th Avenue and adherence to procedural process, Ms. King said the Ordinance only focuses on eminent domain and parking would be a separate issue that staff could investigate. She confirmed that all legal requirements have been met to move forward with this Ordinance and acknowledged some members of the public would prefer a more robust public process.

Deputy Mayor Robertson stated support for the Ordinance because it would create safe access to the beach and she looks forward to continued discussion, and Councilmember Mork concurred. Mayor Scully spoke of his experience using the private property in question to access the beach and stated that this is an opportunity to make the shorelines a public domain and continue the community traditional of accessing the beach at this location. He acknowledged the ongoing challenge for emergency services accessing the beach and homes on 27th Avenue, so he asked for police and fire data on service calls to this beach and noted that there were zero. He reminded Council that this Ordinance is not proposing an expansion of use but would rather preserve the existing use. Mayor Scully suggested that more could be done to address the parking situation if it becomes an issue, and the seawall issue would be sorted out later in the process. This action would give staff the go-ahead to acquire the parcel through eminent domain, if necessary.

10. ADJOURNMENT

At 9:22 p.m., Mayor Scully declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Expenses and Payroll as of May 27, 2022
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara S. Lane, Administrative Services Director

EXECUTIVE / COUNCIL SUMMARY

It is necessary for the Council to formally approve expenses at the City Council meetings. The following claims/expenses have been reviewed pursuant to Chapter 42.24 RCW (Revised Code of Washington) "Payment of claims for expenses, material, purchases-advancements."

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of \$5,477,441.84 specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
4/17/22 - 4/30/22	5/6/2022	102200-102414	17780-17797	85597-85600	\$629,710.21
4/17/22 - 4/30/22	5/12/2022			WT1262-WT1263	\$113,840.94
5/1/22 - 5/14/22	5/20/2022	102415-102638	17798-17809	85734-85740	\$880,198.61
5/1/22 - 5/14/22	5/26/2022			WT1264-WT1265	\$114,926.04
					<u>\$1,738,675.80</u>

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
		<u>\$0.00</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
5/11/2022	85538	85570	\$386,827.11
5/11/2022	85571	85596	\$772,410.70
5/18/2022	85601	85642	\$751,913.50
5/18/2022	85643	85674	\$1,294,994.90
5/25/2022	85675	85697	\$264,909.55
5/25/2022	85698	85733	\$267,710.28
			<u>\$3,738,766.04</u>

Approved By: City Manager **DT**

City Attorney **MK**

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Waiving Council Rule 2.4, A Through E, and Reappointing Hayley Berkman and Appointing Millie Wang to the Shoreline Parks, Recreation & Cultural Services/Tree Board		
DEPARTMENT:	Parks, Recreation and Cultural Services		
PRESENTED BY:	Colleen Kelly, RCCS Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

In July 2013, the City Council approved Ordinance No. 666 amending the term of youth members of the City’s Parks, Recreation and Cultural Services (PRCS)/Tree Board. According to this amendment, youth members shall serve one-year terms that follow the academic calendar and expire on June 30th of each year. Youth Members are eligible for reappointment three times for a total of no more than four consecutive years.

Council Rules of Procedure 2.4, A-E, stipulate that the Council establish a committee to select and interview applicants for Boards and Commissions. Staff suggested and the Mayor and Deputy Mayor supported asking the Council to waive these rules and allow staff to conduct the recruitment and interview process for this year’s open youth seats on the PRCS/Tree Board.

Current youth member Hayley Berkman is a Shorewood High School junior and is eligible for reappointment. Hayley has been an active participant on the PRCS/Tree Board and has expressed the desire to continue to serve. David Lin, who served in a youth seat for the last two years is graduating and moving away for college so is not available to serve another term. In addition to reappointing Hayley Berkman, staff recommends appointing new youth member Millie Wang who is a freshman at Shorecrest High School.

RESOURCE/FINANCIAL IMPACT:

There is no financial impact as a result of this appointment.

RECOMMENDATION

Staff recommends that the Council move to waive Council Rule 2.4, A through E, and reappoint youth member Hayley Berkman and appoint youth member Millie Wang to the Shoreline Parks, Recreation & Cultural Services/Tree Board effective July 1, 2022 through June 30, 2023.

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

BACKGROUND

The Parks, Recreation and Cultural Services (PRCS)/Tree Board advises the City Council and City staff on a variety of parks and recreation issues, including plans and policies, park operation and design, program activities, property acquisition, and the development of rules and regulations. The Board also serves as an advisory board to City staff and the City Council on issues related to public tree maintenance and urban forestry. The PRCS/Tree Board consists of nine members including two non-voting youth members.

In July 2013, the City Council approved Ordinance No. 666 amending the term of youth members to the PRCS/Tree Board. According to this amendment, youth members shall serve one-year terms that follow the academic calendar and expire the thirtieth day of June each year. Youth Members are eligible for reappointment three times for a total of no more than four consecutive years.

The current youth members on the PRCS/Tree Board are Hayley Berkman and David Lin. Hayley Berkman is a Shorewood High School junior and is eligible for reappointment. David Lin, who served in a youth seat for the last two years, is graduating and moving away for college so he is not available to serve another term.

DISCUSSION

Council Rules of Procedure 2.4, A-E, stipulate that the Council establish a committee to select and interview applicants for Boards and Commissions. Staff suggested and the Mayor and Deputy Mayor supported asking the Council to waive these rules and allow staff to conduct the recruitment and interview process for this year's open youth seats on the PRCS/Tree Board.

Hayley Berkman was appointed to the PRCS/Tree Board in 2020 as a youth and will complete her second term on June 30, 2022. As noted above, Hayley is currently a junior at Shorewood High School and is eligible for reappointment. Hayley has expressed a desire to continue to serve on the PRCS/Tree Board. She has done an excellent job on the Board and is an active participant in Board meetings and Board functions. Given Hayley's service and commitment to the Board, staff did not interview her for continued Board service and recommends that Hayley be appointed to the Board for another term.

For the open youth position on the Board, recruitment notices were shared widely beginning on April 21, 2022. Staff initially set a deadline of May 6 but later extended that to May 13 to allow time for the school district to help announce this opportunity to serve. The recruitment notice was shared via press release and the City's social media platforms. In addition, staff in the Youth and Teen Development Program posted notice at the teen center and shared it with participants. Staff also reached out to the College and Career Specialists at both Shorewood and Shorecrest High Schools. The current PRCS/Tree Board youth members also spread the word among their peers.

Staff received four applications and made plans to interview all four applicants. During the scheduling process, one applicant withdrew and during the interview process one applicant did not show up or respond to follow up contact efforts. Staff ultimately interviewed two youth applicants - Millie Wang who lives in the Ridgecrest neighborhood and is a freshman at Shorecrest High School and Thatcher Davis who is a sophomore at Seattle Preparatory Academy and lives in the Highlands. Both applicants demonstrated a commitment to academics, their schools, and their community.

Following the interview process, staff recommends that Millie Wang serve in the second youth position due to her strong connection to Shoreline parks and to Shoreline recreation programming. Millie described going to many parks with her family, utilizing the scholarship program to take classes at the Spartan Recreation Center and participating in a variety of park clean-up and restoration activities through the InterAct Club at her school. Her references, both current teachers, describe her as a kind, active class participant with a strong work ethic. Millie Wang's application to serve as a youth member on the PRCS/Tree Board is included as Attachment A.

RESOURCE/FINANCIAL IMPACT

There is no financial impact as a result of this appointment.

RECOMMENDATION

Staff recommends that the Council move to waive Council Rule 2.4, A through E, and reappoint youth member Hayley Berkman and appoint youth member Millie Wang to the Shoreline Parks, Recreation & Cultural Services/Tree Board effective July 1, 2022 through June 30, 2023.

ATTACHMENT

Attachment A: Millie Wang PRCS/Tree Board Youth Member Application

Attachment A

From: webmaster@shorelinewa.gov
Sent: Wednesday, May 4, 2022 10:07 PM
To: Clk; Lori Henrich
Subject: [EXTERNAL] PRCS/Tree Board Youth Application

CAUTION: This email originated from outside of the City of Shoreline. Do not click links or open attachments unless you recognize the sender and know the content is safe.

A new entry to a form/survey has been submitted.

Form Name: Youth PRCS/Tree Board Application 2022
Date & Time: 05/04/2022 10:06 pm
Response #: 4
Submitter ID: [REDACTED]
IP address: [REDACTED]
Time to complete: 28 min. , 7 sec.

Survey Details

Page 1

Disclosure Notice: Please note that your responses to the application questions may be disclosed to the public under Washington State Law. Personal information, however, is not subject to public disclosure laws.

1. Please tell us your name.

First Name Millie
Last Name Wang

2. Are you between the ages of 15 and 19?

(o) Yes

3. What is your address?

Street [REDACTED]
City, State, Zip [REDACTED]

4. What is your phone number?

Cell phone [REDACTED]
Home phone [REDACTED]

5. What is your email address?

[REDACTED]

6. How long have you lived in Shoreline?

11 Years

7. Which neighborhood do you live in?

Ridgecrest

8. What school do you attend?

Shorecrest High School

9. What year in school are you?

9th Grade (Freshman)

10. What academic subjects interest you most?

Academic subjects that interest me the most are math and science. I enjoy math because of how logical it is (although sometimes that frustrates me simultaneously) and due to this logic, math is not subjective. Every question has a clear answer and when you solve it, you can either be right or wrong. There is no grey area. I personally enjoy this objective approach and the certainty that comes with it because it is a calmness in a world filled with many inbetweens. Every math problem is a new, fresh and unique challenge. Solving each one gives a feeling of accomplishment and almost seems to give me some confidence in my abilities and uplifts me. I love science because it explains so much about the world and also holds many challenging questions that require deep consideration. It is also interesting to consider the endless amount of questions left unanswered yet in the world.

11. List your extra-curricular activities (including sports, music, clubs, leadership groups, social groups, etc.)

Taking care of younger sister

Walk my younger sister to school and back home since I was in 3rd grade, tutor my sister, prepare food and take care of her on days when we both have early release and my mom is at work

Soccer, Seattle United, Shorelake Soccer Club

Select soccer (4 years): Seattle United/Regional/Outside Back/ 2021 Crossfire Champions, 2019 Grand Slam Soccer

Tournament Champions; Recreational soccer (5 years): Shorelake Soccer Club/All positions/2 year tournament champions
Project HEAL Ambassador

Fundraising efforts, educational presentations, spread awareness of Project HEAL's mission/ Raised \$60,704 so far for people suffering from eating disorders and having financial or insurance barriers standing in the way of achieving life-saving support.

Girls in Science, Burke Museum

Work/learn in various STEM fields, such as medical physics, psychology and paleobotany, in labs and classrooms across the University of Washington campus.

5) Volunteer at Sunrise Senior Center and Canopy (Turning Point)

Sunrise Senior Center: volunteer/organized fun events and activities, read to the residents, help out with Sunday Church Service; Turning Point: tutor/teaching elementary and middle school children from low-income families to strengthen math and reading skills and tackle homework challenges.

6) School Club: Interact Club, Years

Awarded 2021 NUHSA Youth Human Services Leadership Award. At Interact Club, I volunteer with the club's partner organization, North Helpline, lead food drives, write letters to the elderly, connect with veterans, make masks and felt blankets that are then donated to the Shoreline Severe Weather Shelter and Mary's Place.

7) School Club: HOSA- Future Health Professionals

Club member/Participate in health science-specific workshops, including bloodstain pattern analysis, anatomical landmark identification challenge, and learning to take vital signs of patients/Preparing for the HOSA State Leadership Competition in March (Topics studying: sports medicine and nutrition)

8) Dance (Spectrum Dance Theater, Taipei Daan Center, Spartan Recreation Center)

Learned ballet, contemporary, and latin dance/performed in various showcases and recitals,

9) School Club: Newspaper Club

Club member/Published: A deep dive into Shorecrest's student walkout on December 1st (Cooperative Effort of Staff);

Edited: 4 articles

10) After School Program: Climb Debate

Practiced debating (Lincoln-Douglas Debate Topic: A just government ought to recognize an unconditional right of workers

to strike.)/ Learned how to research, build cases, flow debates, respond, and rebuttal arguments to persuade judges.

11) Track and Field (Seattle Park & Recreation)

12) Shorecrest Class of 2025 Committee

13) Hiking Club (Shorecrest High School)

12. How have you been involved in the Shoreline community?

Having lived in Shoreline for the majority of my life so far, I have the chance to get involved in many of the great opportunities offered to the Shoreline community. Having been given these amazing opportunities that I am extremely grateful for, it is important to me that I give back to the Shoreline community. I have done this by tutoring elementary and middle school students in the Shoreline School District and volunteering at food banks such as Popy's Cafe at Prince of Peace Lutheran Church and North Helpline. Through my interact club (school club), I have also helped restoration efforts in many parks across Shoreline, for example Cromwell Park, Paramount Park, North City Park, Twin Ponds, and Ronald Commons Garden. Along with this, my friends and I have also done clean up parties at places such as Richmond Beach and Hamlin park.

13. Have you ever served on a committee? If so, describe your experience.

Yes, I have served on a committee before. As part of the Shorecrest Class of 2025 Committee at my high school, I have had the chance to come up with/plan events, spread important information using our platform, assist with the financial aspect of our class, help improve the high school experience of my fellow classmates, along with many other things. It has been a fantastic experience that I have learned a lot through collaborating with others, meeting new people, coming up with innovative ideas, building on past ideas, hearing what others have to say about things, etc. It can definitely be challenging at times but I love challenges and I truly think that they are what allow me to thrive.

14. Describe why you are interested in serving on this Board.

I am interested in serving on this Board because I have a strong passion for community service and would love to serve as a youth representative regarding the operation and maintenance of my city's parks and recreational programs. Shoreline is a place very close to my heart and part of the reason for that is directly related to parks and open spaces; recreation programming; public art; special events and cultural services; and trees in public areas. Essentially what this PRCS/ Tree Board is about. This is why I would love the opportunity to give my input regarding these topics and hopefully help improve these places and programs, which may help make Shoreline an even better place as well as helping others enjoy Shoreline even more. The chance to gain experience on a city board is also very enticing.

15. Describe any special expertise or interest which is applicable for this Board.

As an avid long-time participant in many of the recreational programs that Shoreline offers (many classes that my sister and I have taken through Spartan Recreation Center) along with being part of a family that often uses the trails and parks that Shoreline has to offer, I have many ideas and much knowledge on these topics that I think would be extremely beneficial to this Board.

16. Appointment to this Board requires consistent attendance at regularly scheduled meetings. PRCS/Tree Board meetings occur on the 4th Thursday of most months in the evening. Are you available for evening meetings?

Yes

17. By checking this box I agree that the following statement is true:

I declare under penalty of perjury under the laws of the State of Washington that the information provided herein is true and correct.

Thank you,
City of Shoreline

This is an automated message generated by Granicus. Please do not reply directly to this email.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Execute a Contract with Central Paving, LLC in the Amount of \$1,230,161 for the N 155 th Pavement Preservation Project
DEPARTMENT:	Public Works
PRESENTED BY:	Tricia Juhnke, City Engineer
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The asphalt pavement in the travel lanes of N/NE 155th Street between Midvale Avenue N and 15th Avenue NE needs structural repairs and an asphalt overlay to avoid completely reconstructing the roadway at a much higher cost. The project is scheduled to be constructed in two phases. Phase 1 will provide structural repairs for both roadway segments and an asphalt overlay for the West segment in 2022. Phase 2 of the project will reconstruct curb ramps and repair curbs in the West segment in summer 2023. An asphalt overlay will be constructed on the East segment in a future year.

Between May 4 and May 31, 2022, the City solicited for contractors to construct Phase 1 of the N 155th Pavement Preservation Project as Bid #10194. The engineer's estimate for Phase 1 is \$1,005,910. Construction is anticipated to start in July 2022 with a total contract time of 50 working days. The bid from Central Paving, LLC in the amount of \$1,230,161 was the low bid. City staff has determined that the bid from Central Paving, LLC is responsive and that they have met the City's requirements. While the low bid is higher than estimated, the Roads Capital fund has sufficient funding available to fully fund the project.

Staff is requesting that Council authorize the City Manager to execute a contract with Central Paving, LLC for construction of Phase I of the N 155th Pavement Preservation Project in the amount of \$1,230,161.

RESOURCE/FINANCIAL IMPACT:

This project is fully funded by City's Annual Roadway Surface Maintenance Program. Below is a breakdown of the budget for Phase I of the N 155th Pavement Preservation Project.

Project Expenditures:

Construction:

Staff and other Direct Expenses	\$ 90,000
Design	<u>\$ 237,250</u>
Construction Management	<u>\$ 125,000</u>
2022 Construction (This Contract)	\$ 1,230,161
Contingency (10%)	<u>\$ 123,016</u>
Construction Subtotal	\$ 1,805,427

Total Project Expenditures **\$ 1,805,427**

Project Revenue:

Annual Roadway Surface Maintenance (Roads Capital Fund)	<u>\$ 1,805,427</u>
Total Project Revenue	\$ 1,805,427

RECOMMENDATION

Staff recommends that Council authorize the City Manager to Execute a Construction Contract with Central Paving, LLC in the Amount of \$1,230,161 for the N 155th Pavement Preservation Project.

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

BACKGROUND

The asphalt pavement in the travel lanes of N/NE 155th Street between Midvale Avenue N and 15th Avenue NE is in poor condition and needs structural repairs and an asphalt overlay to avoid completely reconstructing the roadway. Pavement conditions vary along the corridor, with the segment between Midvale Avenue N and 1st Avenue NE in substantially worse condition than the segment between 1st Avenue NE and 15th Avenue NE.

Staff's analysis of the needed paving work and the Annual Road Surface Maintenance (ARSM) program budget indicates that the City should construct Phase 1 of the project, pavement structural repairs over the full length of the street and construct the overlay between Midvale Avenue N and 1st Avenue NE in 2022. Phase 2 of the project will reconstruct over 30 curb ramps within the project area and is scheduled for 2023. Staff will add an overlay of the remaining segment of NE 155th Street (from the east limit of Sound Transit's overlay to 15th Avenue NE) into the ARSM budget for a subsequent year.

DISCUSSION

Between May 4 and June 2, 2022, the City solicited for contractors to construct Phase I of the N 155th Pavement Preservation Project as Bid #10194 as noted above. Bids were opened June 2, 2022, and 5 bids were received. Central Paving, LLC was the low bidder with a bid of \$1,230,161. The other bid proposals were \$1,540,519, \$1,295,300, \$1,621,361 and \$1,321,642.

City staff determined that the bid from Central Paving, LLC is responsive and has met the requirements of the bid. This was verified by:

- Evaluation of the bid through the creation of bid tabulations, and
- Verification that the contractor is properly licensed in Washington and has not been barred from contracting on federal- and state-funded projects.

The engineer's estimate for construction of the Project was \$1,005,910. While the low bid is higher than estimated, the Roads Capital fund has sufficient funding available to fully fund the project. Construction is anticipated to start in July 2022 with a contract time of 50 working days.

COUNCIL GOAL(S) ADDRESSED

This project addresses Council Goal #2: Continue to deliver highly valued public services through management of the City's infrastructure and stewardship of the natural environment. This project will meet this goal by repairing and replacing failing stormwater pipes.

RESOURCE/FINANCIAL IMPACT

This project is fully funded by City's Annual Road Surface Maintenance program. Below is a breakdown of the budget for the N 155th Pavement Preservation project.

Project Expenditures:

Construction:

Staff and other Direct Expenses	\$ 90,000
Design	<u>\$ 237,250</u>
Construction Management	<u>\$ 125,000</u>
2022 Construction (This Contract)	\$ 1,230,161
Contingency (10%)	<u>\$ 123,016</u>
Construction Subtotal	\$ 1,805,427
Total Project Expenditures	\$ 1,805,427

Project Revenue:

Annual Roadway Surface Maintenance (Roads Capital Fund)	<u>\$ 1,805,427</u>
Total Project Revenue	\$ 1,805,427

RECOMMENDATION

Staff recommends that Council authorize the City Manager to Execute a Construction Contract with Central Paving, LLC in the Amount of \$1,230,161 for the N 155th Pavement Preservation Project.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Execute a Construction Contract with Kamins Construction in the Amount of \$396,934 for the Ridgecrest Elementary Safe Routes to School Project		
DEPARTMENT:	Public Works		
PRESENTED BY:	Tricia Juhnke		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

City staff completed designs for safety improvements at the Ridgecrest Elementary school’s Southeast entrance off NE 165th Street. The project includes driveway and sidewalk improvements as well as an enhanced crossing with Rapid Flashing Beacons and Speed Feedback Signs.

Between May 3 and May 24, 2022, the City solicited bids for contractors to construct the Ridgecrest Elementary Safe Routes to School project as Bid #10285. The bid from Kamins Construction in the amount of \$396,934 was the apparent low bid. City staff has determined that the bid from Kamins Construction is responsive and that they have met the City’s requirements. Staff is requesting that the City Council authorize the City Manager to execute a contract with the lowest responsive bidder, Kamins Construction, for the construction of the Ridgecrest Elementary Safe Routes to School project in the amount of \$396,934.

RESOURCE/FINANCIAL IMPACT:

The project will be funded by a Washington State Department of Transportation (WSDOT) Safe Routes to School (SRTS) grant and roads capital funds. Below is a breakdown of funding for the project:

EXPENDITURES

Design	\$ 76,119
Construction (this contract)	\$ 396,934
Construction Contingency	\$ 40,000
Construction Management	\$ 32,500
Total	\$ 545,553

REVENUE

Safe Routes to School Grant	\$ 455,200
Roads Capital Fund	\$ 90,353
Total	\$ 545,553

RECOMMENDATION

Staff recommends that City Council authorize the City Manager to execute a construction contract with Kamins Construction in the amount of \$396,934 for the Ridgecrest Elementary Safe Routes to School project.

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

BACKGROUND

The City was awarded a SRTS grant for design and construction of this project in 2019. On October 14, 2019, [Council authorized the City Manager to execute a Local Agency Agreement with WSDOT](#) to obligate the SRTS grant funding. The project objective is to improve pedestrian safety near Ridgecrest Elementary School by reducing vehicle speeds and improving pedestrian facilities at a main crossing to the school.

Since the grant obligation, City staff has progressed the design to final and solicited bids for the project construction phase. WSDOT has authorized the construction funds for this project, effective April 29, 2022.

DISCUSSION

Project Bid Process – Bid # 10285

Between May 3 and May 24, 2022, the City solicited bids for contractors to construct the Project under Bid #10285 as noted above. Bids were opened on May 24, 2022 and two (2) bids were received. Kamins Construction was the low bidder with a bid of \$396,934. The other bid proposal was for \$497,395.

The lowest bid from Kamins Construction was determined to be responsive and met the requirements of the City. This was verified by:

- Evaluation and analysis of the bid through the creation of bid tabulations, and
- Verification that the contractor is properly licensed in Washington State and has not been barred from contracting on federal- and state-funded projects.

The engineer's estimate for construction of the Project was \$300,700. Construction is anticipated to start in June 2022 and be completed within 30 working days.

COUNCIL GOAL(S) ADDRESSED

The Project addresses 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

The project will be funded by a Washington State Department of Transportation (WSDOT) Safe Routes to School (SRTS) grant and roads capital funds. Below is a breakdown of funding for the project:

EXPENDITURES

Design	\$ 76,119
Construction (this contract)	\$ 396,934
Construction Contingency	\$ 40,000
<u>Construction Management</u>	<u>\$ 32,500</u>
Total	\$ 545,553

REVENUE

Safe Routes to School Grant	\$ 455,200
<u>Roads Capital Fund</u>	<u>\$ 90,353</u>
Total	\$ 545,553

RECOMMENDATION

Staff recommends that City Council authorize the City Manager to execute a construction contract with Kamins Construction in the amount of \$396,934 for the Ridgecrest Elementary Safe Routes to School project.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Multi-Family Tax Exemption Program Contract with Geo Properties LLC for the Geo 2 Project Located at 1122 N 180 th Street
DEPARTMENT:	Community Services
PRESENTED BY:	Kerry Feeman, Housing and Human Services Coordinator
ACTION:	<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 Geo Properties LLC for a Multi-Family Limited Property Tax Exemption (MFTE; also known as PTE for Property Tax Exemption) on a project known as Geo 2. The applicant has agreed to a contract (Attachment A) 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 is subject to approval by the City Council. Tonight, staff is seeking Council approval of this MFTE contract for the Geo 2 project located at 1122 N 180th Street.

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, the 12-year or 20-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 13th 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 with Geo Properties LLC for the Geo 2 Project located at 1122 N 180th Street.

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 instituted 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 State legislature, multi-family 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 (9) 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 or 20 years of exemption from property taxation.

The 2022 Property Tax Exemption Program Report (Attachment B) provides a listing of the projects currently enrolled in the City's MFTE program, along with those that have received a Conditional MFTE Certificate.

DISCUSSION

The City Manager has approved an application by Geo Properties LLC for the Geo 2 project (Attachment A). The Geo 2 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 for the Geo 2 project include:

Location:	1122 N 180 th Street
Residential Targeted Area:	Aurora Avenue N Corridor
Units provided:	215
Affordable units provided:	43
Duration of tax exemption:	12 years
Affordability levels:	Studio and 1-bedroom units: 70% of the King County Area Median Income (AMI) 2-bedroom units: 80% of the King County AMI
Duration of affordability:	12 years
Expected completion:	March 2023
Permit number:	MFR20-1127

Next Steps

If the City Council approves the proposed contract, the City Manager will issue Conditional Certificates of Property Tax Exemption to the applicant. The applicant has

three years from the date the application was approved 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 1st.

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 1st, the 12 or 20-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 \$97,000 in City share of property taxes, or \$4.42 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 13th 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 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 \$876,000 to \$926,000 in city taxes and \$8,258,000 to \$8,727,000 from all taxing districts (about \$197,500 per affordable unit).

Public Benefit Calculation

Attachment C to this staff report provides the current income and rent limits for Shoreline. 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 \$3,129,000 or \$73,000 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):** 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 \$20,000.
- **Sales and 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 \$441,000 for this project.
- **Impact Fees:** The City currently collects park and transportation impact fees for all new residential units (single-family and multi-family). Transportation impact fees of \$4,608 per unit were collected. Park impact fees of \$2,838 per unit were collected. In total, \$1,600,900 in impact fees were collected for the 215 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 \$2,061,900 in one-time taxes and fees, not including permit fees. This is outlined in Table 1 below:

Table 1: Estimated One-time City Revenues (1122 N 180th St)

REET on Land Sale	\$20,000
Sales Tax of 1.05% (Construction)	\$441,000
Impact Fees (215 Units x \$7,446)	\$1,600,900
Total	\$2,061,900

On-Going Revenues

On-going revenues for the project include the following:

- **Sales and 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 \$166.85 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 24-unit apartment building. 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 48 taxpayers residing on the property could be substituted. As such, the pre-redevelopment City revenues from the property are estimated to have been approximately \$19,800 per year. Despite the tax exemption on the improvements, this total would increase during the 12-year tax exemption period to approximately \$141,000 per year. By staff's analysis, 97% 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 \$238,300 in revenues to the City, 57% of which could be attributed to the new residents.

Table 2: Estimated Annual Revenue – Geo 2

	Pre-Development	Development and MFTE Program Duration	Post MFTE Program
Assumptions		(Years 1-12)	(Years 13+)
Total Units	0	215	215
MFTE Program-Enrolled Affordable Units	0	43	0
Population	48	430	430
Property Tax (Land)	\$4,520	\$4,520	\$4,520
Property Tax (Improvements)	0	0	\$97,180
Sales Tax	\$8,000	\$71,700	\$71,700
Utility Tax	\$5,500	\$49,400	\$49,400
State-Shared Revenue (restricted)	\$1,735	\$15,500	\$15,500
Total (Annual)	\$19,800	\$141,000	\$238,300

RECOMMENDATION

Staff recommends that the City Council approve the MFTE contract with Geo Properties LLC for the Geo 2 Project located at 1122 N 180th Street.

ATTACHMENTS

- Attachment A: Proposed Geo 2 MFTE Contract
- Attachment B: 2022 Property Tax Exemption Program Report
- 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

Document Title(s) <i>(or transactions contained therein):</i> MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT -
Reference Number(s) of Documents assigned or released: <input type="checkbox"/> Additional reference numbers on page ____ of document.
Grantor(s) <i>(Last name first, then first name and initials):</i> 1. Geo Two Owner, LLC <input type="checkbox"/> Additional names on page __ of document.
Grantee(s) <i>(Last name first, then first name and initials):</i> 1. <u>CITY OF SHORELINE, WASHINGTON</u> <input type="checkbox"/> Additional names on page __ of document.
Legal Description <i>(abbreviated form; i.e., lot, block, plat name, section-township-range):</i> RICHMOND ACRES ADD LOT 7 TGW W 68 FT LOT 6 PER SHLN DLM#PLN20-0095 <input checked="" type="checkbox"/> Additional legal on Exhibit "A" of document.
Assessor's Property Tax Parcel Account Number(s): 727610-0211

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

PROJECT NAME

THIS MULTI-FAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT (the "Contract") is made and entered into as of this _____ day of _____, 20____, by and between the CITY OF SHORELINE, a Municipal Corporation of the State of Washington (the "City"); Geo Two Owner, LLC, a Delaware limited liability company the "Applicant").

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 ²¹⁵ _____ 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 1122 N 180th St 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. PLN20-0182, the Owner accepts certain conditions affecting the use of the Property and the improvements authorized by Permit No. MFR20-1127. 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 July 28, 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, except for 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 43 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.

"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 (including but not limited to renter's insurance, pest control, and sewer system capacity charges). Expenses that the Owner makes optional, such as pet rent, extra storage space, or extra 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 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 ²¹⁵ _____ Dwelling Units also known as "Geo II."

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

"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)	Affordable Units	Total Units
Studio	11	49
Open 1-bedroom	7	42
1-bedroom	19	92
2-bedroom	6	32
Total	43	215

B. Location. The location of the affordable housing units shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development. Unless otherwise approved by the City, Affordable Units shall not exceed 40% of the dwelling units on any floor of a single building of the Project.

C. 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.

D. Designation of Affordable Units. 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 ⁴³ 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.

E. 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

Unit Type	Income Level (Percent of Median Income)
Studio 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.

F. 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.

G. 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 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.

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

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

I. 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.

J. 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 or 1 bedroom	90%
2 or more bedrooms	100%

K. Equal Access to Common Facilities. Tenants of 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. If the City prohibits a fee for certain amenities or facilities included in the Project, such as parking, the Owner shall include such amenities or facilities in the rent price of an Affordable Unit. Parking is not guaranteed for all units and will be provided on a first-come, first-served basis.

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 such 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. 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

If to the Owner: Geo Two Owner, LLC
Attn: c/o AAA Management
1450 Frazee Rd, Ste 409
San Diego, CA 92108
Attn. Rosalie Merks

With a copy to:
Attn:

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.

[Signature page follows.]

Owner:

City:

By 
 Name: Steve Shamoun
 Its: Authorized Signatory

 Debbie Tarry
 Its: City Manager

Approved as to Form:

 Julie Ainsworth-Taylor
 Assistant City Attorney



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



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 San Diego)

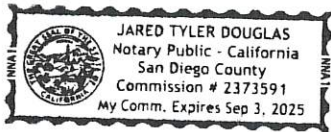
On May 10, 2022 before me, Jared Tyler Douglas, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Steve Mike Shamoun
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/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 Jared Tyler Douglas
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Multi-Family Housing Limited Property Tax Exemption
Document Date: 05/20/2022 Number of Pages: 27 Contract
Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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 type of 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

**RICHMOND ACRES ADD LOT 7 TGW W 68 FT LOT 6 PER SHLN DLM#PLN20-0095
REC#20200826002778 LESS ST PER REC# 20210114001236**

EXHIBIT B

DESIGNATION OF AFFORDABLE UNITS

Unit Number	Unit Type	Unit Size (sq ft)
101	2-Bed	1,124
104	1-Bed	595
204	1-Bed	731
211	Studio	571
212	Studio	420
225	2-Bed	1,142
226	1-Bed	697
228	2-Bed	1,140
229	1-Bed	739
307	Studio	445
309	Studio	428
316	Studio	455
320	2-Bed	1,052
322	1-Bed	697
324	Open 1-Bed	578
325	2-Bed	1,141
326	1-Bed	697
327	1-Bed	697
329	1-Bed	799
402	Open 1-Bed	563
414	1-Bed	697
416	Studio	455
418	1-Bed	697
421	Studio	455
423	1-Bed	697
425	2-Bed	1,142
427	1-Bed	697
432	1-Bed	732
435	Open 1-Bed	563
501	Open 1-Bed	563
505	Studio	455
514	1-Bed	697
519	1-Bed	697
522	1-Bed	697
526	1-Bed	697
527	1-Bed	697
534	Open 1-Bed	563
602	Open 1-Bed	563
605	Studio	455
626	1-Bed	697
631	Studio	455
721	Studio	455
734	Open 1-Bed	563

See attached diagram(s).

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:¹ _____ 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 _____
Date _____
Mailing Address _____
E-mail Address _____
Phone _____

Signature _____
Date _____
Mailing Address _____
E-mail Address _____
Phone _____

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



EXHIBIT C

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. \$ _____

- 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 C
HOUSEHOLD MEMBERS

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 childcare 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).

ANNUAL PROJECT CERTIFICATION FORM

City of Shoreline Affordable Housing

REPORTING PERIOD: _____ through _____.

Project: _____ # of Required Affordable Units _____

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:

- Affordable Units in the Project were rented to new tenants (eligible households).
- Affordable Units in the Project were re-rented (leases renewed) to tenants whose income for remained qualified under the limit for initial occupancy.
- 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.
- 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.
- 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

PROJECT NAME _____

REPORTING PERIOD: _____ through _____

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

Electricity and gas? YES NO

Water and sewer? YES NO

Garbage and recycling? YES NO

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

PROJECT NAME _____

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

REPORTING PERIOD: _____ through _____

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.

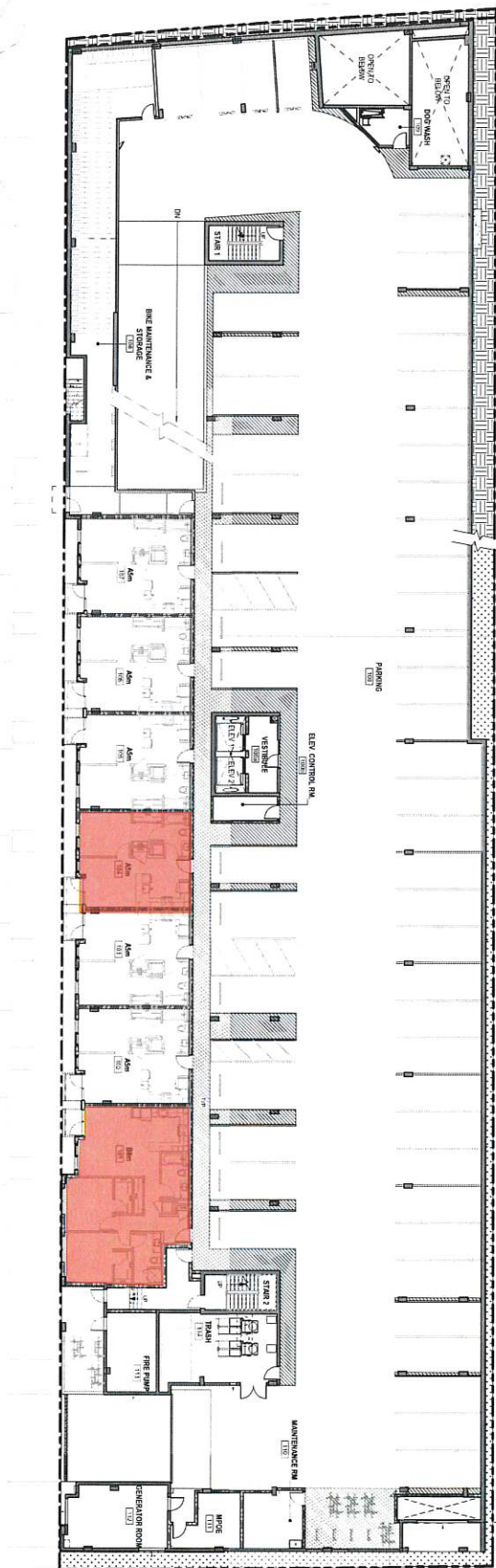
Please attach copies of the current Certificate of Household Eligibility for each Affordable Housing tenant.



1 LEVEL 1
SCALE: 3/8" = 1'-0"

N. 180TH STREET

MIDVALE AVENUE N



1 LEVEL 1
FLOOR PLAN



2. 1802 27th Ave. Suite 111
1. 1802 27th Ave. Suite 111
1802 27th Ave. Suite 111
1802 27th Ave. Suite 111

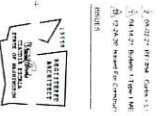
AAA Mgmt Vail Two
7f-36
18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE
architects + interior architects + fine art strategy + graphics

1 LEVEL 2
SCALE: 3/8" = 1'-0"



PROJECT NO.
11114
18000 MIDVALE AVENUE NORTH, SHORELINE, WA 98133
DATE: 07/21/14
DRAWN BY: [Name]
CHECKED BY: [Name]
APPROVED BY: [Name]
TITLE: LEVEL 2 FLOOR PLAN



AAA Mgmt Vail Two
7f-37
18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE
interiors • interiors • brand strategy • graphics

1 LEVEL 3
SCALE: 3/32" = 1'-0"



LEVEL 3
FLOOR PLAN



PROJECT: 71-38
DATE: 10/20/21
DRAWN BY: [Name]
CHECKED BY: [Name]
DATE: 10/20/21

AAA Mgmt Vail Two
71-38
18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE

1 LEVEL 4
SCALE: 3/32" = 1'-0"



LEVEL 4
FLOOR PLAN

DATE: 12/15/2011
DRAWN BY: [Name]
CHECKED BY: [Name]
PROJECT: [Name]
ADDRESS: [Address]
SCALE: [Scale]

AAA Mgmt Vail Two
7f-39
18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE
architects + interior architects + design-build + graphics

1 LEVELS
SCALE: 3/8" = 1'-0"



7040 27th Ave NE, Suite 100
 Shoreline, WA 98148
 Phone: 206.441.1111
 Fax: 206.441.1112
 www.cjcm.com

LEVEL 5 FLOOR PLAN
 PROJECT NO. 18004
 SHEET NO. 5
 DATE: 12/15/10
 DESIGNED BY: J. JOHNSON
 DRAWN BY: J. JOHNSON
 CHECKED BY: J. JOHNSON
 APPROVED BY: J. JOHNSON
 TITLE:

AAA Mgmt Vail Two

18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE
 architecture • environments • brand strategy • graphics

1 LEVEL 6
SCALE: 3/8" = 1'-0"



PROJECT NO. 18000
DATE: 10/1/2014
DRAWN BY: [Name]
CHECKED BY: [Name]
APPROVED BY: [Name]
TITLE: LEVEL 6 FLOOR PLAN



1. 18000 2/1/14
2. 18000 3/1/14
3. 18000 4/1/14
4. 18000 5/1/14
5. 18000 6/1/14
6. 18000 7/1/14
7. 18000 8/1/14
8. 18000 9/1/14
9. 18000 10/1/14
10. 18000 11/1/14
11. 18000 12/1/14
12. 18000 1/1/15
13. 18000 2/1/15
14. 18000 3/1/15
15. 18000 4/1/15
16. 18000 5/1/15
17. 18000 6/1/15
18. 18000 7/1/15
19. 18000 8/1/15
20. 18000 9/1/15
21. 18000 10/1/15
22. 18000 11/1/15
23. 18000 12/1/15
24. 18000 1/1/16
25. 18000 2/1/16
26. 18000 3/1/16
27. 18000 4/1/16
28. 18000 5/1/16
29. 18000 6/1/16
30. 18000 7/1/16
31. 18000 8/1/16
32. 18000 9/1/16
33. 18000 10/1/16
34. 18000 11/1/16
35. 18000 12/1/16
36. 18000 1/1/17
37. 18000 2/1/17
38. 18000 3/1/17
39. 18000 4/1/17
40. 18000 5/1/17
41. 18000 6/1/17
42. 18000 7/1/17
43. 18000 8/1/17
44. 18000 9/1/17
45. 18000 10/1/17
46. 18000 11/1/17
47. 18000 12/1/17
48. 18000 1/1/18
49. 18000 2/1/18
50. 18000 3/1/18
51. 18000 4/1/18
52. 18000 5/1/18
53. 18000 6/1/18
54. 18000 7/1/18
55. 18000 8/1/18
56. 18000 9/1/18
57. 18000 10/1/18
58. 18000 11/1/18
59. 18000 12/1/18
60. 18000 1/1/19
61. 18000 2/1/19
62. 18000 3/1/19
63. 18000 4/1/19
64. 18000 5/1/19
65. 18000 6/1/19
66. 18000 7/1/19
67. 18000 8/1/19
68. 18000 9/1/19
69. 18000 10/1/19
70. 18000 11/1/19
71. 18000 12/1/19
72. 18000 1/1/20
73. 18000 2/1/20
74. 18000 3/1/20
75. 18000 4/1/20
76. 18000 5/1/20
77. 18000 6/1/20
78. 18000 7/1/20
79. 18000 8/1/20
80. 18000 9/1/20
81. 18000 10/1/20
82. 18000 11/1/20
83. 18000 12/1/20
84. 18000 1/1/21
85. 18000 2/1/21
86. 18000 3/1/21
87. 18000 4/1/21
88. 18000 5/1/21
89. 18000 6/1/21
90. 18000 7/1/21
91. 18000 8/1/21
92. 18000 9/1/21
93. 18000 10/1/21
94. 18000 11/1/21
95. 18000 12/1/21
96. 18000 1/1/22
97. 18000 2/1/22
98. 18000 3/1/22
99. 18000 4/1/22
100. 18000 5/1/22

AAA Mgmt Vail Two
7f-4f
18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + CULTURE
architecture + interiors + construction

1 LEVEL 7
SCALE: 3/32" = 1'-0"



LEVEL 7
FLOOR PLAN

DATE: 08/12/21
 PROJECT: AAA Mgmt Vail Two
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 APPROVED BY: [Name]
 TITLE: [Title]

AAA Mgmt Vail Two
 71-42
 18004 MIDVALE AVENUE NORTH, SHORELINE WA, 98133

carrierjohnson + culture
 ARCHITECTURE + INTERIOR DESIGN

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
1,690			473			\$ 329,067,900		\$ 372,465

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
88						\$ 21,928,100		\$ 24,820

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	
3,762			1,135			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

AGENDA TITLE:	Discussion on Tenant Protection Regulations		
DEPARTMENT:	City Manager's Office		
PRESENTED BY:	Jim Hammond, Intergovernmental Program Manager		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

The economic challenges posed by the COVID-19 pandemic have fallen particularly hard upon many Washington State residents who rent their homes. Significant increases to the cost of housing, driven by, among other things, the regional housing shortage, have been exacerbated by the disruptions and economic dislocation of recent years. In response to the pandemic, several emergency measures were put in place to keep families housed in the face of these challenges. Until mid-2021, the State imposed a moratorium upon most evictions (as well as rent increases and late fees), and substantial federal relief dollars have been targeted toward rental assistance to help tenants and landlords weather the turmoil without resorting to evictions.

While these emergency protections, beyond ongoing rental assistance, have largely lapsed, the question of whether additional tenant protections are needed has become a topic for debate in jurisdictions across King County. The King County Bar Association, through its Housing Justice Project, has developed an array of tenant protections that could be enacted at the local level. The neighboring City of Kenmore has begun to consider and adopt a number of these measures. More broadly across the region, tenant protection measures in varying degrees have been enacted in unincorporated King County, Auburn, Burien, Federal Way, Seattle, Tacoma, and Tukwila. In addition, the State Legislature has weighed in during the past few legislative sessions, establishing several tenant protection measures for most residential leases.

This staff report will provide a broad overview of the current state of tenant protection at the state level and in communities around King County, with the goal of providing to Council a baseline of information for it to direct staff on further steps, if any, to take toward developing tenant protections within the City of Shoreline.

RESOURCE/FINANCIAL IMPACT:

There is no direct financial impact associated with this discussion item. Depending on the policy choices of the City Council, additional staff resources may be necessary to implement tenant protection programs.

RECOMMENDATION

Staff recommends that the City Council discuss and provide direction to staff for additional consideration of this issue.

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

BACKGROUND

The economic challenges posed by the COVID-19 pandemic have fallen particularly hard upon many Washington State residents who rent their homes. Significant increases to the cost of housing, driven by, among other things, the regional housing shortage, have been exacerbated by the disruptions and economic dislocation of recent years. In response to the pandemic, several emergency measures were put in place to keep families housed in the face of these challenges. Until mid-2021, the State imposed a moratorium upon most evictions (as well as rent increases and late fees), and substantial federal relief dollars have been targeted toward rental assistance to help tenants and landlords weather the turmoil without resorting to evictions.

While these emergency protections, beyond ongoing rental assistance, have largely lapsed, the question of whether additional tenant protections are needed has become a topic for debate in jurisdictions across King County in the face of a well-recognized affordable housing crisis. The King County Regional Affordable Housing Task Force issued a [report in December 2018 \(with revisions in March 2019\)](#) which identified that renting a home, rather than owning one, increased the chances of being severely cost burdened (defined as spending more than 50% of income on housing). In addition, the report established an action plan to address the affordable housing crisis, including a goal to “[p]reserve access to affordable homes for renters by supporting tenant protections to increase housing stability and reduce risk of homelessness.”

The King County Bar Association, through its Housing Justice Project, has developed an array of tenant protections that could be enacted at the local level. The neighboring City of Kenmore has begun to consider and adopt a number of these measures. More broadly across the region, tenant protection measures in varying degrees have been enacted in unincorporated King County, Auburn, Burien, Federal Way, Seattle, Tacoma, and Tukwila. In addition, the State Legislature has weighed in during the past few legislative sessions, establishing several tenant protection measures for most residential leases.

This staff report will provide a broad overview of the current state of tenant protections at the state level and in communities around King County, with the goal of providing Council a baseline of information for it to direct staff on further steps, if any, to take toward developing tenant protections within the City of Shoreline.

DISCUSSION

The State of Washington sets the baseline for the landlord-tenant relationship through the State Residential Landlord-Tenant Act, RCW 59.18. Courtesy of the Municipal Research and Services Center (MRSC), tenant protections adopted over the past few years, outside of those directly responding to the pandemic, can be summarized as follows:

- ***Just cause eviction.*** In 2021, the legislature adopted [RCW 59.18.650](#), which requires landlords to specify a reason for refusing to continue a residential tenancy, subject to certain limited exceptions.

- **Managing initial deposits and fees.** In 2020, the legislature adopted [RCW 59.18.610](#), which provides that a tenant may request to pay deposits, nonrefundable fees, and last month's rent in installments.
- **A 60-day notice of rent increase.** In 2019, the legislature amended [RCW 59.18.140](#) to provide 60-day notice of a rent increase, and increases may not take effect until the completion of the term of the current rental agreement.
- **A 120-day notice of demolition.** In 2019, the legislature amended [RCW 59.18.200](#) to require 120-day notice to tenants of demolition or substantial rehabilitation of premises.
- **Prohibition on source of income discrimination.** In 2018, the legislature adopted [RCW 59.18.255](#), which prohibits source of income discrimination against a tenant who uses a benefit or subsidy to pay rent.

It is important to note that this does not summarize the entirety of the State Residential Landlord-Tenant Act; other aspects of the law are referred to in the materials that follow. Also, it should be noted that in 1981, the state expressly preempted cities from enacting rent control ([RCW 35.21.830](#)).

State legislation regarding tenant protections provides a baseline of support for renters; local jurisdictions have the ability to extend those protections, should they wish to do so. The King County Bar Association's Housing Justice Project has developed a "[model ordinance](#)" which sets out an array of tenant protections that could be considered by a local jurisdiction. Those measures along with measures taken by other jurisdictions are summarized below.

- **Notice of rent increase.** State law requires notice of 60 days for rent increases. The Housing Justice Project's model ordinance requires 180-day notice, if the increase exceeds 3%. Additionally, the tenant, upon receipt of notice, may choose to terminate the tenancy at any time and owe only the pro rata share of the rent through the date of departure. The City of Seattle also has a 180-day requirement, not tied to the size of rent increase. The City of Auburn has a 120-day requirement, and unincorporated King County requires 120 days if the increase is over 3%.
- **Cap on late fees.** The State does not address late fees. The City of Auburn caps late fees at \$10, and unincorporated King County limits late fees to 1.5% of monthly rent.
- **Cap on move-in fees.** The State does not address move-in fees. The City of Seattle and unincorporated King County cap them to one month's rent.
- **Right to a payment plan (for up-front fees, deposit, first/last month's rent, etc.).** State law allows installments over the first 2-3 months, depending on the lease length ([RCW 59.18.160](#)). The model ordinance requires the landlord to offer a six-month installment plan. The Cities of Seattle, Tacoma and Burien

have similar provisions; Auburn and unincorporated King County have varying requirements, depending on length of lease.

- ***Alteration of rent due date due to tenant's fixed income.*** State law provides some limited flexibility to modify the due date for the rent within five (5) days of the date provided in the rental agreement ([RCW 59.18.170](#)). The model ordinance gives greater flexibility to a tenant to alter the rent due date to comport with fixed income payments.
- ***Barring discrimination due to immigration status.*** The State does not address this in RCW 59.18. However, the right to protection from discrimination based on immigration status is more broadly codified in [RCW 49.60.030](#). This protection is provided in unincorporated King County.
- ***Barring requirement of a social security number.*** The State does not address this. This protection is provided in unincorporated King County.
- ***Barring requirement that a child or person with disability be signatory to the lease, if tenant of record is already a signatory.*** The State does not address this. This protection, or something similar, is provided by the Cities of Federal Way and Seattle.
- ***Banning abusive, deceptive and unfair practices in rental housing.*** This prohibition includes such practices as misleading a tenant or obscuring terms of the rental agreement. The State does not address this. This protection is provided in unincorporated King County.
- ***Providing for relocation assistance.*** [RCW 59.18.440](#) provides an option for local jurisdictions to provide relocation assistance to low-income tenants “upon the demolition, substantial rehabilitation whether due to code enforcement or any other reason, or change of use of residential property, or upon the removal of use restrictions in an assisted-housing development”, and prescribes the manner in which it would be offered. Shoreline does not currently provide this protection¹. This is provided for in an expanded manner by the City of Seattle, with additional triggers for relocation assistance, such as a rent increase greater than 5%.

It should be noted that federal law requires relocation assistance pursuant to the Uniform Relocation Act, if a federally funded project displaces low-income residents or if a local government otherwise displaces an affordable housing facility that receives federal funding.

- ***Creating a just cause eviction program.*** In 2021, the State instituted a standard for just cause eviction that applies to month-to-month leases; meaning landlords can terminate leases for reasons like failure to pay rent, unlawful activity and nuisance issues, as well as cases in which a landlord intends to sell

¹ Note that under RCW 59.18.085, landlords are liable for relocation assistance for tenants who units are condemned or otherwise unlawful to occupy due to violations of codes, etc. In such circumstances, the City can advance those costs and subsequently seek to recover them from the landlord.

or move into a rental unit ([RCW 59.18.650](#)). The Cities of Auburn, Burien, and Federal Way and unincorporated King County have established just cause standards. State just cause standards do not apply to leases that are between six (6) months and one (1) year, and which have not transitioned to month-to-month terms.

- ***Creating a rental registration and inspection program.*** The State does not address this. The Cities of Auburn, Burien, Kent, Renton, Seattle and Tukwila have rental registration programs in place.
- ***Barring rent increases if property is in poor condition.*** The State does not address this. This protection is provided in the City of Seattle and in unincorporated King County.

In addition, two other tenant protection measures, outside of those in the model ordinance, have drawn interest in King County jurisdictions:

- ***Right to live with family.*** The State does not address this. This measure stems from a case in another jurisdiction where eviction proceedings were initiated against a high-school student, who was living with his mother, immediately after the student had turned 18. This protection is provided in the Cities of Federal Way and Seattle.
- ***Prohibiting criminal background checks.*** The State does not address this. This protection is provided in the City of Seattle.

Potential Resource Demands - an Overview of Other Jurisdictions

In a limited survey of other local jurisdictions, many cities stressed the importance of investing in staff to enforce any tenant protection policies that are enacted. Otherwise, tenants would need to file a private right of action to enforce their rights. While this saves resources for a jurisdiction, it creates barriers for the tenant.

The City of Kenmore, for instance, does not anticipate the need for additional staffing for measures enacted earlier this year, which include notice requirements, caps for certain fees, a right to a payment plan or modification of due date, and the like. However, Kenmore estimates, preliminarily, that a rental registration program could require between 0.5 and 1.0 full time equivalent (FTE) staffing to implement, depending on the model, and that a relocation assistance program for low-income tenants would also carry as-yet unquantified staffing impacts.

In other jurisdictions, rental registration and inspection programs have also required staff investments (which vary widely by city, ranging from 0.5 to 2.5 FTE, outside of Seattle) in areas such as code compliance, program tracking and enforcement, building inspection, landlord-tenant navigators, data analysis, and the like. These functions have mostly been stood up alongside existing inspection and enforcement functions. Resource demands for legal assistance, hearing examiners, and related costs were difficult to estimate.

Next Steps

Underneath this high-level overview exists a wealth of detail which is likely to generate significant questions about how each potential tenant protection might provide meaningful impact for renters, as well as how they might be implemented. Landlords, as property owners, possess significant constitutional rights, and appropriate legal analysis will need to be considered as this issue evolves. The City of Olympia, in its approach to tenant protections, undertook outreach to sister jurisdictions and key stakeholders within their community, from both the landlord and tenant perspectives. They generously agreed to share the attached summary (Attachment A), with the caveat that it is only illustrative of concerns expressed and not intended to be viewed as a rigorous compendium of all potential issues.

City staff time and resources will be part of the implementation equation, too. Nothing in this staff report is intended to provide a definitive assessment of the staff and/or financial resources needed to implement any of the kinds of measures outlined above in a manner specific to the City of Shoreline. It is well recognized that any regulatory action would carry with it some degree of effort, ranging from education and outreach to monitoring and enforcement.

Council Discussion Questions

Potential questions for Council to consider at this time could include:

1. Would Council like staff to invest further time researching and proposing a renters protection program? Given that this was not an item coming out of the 2022 Council Goal Setting Workshop, is it Council's preference to add this to the 2022-2024 workplan or identify for further discussion at the 2023 Council Goal Setting Workshop?
2. Is Council interested in hearing directly from stakeholder groups such as landlords, the King County Bar Association, and tenant advocacy organizations?
3. To what degree would Council wish to provide staff support and information to both tenants and landlords, versus simply establishing legal rights and causes that can be utilized in a private right of action?
4. Are there specific renter protections that Council would like staff to explore further?

COUNCIL GOAL(S) ADDRESSED

This item supports City Council Goal #4 - "Expand the City's focus on equity and social justice and work to become an Anti-Racist community", and Goal #5 - "Promote and enhance community safety, healthy neighborhoods, and a coordinated response to homelessness and individuals in behavioral health crisis".

RESOURCE/FINANCIAL IMPACT

There is no direct financial impact associated with this discussion item. Depending on the policy choices of the City Council, additional staff resources may be necessary to implement tenant protection programs.

RECOMMENDATION

Staff recommends that the City Council discuss and provide direction to staff for additional consideration of this issue.

ATTACHMENTS

Attachment A: "Rental Market Stabilization Concepts", City of Olympia, WA

RENTAL MARKET STABILIZATION CONCEPTS

Cities across Washington have implemented various rental housing stabilization measures under consideration here in Olympia. In March 2022, the City of Kenmore passed a series of tenant protections and will explore additional concepts at its May 2022 Council meeting. Tumwater’s City Council has evaluated rental housing policy options and directed staff to pursue priority programs. Materials summarizing work completed by both Kenmore and Tumwater have been included as attachments to this report.

Interviews were conducted with peer cities in fall 2021. Research was conducted to compile statewide and peer city policies. Individual stakeholder interviews with renter advocates and landlords were conducted in fall 2021. These interviews were provided in a summary report to Land Use & Environment Committee in December 2021. Surveys and focus groups were conducted in March 2022, to gather renter, landlord, advocate, and other third-party input to guide City of Olympia’s decision-making. Focus group summaries and survey results outlining level of support for each policy concept have also been included as attachments to this report.

The table below provides a summary of peer city feedback and insights with respect to the relative effectiveness of various policies following implementation. Highlights and quotes from the survey and focus group feedback have also been included. Survey responses may contain personally identifying statements. A copy of full survey responses will be provided by request. Some policy concepts were explored with peer communities that weren’t included in the survey and some policy concepts in the survey were not discussed with peer communities.

Name of Policy	Pros	Cons	Other Notes	Considerations
Rental registration or license and inspection program	Peer City feedback: <ul style="list-style-type: none"> • Helpful to know where landlords are and how to communicate with them • Neighborhood on the whole benefits from code compliance and minimal standards of habitability • Inspections help with safety of rental housing units • Tenants may be afraid to report problems due to fear of retaliation from landlord • Landlords become aware of maintenance issues sooner • Can provide training or other resources as part of license or registration program (code compliance, fair housing, licensing requirements, fire inspection and building codes, programs or resources available) 	Peer City feedback: <ul style="list-style-type: none"> • Can be difficult to get compliance even with fines in place. Don’t want to revoke licenses to result in displacing tenants or losing additional rental housing, so fines or other requirements for repeated violations are needed. • Requires staff in code enforcement or building inspections, as well as administrative (licensing or registration and payments), as well as tracking and scheduling of inspections, and enforcement • Enforcement processes can be slow, and tenant may not benefit from improved condition by the time they are remedied 	Peer City feedback: <ul style="list-style-type: none"> • Most cities have a housing inspection component. Varies by city: some have processes for self-certification with a code checklist, and some proactive, required periodic inspections. • Some cities use state business licensing process (through DOR), which helps with administrative aspects, but limits information collected and imposes fee • Landlords/ managers often won’t respond to requests for info/data unless required • All cities recommended having strong enforcement mechanisms in place • Documentation and tracking can be burdensome if you don’t have a business license process or other administrative structure in place 	<ul style="list-style-type: none"> • City of Lacey has a rental registration program and City of Tumwater would like to pursue a rental registration program. Discussion between jurisdictions could take place to align program requirements and policies, or a countywide option could be proposed at the Regional Housing Council. • A graduated approach could be considered (opt-in registry with information sharing to start, with additional requirements over time). Other cities require energy efficiency/weatherization standards, code compliance through periodic inspections, or other provisions as a requirement of their registry/license. • Could explore a graduated fee schedule that is based on amount of

	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Both tenants and landlords were supportive of providing a mode of communication for landlords to be aware of law changes, programs, and other information</i> • <i>Many tenants stated that landlords often aren't aware or disregard legal obligations and a registration may provide a venue for increased accountability, while others questioned whether landlords would continue to ignore legal obligations</i> • <i>Some tenants expressed belief that landlords have a responsibility to be aware of laws and obligations, while others stated following the law should be made easier so everyone is on the same page</i> • <i>Several tenants expressed concern over unsafe conditions in rental units, including mold, undrinkable water, pest infestations and other concerns</i> • <i>Many tenants suggested a method for reporting or rating landlords through the registry, as a way to track substandard conditions or illegal behavior and avoid landlords with a history of noncompliance</i> • <i>Some tenants suggested this could be a good way to obtain information and track % of affordable units, and could be a way to help tenants find available units</i> • <i>Some landlords state that they learn about needed repairs too late</i> 	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Landlords caution that substandard housing provides a more affordable option and we may lose more housing options if that stock is taken out of the rental market</i> • <i>Some tenants expressed concern that landlords will raise rents if they are required to make updates, or take their units off the market if they believe they won't meet inspection standards</i> • <i>Landlords worry about increased layer of regulations, interference</i> • <i>Some landlords suggest the City should target landlords with a history of code violations and other concerns, rather than making all landlords pay for such a program</i> • <i>Both tenants and landlords expressed concerns about the administrative cost of implementing such a program and wonder if funds are better spent elsewhere</i> • <i>Some landlords state that this information is readily available and isn't needed (Associations such as RHAWA, NARPM, WLA offer education and resources to landlords on laws and programs)</i> • <i>Some tenants stated an easier way for tenants to report concerns may be more helpful than a registry</i> • <i>Some tenants expressed fear that the City would 'side with' the</i> 	<ul style="list-style-type: none"> • Several cities indicated they have found a lot of problems and repair issues in small unit properties. More abuses, even if not intentional. • Some cities have exemptions, or exemptions for just the inspection component but not the registration • Auburn, Bellingham, Seattle, Lacey, Aberdeen have required rental housing registration with a fee to register • Many more cities than interviewed have licensing and inspection programs, including Pasco, Lakewood, Kent, Tukwila • Tumwater City Council has asked staff to prepare an ordinance that would establish a rental registration program in Title 5 Business Taxes, Licenses and Regulations to communicate with tenants and landlords about rental regulations and to consider using the program in the future for regular inspections of rental units 	<p>rent collected annually, number of units, or offer waiver for participation in programs that expand access to rental housing or address affordability.</p> <ul style="list-style-type: none"> • Significant staff time will be required to design and implement this program, keep contacts up to date, and potentially enforce provisions.
--	---	--	---	---

	<p><i>because their tenant did not report an issue</i></p> <ul style="list-style-type: none"> • <i>Some landlords believe that other landlords need to be held accountable for not maintaining properties</i> 	<p><i>landlord and not demonstrably help renters</i></p> <ul style="list-style-type: none"> • <i>Some tenants expressed concern about inspections—intrusive and already experience lack of privacy from landlord</i> • <i>Some tenants stated registry is only as good as the enforcement of registry</i> 		
<p>Limits to security deposits/move-in fees</p>	<ul style="list-style-type: none"> • Helps tenants access housing, due to rising costs at move-in <p><i>Survey/focus group feedback:</i></p> <ul style="list-style-type: none"> • <i>Over 90% of tenants were very supportive or somewhat supportive of this proposal</i> • <i>Tenants cited the difficulty of paying moving expenses, application fees, and move-in fees, making the cost a significant barrier to accessing housing. Some cited taking out loans and being in debt for years due to high move-in costs.</i> • <i>Many renter advocates cited the large upfront costs as a barrier for clients exiting homelessness (sometimes in excess of \$6,000)</i> • <i>Many landlords stated they don't charge last month's rent</i> • <i>Some tenants stated they've been stuck in bad situations, due to inability to afford to move</i> • <i>Many tenants stated that landlords routinely keep security deposits, even if no demonstrable damage occurred (cleaning fees, etc)</i> • <i>One renter stated: In my current home, I was required to include the</i> 	<ul style="list-style-type: none"> • Unintended consequence: kneejerk rent increase. <p><i>Survey/focus group feedback:</i></p> <ul style="list-style-type: none"> • <i>Landlords stated that sometimes damage caused by a tenant goes beyond the security deposit and they are left paying the additional costs</i> • <i>Some tenants expressed concern that landlords would raise rent to offset costs</i> • <i>A few landlords suggested eliminating application fees, as they believe it is an unfair cost to tenants and should be a cost of doing business for landlords</i> • <i>Many landlords stated they would tighten screening criteria, or raise rent to have a buffer in the event of damages</i> • <i>Many renter advocates stated that they have used additional deposits as a bargaining tool to place higher barrier clients into housing</i> • <i>Many landlords state that deposits are collected based on the property and person's situation (damage to prior</i> 	<p>Deposits/move-in fee limits:</p> <ul style="list-style-type: none"> • Seattle, Auburn, King County, Kenmore: security deposits/move-in fees can't exceed one month's rent • King County: 'All move in fees and security deposits charged by a landlord before a tenant takes possession of a dwelling unit shall not exceed one month's rent.' • Seattle: The total amount of a security deposit and nonrefundable move-in fees may not exceed the amount of the first full month's rent for the tenant's dwelling unit. • Auburn: 'Any amount paid to the landlord by the tenant at the commencement of the tenancy charged for the purpose of procuring and obtaining a dwelling unit, including the deposit or as security for performance of the tenant's obligations in a lease or rental agreement, must not exceed the allowable monthly rent as permitted by this chapter.' • Kenmore: 'All move-in fees and security deposits charged by a landlord before a tenant takes 	<ul style="list-style-type: none"> • Consider adopting similar policy to other cities: deposits and move-in fees can't exceed one month's rent • Alternatively, consider eliminating last month rent requirement (may result in increases of security deposit without measures to mitigate increase) • Alternatively, consider limiting administrative and/or application fees, or require that these fees are refundable (would require legal analysis to determine if this is allowable) • Consider eliminating pet rent and/or limiting pet deposits • Consider other ways to address advocates' concerns that higher deposits are a tool to get landlords to accept higher barrier tenants, such as a landlord liaison program • Without rent controls, it is plausible that landlords will raise rent to offset costs of damages or unpaid rent

	<p><i>security deposit with my rental application (\$1000) and if I was offered the property and turned it down, I would forfeit the deposit. This effectively kept me from pursuing a better/ less expensive rental. This should not be allowed.</i></p> <ul style="list-style-type: none"> • <i>Another renter stated: I had one landlord say he would require over \$4,000 pet deposit. This is extreme and we need standardized fees or range of acceptable fees.</i> 	<p><i>property, low credit score, etc) and they will lose flexibility to work with these tenants</i></p> <ul style="list-style-type: none"> • <i>Many landlords state the deposit is an incentive for a tenant to take care of the property</i> • <i>Landlords suggest providing financial assistance (or loan) to renters who struggle to pay move-in costs, or provide a fund for damages that can help mitigate risk taken by landlords</i> 	<p>possession of a dwelling unit shall not exceed one month's rent'</p> <p>Pet Deposits:</p> <ul style="list-style-type: none"> • Seattle has additional restrictions on fees and pet deposits (may not exceed 25% of one month's rent and may be paid in three equal monthly installments), but does not apply to a tenant who rents a housing unit in a single-family residence if the residence is the principal residence of the owner of the residence. <p>Late Fees:</p> <ul style="list-style-type: none"> • Auburn: Any fees for late payment of rent shall not exceed \$10.00 per month • King County: Late fees or costs due to nonpayment of rent charged to a tenant shall not exceed one and one-half percent of the tenant's monthly rent. • Kenmore: Late fees or costs due to nonpayment of rent charged to a tenant shall not exceed 1.5% of the tenant's monthly rent • State law: must not begin charging late fee until rent is 5 days late. <p>Peer City feedback:</p> <ul style="list-style-type: none"> • One city stated the benefits outweigh risk of possible rent increases • Another city cautioned against any measure which could be construed as rent control 	
--	--	--	---	--

			<ul style="list-style-type: none"> Under current state law, any fees or deposits to hold a unit cannot be more than 25% of the first month's rent 	
<p>Extended timeframe for installment payments of move-in costs and deposits</p>	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> Upfront moving costs were cited as a substantial barrier for tenants. Tenants stated a preference for limiting deposits, but more time to pay deposits may be helpful. 	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> Several landlords stated they already allow tenants to pay deposits over time Many landlords expressed concern that damage can be done in the first 3-6 months of a tenancy, before a full deposit is collected Most landlords expressed that the current 2-3 month timeframe was sufficient Some tenants expressed concern that landlords will increase security deposits if this is implemented 	<ul style="list-style-type: none"> Under current state law, if the rental agreement is three months or longer, tenants can ask for a payment plan of three equal monthly payments. If the rental agreement is less than three months, tenants can ask for a payment plan of two equal monthly payments. Seattle allows a tenant to pay a pet deposit in three consecutive, equal monthly installments King County: Tenants with leases 6 months or longer may elect to pay move in fees and security deposits in 6 equal monthly installments. For leases under 6 months: tenants may pay in 2 equal monthly installments. Kenmore: Tenants with leases 6 or more months may pay 6 equal monthly installments. Tenants with leases under 6 months may pay in 2 equal monthly installments. 	<ul style="list-style-type: none"> Could consider extending to half of the term of the lease, or other timeframe
<p>Tenant relocation assistance for substantial remodel, demolition or change of use</p>	<ul style="list-style-type: none"> Mitigates displacement of tenants when property is remodeled, demolished or property undergoes a change of use <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> Renter Advocates and Renters stated that this situation may not be very common, but could be very helpful in the cases where it applies and could help prevent 	<ul style="list-style-type: none"> Cost <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> General support from landlords unless landlords have to pay costs Concerns from landlords about which situations may qualify One tenant questioned: This sounds nice, but is this an additional tool landlords can use 	<ul style="list-style-type: none"> Authorized by State law, sets parameters for program <ul style="list-style-type: none"> Limit of \$2,000 Can only require up to half of costs paid by landlord Applies when property is demolished, undergoes substantial rehabilitation or change of use Paid only to low-income tenants (under 50% AMI) 	<ul style="list-style-type: none"> Consider adding clause that landlords can offer similarly situated unit to tenant if they will be displaced due to remodel, demolition or change of use Could direct staff to work with code enforcement on current enforcement mechanisms to include fines to be paid to tenants for relocation assistance when

	<p><i>homelessness due to unexpected displacement</i></p> <ul style="list-style-type: none"> • <i>Generally, tenants stated that there should be help available for tenants who are forced to move through no fault of their own</i> • <i>Some tenants stated a preference for being able to stay in current unit due to difficulty finding new housing options and suggest short-term hoteling if necessary for substantial renovations</i> • <i>May help to ensure renters report unsafe conditions, if they can't afford to move: This is why I'm terrified to tell my landlord about mold, because I know it'll be too expensive for her to fix and she will just kick us out</i> • <i>One renter/renter advocate stated: I've represented people trying to get their landlord to pay the statutorily required relocation fees. So far we've been successful, but it required legal intervention. And although there is statutory authority for a public relocation assistance fund, I've discovered there are very few municipalities or counties that actually have one</i> • <i>One tenant stated: I approve of this concept, but it sounds like the scope of action is way too small. Please include people who have to move for any reason beyond their control on a case-by-case basis as funding allows.</i> • <i>Many tenants expressed interest in a relocation assistance fund for</i> 	<p><i>to remodel a property out of current tenant's budget? Is this forcing more people from their homes?</i></p> <ul style="list-style-type: none"> • <i>Some renters questioned how this will work in practice with the difficulty of locating alternative housing options, and suggested a landlord should be required to pay the difference in cost at the new unit</i> 	<ul style="list-style-type: none"> • Bellevue, Seattle, Tacoma have relocation assistance programs • Seattle: Won't issue a master use, construction, demolition, or change of use permit for a property where renters will be required to move until we have issued a Tenant Relocation License. <p>Peer City feedback:</p> <ul style="list-style-type: none"> • Tacoma didn't include 'change of use' in relocation assistance program due to feedback that some property buyers purchase a single-family home with the intent of living in it, rather than continuing to rent it out. • Seattle's budget for direct payments: \$300,000-\$400,000/year. Use Real estate excise tax 1 (REET1) and general fund, if needed. 1.5 FTE to administer. • Tacoma: Feb 2019-Nov 2019 paid \$6,000, for 6 qualifying units. Use general funds. Difficult to gauge ongoing costs due to moratorium since enacted. Since moratorium lifted, had 4 requests. • In late 2021, Seattle City Council passed a relocation assistance program for tenants priced out of their current unit • State law requires a landlord to pay relocation assistance if the property is condemned or deemed unlawful to occupy by government enforcement entity (not required if natural disaster occurs, eminent domain, or caused by tenant or other third party) • State law requires 120-day notice if the landlord plans to demolish, 	<p>properties are unsafe or uninhabitable</p> <ul style="list-style-type: none"> • If not already standard practice, ensure that tenants are referred to legal aid for help enforcing rights under state law when the property they are renting is condemned
--	--	--	--	---

	<i>tenants priced out of their current rental housing</i>		substantially rehabilitate, or change the use of the property	
Limit screening criteria that can be used to select tenants	<p><i>Survey/focus group feedback:</i></p> <ul style="list-style-type: none"> <i>Many tenants stated that as long as a tenant can show ability to pay the rent, additional information shouldn't be necessary</i> <i>Many tenants stated concerns that the use of criminal and credit histories can have discriminatory effects on BIPOC renters, and limit housing options and opportunities</i> <i>Tenants expressed that 3X rent to income requirements are a huge barrier to accessing housing</i> <i>One renter advocate stated: Many people are discriminated against if they rely on the gig economy for money and are not working in a full time traditional style job</i> <i>Some tenants questioned whether a co-resident needs to go through the same screening process, if the leaseholder meets the eligibility requirements</i> <i>One tenant stated: I think that credit ratings don't indicate the ability of a prospective renter to pay rent. Old debts of medical bills should not be considered.</i> <i>Many tenants stated that there is often more to the story that contributes to a low credit score or criminal history</i> <i>Some renters and advocates noted that survivors of domestic violence offer experience financial abuse, which can lead to a low credit score</i> <i>Some renters noted that eviction history can result in rejections, even if the eviction never took place</i> 	<p><i>Survey/focus group feedback:</i></p> <ul style="list-style-type: none"> <i>Most landlords feel strongly that credit patterns predict ability to pay rent</i> <i>Most landlords want to know certain criminal history information, like assault, property damage, or recent activity.</i> <i>Many landlords stated they are open to considering older offenses, demonstration that someone's life is different now, low level offenses.</i> <i>Some landlords stated there are already laws that prohibit discrimination in place</i> <i>Some landlords stated they would raise income to rent ratios, references or other methods to perform screening</i> 	<ul style="list-style-type: none"> Seattle's Fair Chance Ordinance prohibits landlords and tenant screening services from requiring disclosure or taking adverse action against a prospective tenant based on arrest records or criminal history. Exceptions for single family homes where owner shares dwelling with tenant, ADU or attached ADU where owner lives onsite. Constitutionality of Seattle's ordinance has been upheld by the courts, but an appeal has been filed with the federal Ninth Circuit Court of Appeals. Legislation was proposed in 2022 to create criminal history protections in statewide landlord-tenant law, but did not pass. HUD issued guidance in 2016 on the relationship of using criminal records as a screening tool for housing decisions to federal fair housing laws. The guidance states that reliance on criminal history as the basis for a housing decision may be a violation of fair housing law if it creates a disparate impact for individuals due to a federally protected characteristic. HUD Secretary issued a directive in April 2022 to review HUD policies posing barriers to housing for people with criminal histories Washington State Attorney General's Office pursued charges 	<ul style="list-style-type: none"> While there may be legal pathways under fair housing laws to gain relief from discriminatory criminal history policies, most individuals would likely lose out on the housing opportunity and/or not apply in the first place. These remedies can be time intensive and require tenants know these rights. Effective local enforcement would require staff investigation, or referral to outside agency (such as a legal aid or fair housing organization). Noncompliant advertisements or applications would be easier to identify than other forms of communication. Consider tenant education on rights and legal pathways available under fair housing or other laws Could consider lower screening requirements for tenants with vouchers/guaranteed rent assistance (such as prior evictions for nonpayment of rent, debt owed to landlord for unpaid rent, credit score). Could have unintended consequence of landlords finding alternative ways to avoid renting to tenants with vouchers. Consider restricting blanket criminal history bans such as 'no felonies' and require landlords consider situations case by case

	<ul style="list-style-type: none"> • <i>One tenant stated: Despite popular belief, merely being poor does not make a person more likely to damage property, break rules or violate legal contracts.</i> • <i>Another tenant stated: I have had landlords ask me about my political views, as well as invasive questions about medical issues and the criminal history of family members who do not live with me.</i> • <i>Another tenant stated: I am writing as a renter and an advocate for people through my job. I have clients with drug charges that have been vacated with the most recent laws. They are still not eligible for housing.</i> • <i>One renter advocate stated: Currently I have clients on caseload that have a section 8 voucher that will completely pay for their rent for life and still can't find housing due to bad rental history. This should not be a factor when their is a government voucher to ensure payment, payment history of the tenant is irrelevant and has continued to cause clients to be homeless.</i> 		<p>against several property management companies in 2017, alleging their criminal history screening policies had a discriminatory effect on members of protected classes, citing that BIPOC individuals are more likely to be arrested and convicted of crimes than white individuals.</p> <ul style="list-style-type: none"> • While it appears that no jurisdictions have limitations on use of credit scores in screening for rental housing in Washington State, other cities in other states have adopted credit history screening protections (Philadelphia, Minneapolis). • The Washington State Insurance Commissioner has attempted to ban insurers' use of credit scores when determining rates for auto, homeowners or renter insurance, stating the practice has a disparate impact on people with lower incomes and communities of color. • The filing of an eviction appears on screening reports (regardless of whether the eviction actually occurred, an agreement was reached or other resolution) • Washington State law created a pathway for tenants to limit what screening companies can report to a prospective landlord about an eviction. The onus is on the tenant to file a request with the court and demonstrate there is good cause for receiving an order of limited dissemination. 	<p>(such as the type, severity and timeframe of offense)</p> <ul style="list-style-type: none"> • Consider restricting blanket policies related to eviction history and require landlords consider situations on a case-by-case basis • Pursuing credit screening protections would be testing uncharted waters in Washington State.
--	--	--	---	--

<p>Low interest loans for rental repairs and improvements</p>	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Many landlords are supportive, but many also suggested that maintenance or upgrades are their responsibility, and landlords must plan for those expenses</i> • <i>Some tenants stated that landlords may be more likely to improve health, safety, and efficiency</i> • <i>One landlord suggested a low interest loan to add an ADU</i> 	<p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Many tenants and landlords stated this should only be based on need, and for locally based landlords rather than corporate entities</i> • <i>Some tenants are supportive of this idea, but most state preference for resources to be directed towards tenants in need</i> • <i>Tenants expressed concerns that rent would be raised if rental unit was improved</i> • <i>Many tenants expressed concern that landlords may use funds inappropriately or make repairs that are not up to code</i> • <i>Many tenants felt landlords should not be in the business of renting properties if they can't afford to care for them</i> • <i>Some landlords stated that there is enough equity in the rising housing values that there isn't a need for this kind of program</i> 	<p>Note: this concept wasn't discussed with peer cities</p>	<ul style="list-style-type: none"> • The City's CDBG program has established a zero-interest revolving loan, which allows rental property owners to make repairs or updates to their properties in exchange for keeping rental rates affordable • The City could promote weatherization or energy efficiency updates that will help lower tenants' utility bills through the CDBG or similar program
<p>Permanent Mediation Program or Housing Navigator</p>	<ul style="list-style-type: none"> • Provide education and resources to both landlords and tenants <p>Peer City feedback:</p> <ul style="list-style-type: none"> • Hear stories on the ground to inform policy • Local expert helps implement policies/enforcement of policies <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Some tenants stated this may help with communication and resolving conflicts and may help tenants feel safer raising concerns</i> 	<ul style="list-style-type: none"> • Cost <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>It may be helpful to have a navigator to call for both landlords and tenants, but there is a sense that other agencies may already provide this type of service</i> • <i>Without availability of affordable housing referrals or financial support, the navigator may not be very useful to resolve challenges</i> 	<p>Peer City feedback:</p> <ul style="list-style-type: none"> • Burien never hired the staff recommended through community process due to eviction moratorium being enacted shortly after Burien adopted new rental housing policies • Tacoma has two full time landlord/tenant-focused staff • If don't dedicate staff or have clear enforcement mechanisms, it's not worth implementing landlord-tenant policies • Tumwater City Council has asked staff to prepare a scope for a contract with the Dispute Resolution Center for 	<ul style="list-style-type: none"> • This service could be contracted through a nonprofit organization or other agency. To be most effective, will be tied to rental assistance, or focused on conflicts not involving unpaid rent.

	<ul style="list-style-type: none"> • <i>Some tenants expressed concern that if navigator isn't neutral or the tenant doesn't have an advocate, it might heighten the power imbalance between tenants and landlords</i> • <i>Some landlords said a navigator would be helpful, but wouldn't support required mediation</i> • <i>Most tenants expressed interest in a navigator who can help refer to resources and provide information about rights</i> 	<ul style="list-style-type: none"> • <i>Several landlords and tenants stated that may not be that helpful in situations where the main conflict is ability to pay rent, but could be helpful for other conflicts</i> • <i>One landlord stated they found mediation with their tenant to be very helpful, but the tenant ended up backing out of the agreement after several hours of mediation to reach an agreement</i> • <i>Many landlords and tenants stated this sounds like more than one fulltime staff position and might not make an impact</i> 	<p>landlord and tenant conflict resolution services</p>	
<p>Informational materials required at move-in or lease renewal</p>	<ul style="list-style-type: none"> • Educates both landlords and tenants about their rights and responsibilities <p>Peer City feedback:</p> <ul style="list-style-type: none"> • Helps initiate contact with City for various rental housing issues <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>There is general support for this concept on both sides, particularly if renters are made aware of both their rights and responsibilities</i> • <i>Many landlords stated they would like it to be easy to refer renters to resources if they need help and could benefit from the same information about their legal rights/responsibilities</i> • <i>Several tenants stated this information should be accessible, not leave out tenants with less access to technology and available in multiple languages</i> 	<p>Peer City feedback:</p> <ul style="list-style-type: none"> • Can be difficult to enforce if don't have staff and/or enforcement mechanisms in place. It is hard to know if landlords are providing packet to tenants, aside from receiving calls from landlords or tenants. <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Some tenants and landlords stated this information is available online already</i> • <i>Some tenants state that their lease is already too long and difficult to understand, so more information would not be helpful</i> • <i>Many tenants expressed skepticism that landlords would comply with this requirement and that it would be difficult to enforce</i> 	<ul style="list-style-type: none"> • The Rental Housing Workgroup (subcommittee of the local Housing Action Team) is working to create a Successful Renting Curriculum for renters, which will include information on searching for housing, communication and conflict resolution, legal rights under landlord-tenant and fair housing law, and healthy homes information to mitigate health risks like mold. <p>Peer City feedback:</p> <ul style="list-style-type: none"> • One city stated that perhaps a webpage would be as effective • Translate into most commonly spoken languages • Some landlords complain when require distribution of printed copy, but one city felt information was getting buried in electronic 	<ul style="list-style-type: none"> • City staff could expand on the current tenant protections webpage to add more resources and partner with community agencies to offer workshops or recorded webinars • There is an existing tenant protections page on the City's website which could be made more robust, or could include resources for landlords. • Violations could be initiated by tenants, but it would be difficult to gauge how many landlords would be in compliance with this requirement otherwise

	<ul style="list-style-type: none"> • <i>Some tenants also suggested regular workshops so people can learn about their rights and ask questions</i> • <i>One landlord suggested a webinar or recording online to provide education</i> • <i>Some tenants suggested that landlords would be more aware of laws and possibly more likely to follow them if they were required to distribute this information</i> 		<p>move-in documents provided by landlords</p> <ul style="list-style-type: none"> • Tacoma, Burien, Auburn and Seattle have this requirement • Tacoma and Burien: Tenant must sign stating they received packet or landlord must write declaration if tenant refuses to acknowledge receipt • Seattle: Landlord must provide when a new rental agreement is signed, a rental agreement is renewed, annually to month-by-month tenants, and/or the City makes updates to the Renter's Handbook 	
<p>Extended notice for rent increases</p>	<ul style="list-style-type: none"> • Provides more time for tenants to find alternative housing in a tight rental market if can't afford the increase <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Any additional time is deemed helpful by tenants due to difficulty locating new housing and longer than 90 days could be considered</i> • <i>Many landlords felt current 60 day notice was sufficient, but weren't adverse to extending to 90 days</i> • <i>Many landlords stated this seems reasonable in this market</i> • <i>Several tenants stated rent increases over a certain percentage should require justification or verification of cost increases</i> • <i>One tenant stated: With how hard it is to find an apartment these days this is a no brainer. We have perfect credit with no criminal</i> 	<ul style="list-style-type: none"> • Unintended consequence: 100-300% rent increases to beat the new law <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Some tenants stated many landlords don't comply with the current 60-day notice requirement and penalties should be added for violations</i> • <i>Some tenants feel this won't make much difference when people can't afford the rent at most alternative locations</i> • <i>Most landlords stated they increase rent due to increased property tax</i> • <i>Some landlords may decide to proactively or more regularly increase rent if a longer notice period is required to account for unforeseen costs</i> 	<ul style="list-style-type: none"> • Current state law requires 60-day notice for rent increases • Kenmore requires 120 days' notice for rent increases greater than 3%; or 180 days' notice for rent increases greater than 10%. • Auburn: 120-day notice required if rent increased by more than 5% • King County: 120 days' notice for rent increases greater than 3% • Seattle: 180 days' notice for rent increases • Legislation was proposed but did not pass in 2022 to require at least six months' notice for rent increases over a certain amount, allow tenants the right to terminate a tenancy due to a rent increase over a certain amount, and limit late fees to \$75. 	<ul style="list-style-type: none"> • Consider extending notice from 60 to 90 days

	<p><i>history and good paying jobs and it took us 4 months.</i></p> <ul style="list-style-type: none"> • <i>Many landlords state that they plan ahead for cost increases and most increases shouldn't come as a surprise</i> • <i>Some landlords suggested requiring longer notice periods for rent increases over a certain amount</i> 	<ul style="list-style-type: none"> • <i>Some landlords stated they don't know when an unexpected cost will hit them and they don't get 90 days to figure it out</i> • <i>One landlord stated their property insurance increased 45% with 2 weeks' notice</i> • <i>One landlord suggested only making this applicable to larger property holders who can absorb additional unexpected costs</i> • <i>One tenant stated: An additional 30 days will help some renters, but reducing the exorbitant amount of money needed just to move into a rental would be a better option.</i> • <i>Some landlords stated that sometimes a landlord-tenant relationship goes sour and 90 days is a long time to continue that situation, especially in shared living situations</i> • <i>Some landlords are concerned that a tenant would stop paying rent or cause damage</i> • <i>One third party stated: Local deviations from state landlord tenant law are confusing for renters and landlords</i> 	<p>Peer City feedback:</p> <ul style="list-style-type: none"> • Build in a period of time for outreach before law needs to be applied 	
<p>Just Cause eviction</p>	<p>Peer City feedback:</p> <ul style="list-style-type: none"> • Tenant and LL have common understanding re what could cause them to lose their tenancy. Everyone should be on same page about reason tenancy could be terminated. <p>Survey/focus group feedback:</p>	<ul style="list-style-type: none"> • Could be confusing due to recent changes in statewide laws <p>Survey/focus group feedback:</p> <ul style="list-style-type: none"> • <i>Generally, there is confusion on what is already required under state law and landlords were vehemently opposed to the idea of Just Cause eviction</i> 	<ul style="list-style-type: none"> • State law passed in 2021: Landlords can no longer end month-to-month lease agreements for no reason, by providing a 20- day "no cause" termination notice. Landlords must give tenants a written notice with one of several defined reasons for ending rental agreements and evicting tenants. Reasons include: 	<ul style="list-style-type: none"> • Consider providing education about the new statewide Just Cause eviction standards, as many landlords and tenants were not aware of the current law • Consider monitoring the exceptions, as it is a fairly new law, before changing the requirements locally

	<ul style="list-style-type: none"> • <i>May help preserve tenancies for those impacted by the loophole in state law</i> • <i>One tenant stated: I was evicted without cause due to a disagreement with my landlord 3 years ago. Ever since, my housing has been unstable, even with a well-paying job</i> • <i>Another tenant stated: Smoother transitions between housing will cut down on people who fall between the cracks</i> • <i>Another tenant stated: Too many landlords are dismissing people for discriminatory reasons.</i> • <i>Another tenant: I live in fear that I will be evicted for no reason and my life and the lives in my roommates will be thrown into chaos. This would give me some sense of stability, even if I am still worried "reasons" could be easily invented by landlord, as there are many rules that are selectively enforced.</i> • <i>Another tenant: A review of available units the last couple of years has shown a trend of every unit advertised as "Month to Month". I have not been able to obtain a 1 year lease from my management company since the pandemic. I believe this is a way for landlords to avoid any limitations to raising rent or having any accountability to tenants. I would rather see limits placed on Month-to Month rental status.</i> 	<ul style="list-style-type: none"> • <i>Some tenants stated there should be longer notice periods so tenants have time to contest, if needed</i> • <i>Some tenants feel landlords will find a way around the legal requirements, no matter what they are and that many landlords will just raise the rent to try to get tenants to leave</i> • <i>Many landlords stated they want to keep good tenants and do not want turnover, unless there is a good reason</i> • <i>One landlord stated: there is always a reason</i> • <i>Several tenants stated that landlords should be able to end a tenancy if it's not working out, with proper notice</i> • <i>Some landlords stated that relationships don't always work out, that this also applies to the landlord-tenant relationship and doesn't serve either party to continue</i> • <i>One tenant stated that the City should just enforce the current state law</i> • <i>One landlord stated: A no-cause eviction is just as important to tenants as it is to landlords. If a tenant has difficult paying rent, but it only late a couple of times, the landlord has the option to not renew the lease with no cause. The other option is to cite the causes fastidiously and evict the tenant for cause.</i> 	<p>nonpayment of rent, unlawful activity, the landlord or landlord's family member plans to move into the unit, or the landlord decides to sell the property. Landlords can still end a tenancy for no reason at the end of some 6-12 month lease terms, by providing the tenant with 60 days written notice.</p> <ul style="list-style-type: none"> • Policy changes could include also requiring just cause to terminate/not renew 6-12 month leases (state law allows for 60 day written notice to end tenancy for no reason) • Olympia draft policy (proposed before statewide law passed) didn't provide exception for 6-12 month leases (must still provide reason if terminating or refusing to renew a tenancy) • Policy change could include requiring 120 day notice rather than 90 day notice for landlord to put the unit up for sale, convert to a condo, or move into/move their family into the unit (see Federal Way) <p>Peer City feedback:</p> <ul style="list-style-type: none"> • Some cities wondering if they should keep their ordinance due to statewide adoption of Just Cause protections, have to ensure their policies and informational materials align with changes. • One city implemented Just Cause protections right before the eviction moratorium, so policy has not been 	<ul style="list-style-type: none"> • Consider extending notice period from 90-120 days for reasons such as putting the unit up for sale or converting to a condo
--	--	--	---	---

		<ul style="list-style-type: none"> • <i>One landlord stated: Mandatory lease renewal is not something I could ever support. A fixed term lease is an agreement between two parties that the tenancy will begin on a certain day and end on a certain day. It provides security and assurance to both parties. If you remove the security of a fixed term lease for a housing provider, there is no reason for them to offer one. There are many situations where a housing provider would like to offer a shorter term, one time lease. The state legislature understands that, which is why that narrow exemption was allowed.</i> • <i>Another landlord stated: Changing this requirement will force landlords to only pick the most stellar tenants</i> • <i>Another landlord stated: Shortly before Covid shut moves down, we had an apartment community renter who harassed prospective renters (people of color) in the parking lot and told them they had no business on the property. This person gossiped about neighbors, made demands of tradespeople who gratefully ignored them, and was observed to be fishing neighbor's rent checks out of the drop box to see what they were paying in rent. Because they didn't steal rent checks, we had little recourse. Generally, they were awful</i> 	<p>tested with the exception of property sales.</p> <ul style="list-style-type: none"> • One city cautioned that need staff to enforce protections if enact them. 	
--	--	---	--	--

		<p><i>neighbors. We learned they needed additional services due to multiple health issues and disabilities, and we were able to eventually facilitate moving them to a community more suited to meet their needs.</i></p>		
<p>Notice of sale of low-income housing</p>	<ul style="list-style-type: none"> • May help preserve affordable housing, prevent displacement of low-income tenants <p>Note: this concept wasn't tested in the survey or in focus groups</p>	<p>Peer City feedback:</p> <ul style="list-style-type: none"> • Calculations tricky for which units qualify as affordable for tenants earning 80% AMI or < • Has to be updated each year. • Hard to enforce; owners don't always know months in advance that they will sell. • Has not preserved affordable units in Seattle or Burien. • Most affordable housing providers do not have enough reserves to purchase within 60-day timeframe. • Many housing providers don't want to buy old properties that may need rehab. 	<ul style="list-style-type: none"> • State passed legislation in 2022 exempting a sale or transfer of real property for affordable housing to a nonprofit entity, housing authority, public corporation, county, or municipal corporation from the real estate excise tax <p>Peer City feedback:</p> <ul style="list-style-type: none"> • One city felt if any affordable housing was preserved, it would be worth it, however, two other cities felt it was an administrative burden that hasn't had the impact intended by the policy. • In Seattle, an auditor's report will be coming out soon to give transparent feedback. • Seattle's policy has a Tenant Opportunity to Purchase (TOPO) element. • One city didn't write good enforcement process. Doesn't put in structure, timelines, appeal process. 	<ul style="list-style-type: none"> • Consider exploring in conjunction with TOPO • Consider offering option to owners of residential housing to let City know voluntarily that they are interested in selling rental property to nonprofit, PHA, or other entity to maintain as affordable housing. Staff would maintain list of groups to notify. Provide education to property owners regarding real estate excise tax exemption.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	10 Year Financial Sustainability Plan Update: Strategy #7 – Levy Lid Lift Renewal
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The 10 Year Financial Sustainability Plan (10 YFSP) accepted by Council on June 16, 2014, prioritized seven target strategies to reduce projected future operating revenue and expenditure gaps. The plan established a Base Financial Model and includes seven strategies (or tools) for the City to use to maintain financial resiliency and sustain existing services. The model allows the City to store historical financial data, update projections with actual results, use the information to inform the City’s annual budget process, and model the effects of changing conditions.

Strategy #7 of the 10 YFSP states, “Monitor the City’s progress in relation to the Financial Sustainability Model. In 2016 or later, engage Shoreline residents in a discussion regarding the possibility of renewing the property tax levy lid lift.” The 2022-2024 Council Goals and Work Plan Goal #1, Action Step #12 directs staff to “pursue replacement of the City’s Levy Lid Lift, expiring in 2022, to ensure the ability to deliver valued public services to the Shoreline community.” The purpose of tonight’s discussion is to provide Council with an update on replacing the 2016 Levy Lid Lift.

RESOURCE/FINANCIAL IMPACT:

The operating budget 10-year forecast chart from the 10 YFSM projects potential budget gaps to occur beginning in 2024 with a cumulative size totaling \$22.937 million over the 10-year forecast period. These potential budget gaps will not materialize as the City of Shoreline is required to pass a balanced budget and does so each year within the following policies:

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

As such, expenditure reductions (service reductions), revenue increases, or a combination of the two will be required to achieve the legally required balanced budget.

There is no immediate financial impact associated with tonight's discussion. The ultimate financial impact will be measured as part of the biennial budget process, with the results reported to City Council during those budget presentations.

RECOMMENDATION

Staff recommends that Council direct staff to prepare legislation and other materials necessary for placing a Levy Lid Lift on the November 2022 General Election ballot. Staff is seeking direction from Council on the services that should be included in the Levy, which will impact the Levy tax rate.

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

INTRODUCTION

The 10 Year Financial Sustainability Plan (10 YFSP) accepted by Council on June 16, 2014, prioritized seven target strategies to reduce projected future revenue and expenditure gaps. More information on the 10 YFSP can be found here: [Acceptance of the 10-Year Financial Sustainability Plan](#). An update to the 10 YFSP can be found on pp. 59-60 of the 2021-2022 Adopted Biennial Budget book, which can be found here: [Executive Summary: 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan \(CIP\)](#).

The purpose of tonight's discussion is to provide Council with an update on replacing the 2016 Levy Lid Lift.

BACKGROUND

In 2012, the City Council adopted their 2012-14 Goals. Goal #1 was to "Strengthen Shoreline's economic base," with Action Step #3 to "Develop a 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure." To implement this Goal and Action Step, over two years, the City went through a comprehensive 10-year financial sustainability process, which included staff review and analysis and Council oversight and direction. Throughout this process, City staff developed a 10 Year Financial Sustainability Model (10 YFSM) that stores historical financial data, is updated to convert projections into actual results, is used to inform the City's annual budget process, and models the effects of changing conditions. Changing conditions can include economic events, unexpected cost increases, the results of implementing one or a combination of the sustainability strategies, etc.

In 2014, the City Council formed a subcommittee to study the information developed by City staff and develop a 10 YFSP. The purpose of the 10 YFSP is to strengthen Shoreline's economic base by prioritizing seven strategies (or tools) for the City to use to maintain financial resiliency and sustain existing services.

The seven strategies outlined in the original 10 YFSP are as follows:

1. Achieve the development of an additional 160 units of multi-family residential housing and 7,500 square feet of retail redevelopment annually, beginning in 2014.
2. Reduce the expenditure growth rate to 0.2% below the average projected ten-year growth rate and attempt to maintain existing service levels, beginning in 2015. Continue to seek out efficiencies and cost-saving strategies.
3. During 2014, research ways to increase investment returns by 100 basis points (1%) per year and implement strategies to accomplish this.
4. During 2015, perform a study that will evaluate higher cost recovery percentages for an appropriate combination of fee-based programs. The results will be reviewed, with target implementation beginning with the 2016 budget.
5. In 2014, begin to identify ways to replace the \$290,000 transfer from the General Fund to the Roads Capital Fund with another dedicated source of funding.

6. In 2016 or later, engage the business community in a discussion regarding the possible future implementation of a Business and Occupation (B&O) Tax.
7. Monitor the City's progress in relation to the Financial Sustainability Model. In 2016 or later, engage Shoreline residents in a discussion regarding the possibility of renewing the property tax levy lid lift.

The 10 YFSP was accepted by Council on June 16, 2014. More information on the 10 YFSP can be found here: [Acceptance of the 10-Year Financial Sustainability Plan](#).

Updates on Strategies #1-6

While the focus of tonight's discussion will be on updating Council on Strategy #7: Renewing the property tax levy lid lift, the following provides a brief overview of the status of the other six strategies identified in the 10 YFSP.

Strategies #1-3: Economic development, Reducing the Expenditure Growth Rate, and Increasing Investment Returns

The City continues to be engaged in achieving the first three targets in the 10 YFSP: economic development, reducing the expenditure growth rate, and increasing investment returns. The City's Economic Development Manager tracks the total number of housing units in Shoreline, and the City has exceeded its goal, on average, of at least 160 new multi-family (townhomes or multi-family apartments) annually as demonstrated in the following tables.

Shoreline Housing Stock

	2015	2016	2017	2018	2019	2020	2021	Average
Number of housing units	23,581	23,650	23,838	24,250	24,517	24,709	25,247	24,256
Increase over prior year	88	69	188	412	267	192	538	250

In addition to new housing, the City tracks progress toward the goal of 7,500 sq. ft. of new retail/commercial space annually:

Retail/Commercial Development

	2015	2016	2017	2018	2019	2021	2021	Average
New Retail/Commercial (sq. ft.)	7,154	8,835	11,903	429	3,563	3,320	252,572	41,111
Remodeled Retail/Commercial (sq. ft.)	6,411	24,643	6,937	2,810	1,645	4,240	6,872	7,651

City staff continually seeks cost savings as an ongoing practice and researches ways to increase investment returns by 100 basis points (1%). Significant cost savings have materialized by managing jail housing costs through the utilization of jail alternatives that are cheaper than the King County Jail, continuing a joint supervision program between Shoreline's and Kenmore's police departments, and the Parks, Fleet and Facilities Division partnering with the Police Department to close park gates.

Strategy #4: Evaluate Cost Recovery for Fee-Based Programs

Evaluation of the City's Cost Recovery objectives for Recreation and Permitting were identified as Strategy #4. In 2016, the Parks, Recreation and Cultural Services Department conducted a study to evaluate cost recovery percentages for an appropriate combination of fee-based programs with targeted implementation beginning with the 2016 budget. To that end a Cost Recovery/Fee Setting Framework was developed that consists of:

1. Established cost recovery guidelines;
2. An appropriate price setting strategy to determine a fee proposal;
3. Review and evaluation of the effect of the fee on the customer and service provided; and,
4. Determination of the final fee.

More information on the final report can be found here: [Shoreline Parks, Recreation and Cultural Services Cost Recovery/Fee Setting Framework](#).

In late 2015, the Planning and Community Development Department worked with the Administrative Services Department and FCS Group to conduct a Permitting and Inspection Cost of Service and Cost Recovery Analysis. The purpose of the study was to develop policies for setting new fees and rates for permitting and inspection services.

The City completed a Cost of Service and Cost Recovery evaluation of the Permitting and Inspection fee revenues in 2016. Staff presented recommendations on proposed permitting cost recovery objectives on April 26, 2016, and those recommendations were incorporated in the 2017 Fee Schedule. An update to this study will be incorporated in the 2023-2024 biennial budget. More information on the Permitting and Inspection Cost of Service and Cost Recovery Analysis Report can be found here: [Discussion of the 10 Year Financial Sustainability Plan Permitting and Inspection Cost of Service and Cost Recovery Study](#).

Strategy #5: Replace General Fund Support of Roads Capital Fund

The 10 YFSP sought to replace the \$152,000 General Fund annual contribution to the City's Curb Ramp, Gutter and Sidewalk Maintenance Program with an ongoing revenue source. After extensive evaluation to develop the City's Americans with Disabilities Act (ADA) Transition Plan, identifying over \$110 million of necessary repairs, City Council adopted [Ordinance No. 822](#) to increase the Vehicle License Fee (VLF) by \$20 per vehicle per year, to a total of \$40, to provide revenue to support the repair and maintenance of the City's sidewalk network.

Strategy #6: Possible Implementation of a Business & Occupation Tax

A Business & Occupation (B&O) Tax is a tax on gross business receipts with a maximum rate of 0.2%. B&O Taxes can be set based on the class of business (retail,

wholesale, etc.) and can be used for any governmental purpose. Exploring the implementation of a B&O Tax was first discussed with the 10 YFSP Subcommittee at its [January 28, 2014, meeting](#) and with the City Council during the [10 YFSP Update provided on February 24, 2014](#). The 2014 Citizen Satisfaction Survey indicated over 54% of respondents would support exploring a B&O Tax.

The 10 YFSP directed staff to engage the business community in a discussion regarding the possible future implementation of a B&O Tax. Staff engaged the business community in this discussion in 2016 with the objectives of:

1. Educating the business community on the City's services and the long-term financial sustainability of current revenue sources;
2. Measuring support for potential imposition of a B&O Tax to support current service levels; and,
3. Identifying business interests in developing exemptions and filing threshold policies should Council choose to implement a B&O Tax.

In 2016, the FSCAC encouraged the City to continue to explore the possible implementation of this revenue option. The City Council adopted [Ordinance No. 808](#) providing for a B&O Tax on December 4, 2017. The Tax was implemented in 2019.

Background on Strategy #7: Levy Lid Lift Renewal

In November 2001, Washington State voters passed Initiative 747. This limited the increase in the City of Shoreline's levy by the lesser of one percent or the percentage increase in the implicit price deflator (IPD). Even though this ballot measure was found to be unconstitutional, the State met in a special session and reinstated the one percent/IPD limitation (Ch. 1, Laws of 2007, sp. sess.).

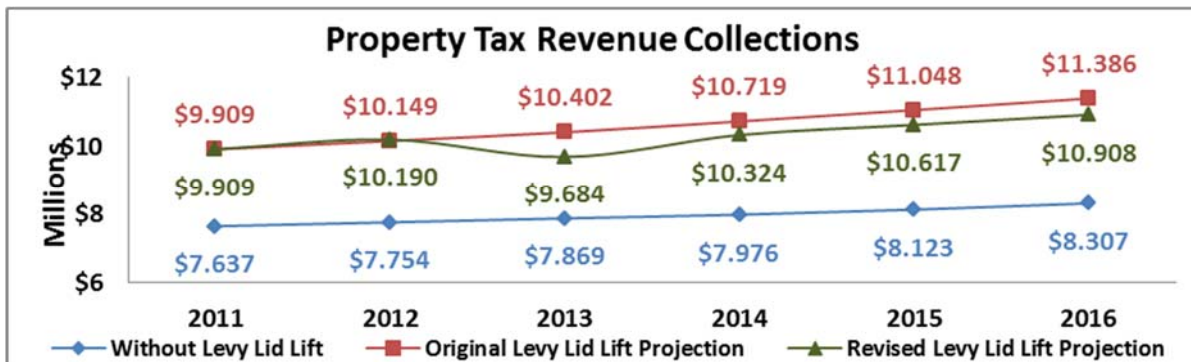
Since the IPD percentage increase has been more than one percent in most years since the legislature reinstated the one percent limit, the effective limit has been one percent. One exception to the one percent rule is the levy lid lift, as follows:

- Purpose of lid lift: It may be done for any limited purpose, but the purpose(s) must be stated in the title of the ballot measure.
- Length of time of lid lift: The lid may be "bumped up" each year for up to six years.
- Subsequent levies: The "lift" for the first year must state the new tax rate for that year. For the ensuing years, the "lift" may be a dollar amount, a percentage increase amount tied to an index such as the Consumer Price Index (CPI), or a percentage amount set by some other method. If the amount of the increase for a particular year would require a tax rate that is above the maximum tax rate of \$1.60, the assessor will levy only the maximum amount allowed by law.
- Majority Vote: The levy lid lift requires a simple majority vote by the residents of Shoreline. The election date must be the August primary or the November general election.

In the November 2010 General Election, Shoreline voters approved a six-year maintenance and operations levy for basic public safety, parks, recreation, and community services that set the tax rate for 2011 at \$1.48 and allowed the lid for the ensuing years to be "lifted" each year by a percentage increase tied to the CPI-U for the

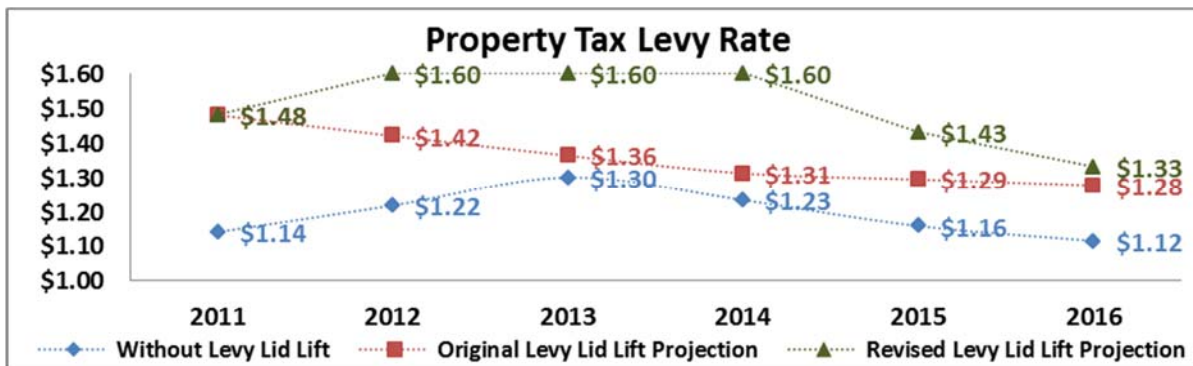
Seattle, Tacoma and Bremerton area. Setting the rate at \$1.48 per \$1,000 assessed valuation (AV) in 2011 generated \$2.272 million in additional property tax revenues and was expected to generate an additional \$3.079 million by 2016. Unfortunately, Shoreline shared the hardships of the recession with the rest of the nation and its AV temporarily declined in 2012, essentially “ratcheting down” property tax revenue in 2013. As a result, collections were \$1.980 million less than the original projection, but still exceeded cumulative projections without the Levy Lid Lift by nearly \$13.966 million.

2010 Levy Lid Lift Property Tax Revenue Collections



The rate was expected to drop to \$1.28 by 2016; however, it only dropped to \$1.33.

2010 Levy Lid Lift Property Tax Levy Rate

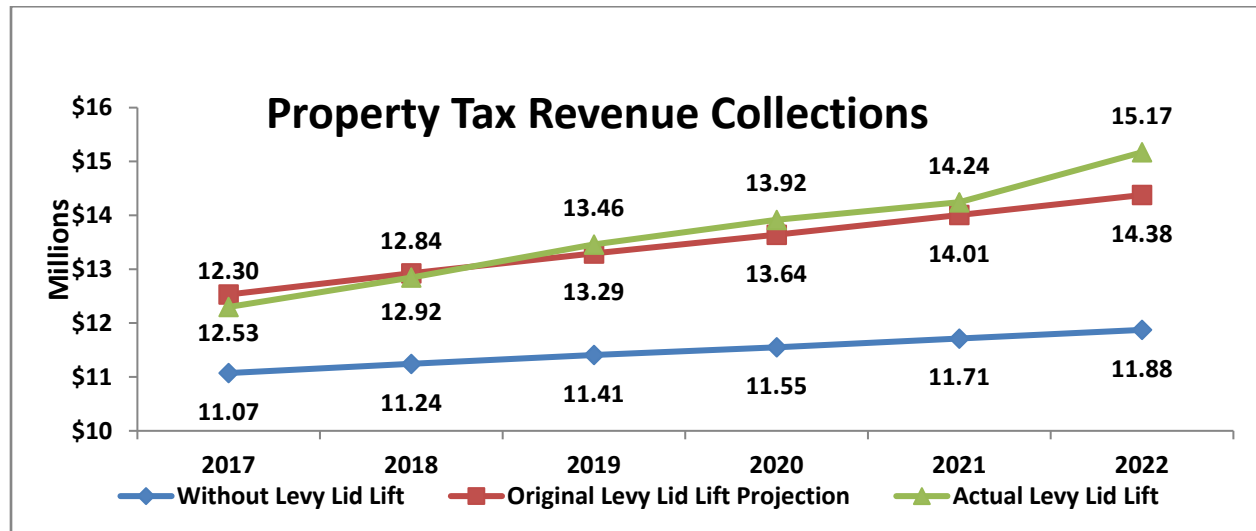


In 2016, the City Manager engaged a Financial Sustainability Citizen Advisory Committee (FSCAC). The charter of the FSCAC’s required it to “...complete its work with a recommendation to the City Manager on how to best provide the financial resources that will ensure the long-term delivery of basic services to the Shoreline community.” The FSCAC helped evaluate alternatives including: 1) Reviewing the strategies adopted in the City’s 10 YFSP; and 2) Identifying services that should be maintained, increased, and/or reduced to meet the needs of the Shoreline community.” The FSCAC met seven times between February 11 and May 12.

In the November 2016 General Election, Shoreline voters replaced the six-year maintenance and operations levy for basic public safety, parks, recreation, and community services that set the tax rate for 2017 at \$1.39 and allowed the lid for the ensuing years to be “lifted” each year by a percentage increase tied to the CPI-U for the

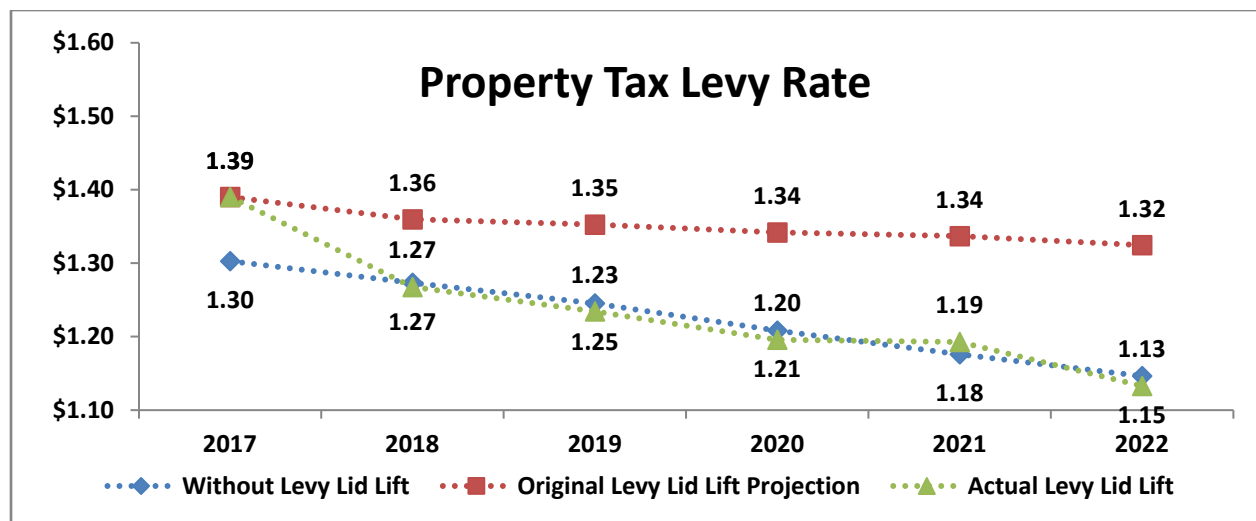
Seattle, Tacoma and Bellevue area. Setting the rate at \$1.39 per \$1,000 assessed valuation (AV) in 2017 generated \$1.3 million in additional property tax revenues and has generated an additional \$14.4 million between 2017 – 2022, over the six-year life of the levy lid lift.

2016 Levy Lid Lift Property Tax Revenue Collections



The increase in assessed values due to a strong residential housing market lowered the property tax levy rate to about what was projected without the 2016 Levy Lid Lift.

2016 Levy Lid Lift Property Tax Levy Rate



During Council’s 2022 Goal Setting Workshop, Council reviewed the 10 YFSP based on the 10 YFSM that was last updated during the 2021-2022 Mid-Biennial Budget Process in November 2021. At the conclusion of that discussion, Council directed staff to explore a possible Levy Lid Lift for the November 2022 General Election ballot. Council later adopted its [2022-2024 Council Goals and Work Plan](#), which included Goal #1, Action

Step #12: “Pursue replacement of the City’s Levy Lid Lift, expiring in 2022, to ensure the ability to deliver valued public services to the Shoreline community.”

The purpose of tonight’s discussion is to provide Council with an update on replacing the 2016 Levy Lid Lift.

DISCUSSION

Council most recently reviewed the 10 YFSP based on the forecast provided by the 10 YFSM last updated in November 2021 for the 2021-2022 Mid-Biennial Budget Process. Since that time, the 10 YFSM has been updated to consider the most up to date revenue data and trends related to construction, B&O tax, King County Sheriff’s Office contract, King County Assessor’s Office update on property assessed values, sales tax, and criminal justice tax. There have been additional updates to include base expenditure budget adjustments for the King County Sheriff’s Office contract, including increases to liability insurance, projected Police inflationary wage changes (COLA), and expenses related to body worn and police car cameras.

This information was not available for use during the Financial Sustainability Advisory Committee’s work, however it was the basis for the analysis included in this staff report. Staff may update the 10 YFSM after receiving the July report from the Puget Sound Economic Forecasters, which is the typical source of updates for the 10 YFSM annually. There will be other base budget increases that will be included in the 2023-2024 biennial budget process. Between the July report and these base budget increases, it is possible that the fall forecast presented to Council with the 2023-2024 biennial budget process may look different.

Community Engagement

In anticipation of the Council’s direction to pursue replacement of the City’s Levy Lid Lift, the City Manager engaged the Financial Sustainability Advisory Committee-2022 (FSAC-22) in early 2022. The charter of the FSAC-22 required it to “...help evaluate alternatives and consider whether the City should seek replacement of the 2016 levy lid lift on the November 2022 General Election ballot.” The Committee completed its work by issuing a recommendation to the City Manager regarding the replacement of the City’s Levy Lid Lift. FSAC-22 met six times between March 10 and May 19.

At its first three meetings the FSAC-22 met with directors from Police; Planning and Community Development; Recreation, Cultural and Community Services; Public Works; and, Administrative Services, as well as the program managers of Parks Operations, Economic Development, and Communications.

In its remaining meetings FSAC-22 members focused on the levy lid lift using the November 2021 forecast. At the April 21 meeting, staff reviewed revenue options available to the City and answered additional FSAC-22 committee member questions. The City presented what level of funding is needed in the future to maintain existing services and expand services to meet emerging issues.

After the April 21 meeting, Committee members completed a short poll to collect their feedback on if Council should place a Levy Lid Lift on the ballot, and, if so, what services it should include. In its remaining meetings, FSAC-22 members discussed these topics further. There was consensus that Council should place a Levy Lid Lift on the ballot. Several Committee members noted that a high level of service and resulting quality of life are things that either attracted them to the city or keep them here and they support continuing these essential services. Committee members agreed that the City has a responsibility to communicate to its residents the cost of our level of service and that a property tax levy lid lift is one of the primary vehicles to fund it. This interest in maintaining existing services was balanced by the FSAC-22's sensitivity for the impact of property taxes on Shoreline residents, especially on low income or fixed income residents in a currently volatile housing market.

The FSAC-22 reached consensus on several recommendations to the City Manager. The following is a summary of those recommendations with staff discussion, and the full report is included as Attachment A.

1. **The City Council should place a measure on the November 2022 ballot for a Levy Lid Lift.** A few key messages the Committee recommends the City share include the following:
 - Why the levy lid lift is needed and what services it buys
 - It is a replacement levy to continue funding services we know residents want and value (through Resident Satisfaction Survey and other opportunities for input)
 - The City is fiscally responsible, has a reserve policy, and is responsive to community priorities
 - The City's approach to surplus budget funds and how they are allocated
2. **The Levy Lid Lift should seek to maintain the current level of City services.** As staff has previously shared with the City Council, there is a need to increase staffing resources in our support service areas, such as Human Resources, Purchasing, Payroll, Information Technology, and Legal, to maintain the City's current portfolio of services. The maintain scenario is about ensuring that the City can continue to deliver its current service level commitments by ensuring that appropriate level of support service staffing is in place to support operating programs. In a few instances, growth in external activity levels (i.e., code enforcement cases/calls for service, recreation participants, etc.) or in assets to maintain (i.e., park acres, landscaped median strips, etc.), will necessitate the addition of staffing resources to maintain service levels.
3. **Committee members had differences of opinion on if the Levy Lid Lift should expand services to address emerging issues.** Emerging issues presented and discussed by the Committee included expanding services related to human services, the mobile crisis response team (current RADAR program), urban forestry, and recreation. Generally, the Committee agreed that the services may be needed and/or desired by residents. However, they encouraged the Council to consider the cost of services and the impact to the levy rate.

4. **The Committee did not come to an agreement on a recommended first year Levy Lid Lift rate.** As noted earlier, the services proposed for expansion were generally supported by the Committee in that they reflect community priorities. However, there was concern that adding these services would result in a levy reset rate that is much higher than the current rate and might not be approved by voters in November. Committee members also shared concerns about adding to the tax burden given inflation, the recently passed 2022 school levies and parks bond, and increasing property taxes. Concerns are related to levy fatigue and a household’s ability to pay. The Committee expressed concern about homeowners with fixed incomes or others who may struggle to afford to stay in (or move to) Shoreline.

No FSAC-22 member supported the No Action option of not placing a renewal of the levy lid lift on the ballot.

Alternatives Analysis

The Council may decide to seek a renewal of the Levy Lid Lift with an annual escalator alone or additionally seek to reset the 2023 levy rate to a specific rate up to \$1.60. The City’s current financial forecast, which is a “No Action” scenario, projects potential budget gaps, where costs to maintain existing services will exceed projected revenue resources, to occur beginning in 2024 with a cumulative size totaling \$22.937 million over the six-year period for 2023 through 2028.

The following describe the impacts of four options as compared to a “No Action” scenario. The No Action scenario assumes the 1% annual levy increase limitation.

No Action Alternative

If Council took no action (or the Levy Lid Lift failed to pass), the new tax levy rate for 2023 would be calculated based on the City’s AV for the 2023 tax year (currently projected to be \$1.02) and the lid for the ensuing years would be limited to one percent. Due to a projected shortfall starting in 2024, there would need to be significant reductions in service delivery across many General Fund funded departments, including Police; Recreation, Cultural and Community Services; Planning and Community Development; Public Works, Administrative Services (Finance, IT, and Parks, Fleets, and Facilities); and City Manager’s Office (Clerks, Code Enforcement/Customer Response Team, Communications, Economic Development, Intergovernmental Relations).

Estimated impact to the median homeowner if the Levy Lid Lift is not replaced.						
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment
2023	\$630,100	\$630	X	\$1.02	=	\$642
2024	\$647,700	\$648	X	\$1.01	=	\$657
2025	\$662,900	\$663	X	\$1.00	=	\$662
2026	\$681,700	\$682	X	\$0.99	=	\$674
2027	\$703,900	\$704	X	\$0.97	=	\$684

2028	\$726,300	\$726	X	\$0.95	=	\$691
Total over 6 Year Period 2023-2028						\$4,011

Option 1 – Enhance Program Service Levels to Address Emerging Issues and Fully Fund Support Services for Current Operational Programs

This option would fund emerging issues aligned with current Council goals and provide funding to maintain current operational program service levels including the needed increase in support service resources. Emerging issues that would be added include Human Services and Housing Support, enhancing the RADAR Program for the North King County Regional Mobile Crisis Response Program to provide 24/7 coverage in Shoreline, adding recreation programming, and enhancing the City’s urban forestry program. Maintaining program service levels would add positions for code enforcement, recreation, and park maintenance. Support service levels would add positions in information technology, human resources, legal, and finance. In order to fund Option 1, the new tax rate for 2023 would be set at \$1.49 and the lid for the ensuing years would be “lifted” each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$146.540 million of property tax revenue over the six-year period, which would result in \$50.297 million more than that generated if no action were taken. It is estimated that a homeowner of a median assessed valued home (estimated for 2023 to be \$630,100) will pay \$2,131 more than under the No Action alternative over the six-year period, or an increase on average of \$355 per year/\$30 per month. This option would increase revenues beginning in 2023 and would eliminate the potential budget gap projected to occur in 2024 through 2028.

Option 1 (All Emerging Issues/Current Program Service Levels): Estimated impact to the median homeowner with Levy Lid Lift rate reset to \$1.49 and CPI-U Increase through 2028								
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$630,100	\$630	X	\$1.49	=	\$937	\$295	\$25
2024	\$647,700	\$648	X	\$1.52	=	\$985	\$327	\$27
2025	\$662,900	\$663	X	\$1.52	=	\$1,010	\$348	\$29
2026	\$681,700	\$682	X	\$1.53	=	\$1,041	\$367	\$31
2027	\$703,900	\$704	X	\$1.52	=	\$1,072	\$387	\$32
2028	\$726,300	\$726	X	\$1.51	=	\$1,097	\$406	\$34
Total over 6 Year Period 2023-2028						\$6,142	\$2,131	

Option 2 – Add Regional Mobile Crisis Response Program to Serve North King County Cities, Partial Funding of Support Services to Maintain Operational Programs and Increased Park Maintenance Staff in Conjunction with New Park Properties to Maintain Level of Service (Staff Recommendation)

This option increases the City’s investment in the Regional Mobile Crisis Response Program to Serve North King County Cities (current RADAR Program) to allow for 24/7

coverage in Shoreline, would fund approximately half of the needed support services staff, and will maintain park maintenance level of service as new park properties are developed. It would not provide funding to maintain service levels in other areas such as code enforcement and recreation and would only fund a portion of the identified support service needs. The new tax rate for 2023 would be set at \$1.39766, close to the same rate that was established in the first year of the 2016 levy lid lift, and the lid for the ensuing years would be “lifted” each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$137.658 million on property tax revenue over the six-year period, which would result in \$41.414 million more than that generated if no action were taken. It is estimated that a homeowner of a median assessed valued home will pay \$1,759 more than under the No Action alternative over the six-year period, or an increase on average of \$293 per year/\$24 per month. This option would increase revenues beginning in 2023 and could eliminate the potential budget gap projected to occur in 2024 through 2028.

Option 2 (Regional Mobile Crisis Response, 50% Support Service, and Park Maintenance): Estimated impact to the median homeowner with Levy Lid Lift rate reset to \$1.40 and CPI-U Increase								
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$630,100	\$630	X	\$1.40	=	\$881	\$239	\$20
2024	\$647,700	\$648	X	\$1.43	=	\$925	\$268	\$22
2025	\$662,900	\$663	X	\$1.43	=	\$948	\$287	\$24
2026	\$681,700	\$682	X	\$1.43	=	\$978	\$304	\$25
2027	\$703,900	\$704	X	\$1.43	=	\$1,007	\$322	\$27
2028	\$726,300	\$726	X	\$1.42	=	\$1,031	\$340	\$28
Total over 6 Year Period 2023-2028						\$5,770	\$1,759	

Option 3 – Maintain Current Budgeted Program and Support Service Levels (Reset Rate to Balance Budget Through Six-Year Levy)

This option would balance the City budget over the six-year period but not provide any new services. No additional positions for program or support levels would be included and as such some service levels would effectively decrease due to increasing costs and demand for services, increases in City assets to maintain (i.e., park properties), and implementation of new and updated regulations. This option would reset the tax rate for 2023 to \$1.35 and the lid for the ensuing years would be “lifted” each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$133.390 million in property tax revenue over the six-year period, which would result in \$37.147 million more than that generated under a No Action alternative. It is estimated that a homeowner of a median assessed value home will pay \$1,580 more than under the No Action alternative over the six-year period, or an increase on average of \$263 per year/\$22 per month. This option would increase revenues beginning in 2023 and could eliminate the potential budget gap projected to occur in 2024 through 2028.

Option 3 (Balance Budget for 6-Year Period): Estimated impact to the median homeowner with Levy Lid Lift rate reset to \$1.35 and CPI-U Increase.

Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$630,100	\$630	X	\$1.35	=	\$853	\$211	\$18
2024	\$647,700	\$648	X	\$1.38	=	\$896	\$239	\$20
2025	\$662,900	\$663	X	\$1.39	=	\$919	\$257	\$21
2026	\$681,700	\$682	X	\$1.39	=	\$948	\$274	\$23
2027	\$703,900	\$704	X	\$1.39	=	\$976	\$291	\$24
2028	\$726,300	\$726	X	\$1.38	=	\$999	\$308	\$26
Total over 6 Year Period 2023-2028						\$5,591	\$1,580	

Option 4 – Lift by CPI Only

Under this option, the new tax rate for 2023 would be calculated based on the City’s AV for the 2023 tax year (currently projected to be \$1.07578) and the lid for the ensuing years would be “lifted” each year by a percentage increase tied to the Consumer Price Index (CPI). This will generate approximately \$106.576 million in property tax revenue over the six-year period, which would result in \$10.332 million more than that generated under a No Action alternative. However, this would create a \$12.605 million shortfall over the six-year period starting in 2024, which would need to be addressed by budget reductions, use of one-time fund balance contributions, or a combination of both. It is estimated that a homeowner of a median assessed value home will pay \$430 more than under the No Action alternative over the six-year period, or an increase on average of \$72 per year/\$6 per month.

Option 4 (Lift by CPI Only): Estimated impact to the median homeowner if the Levy Lid Lift is replaced with CPI-U Increase.

Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$630,100	\$630	X	\$1.08	=	\$678	\$36	\$3
2024	\$647,700	\$648	X	\$1.10	=	\$712	\$55	\$5
2025	\$662,900	\$663	X	\$1.10	=	\$730	\$68	\$6
2026	\$681,700	\$682	X	\$1.10	=	\$753	\$79	\$7
2027	\$703,900	\$704	X	\$1.10	=	\$775	\$91	\$8
2028	\$726,300	\$726	X	\$1.09	=	\$793	\$102	\$9
Total over 6 Year Period 2023-2028						\$4,441	\$430	

The following table shows a comparison of the four options against the No Action option using a median assessed value home:

Comparison of Levy Lid Lift Options by Rate (Using Median Assessed Value Home)

Option	Levy Rate	Increase by CPI-U (y/n)	Six-Year Annual Avg. Difference to No Action (1% Limit)	Six-Year Monthly Avg. Difference to No Action	Six-Year Contribution to Surplus/(Deficit)
1	\$1.49	Y	\$355	\$30	\$15.856M
2	\$1.40	Y	\$293	\$24	\$15.119M
3	\$1.35	Y	\$263	\$22	\$14.209M
4	\$1.08	Y	\$72	\$6	(\$12.605M)
No Action	\$1.02	N	\$0	\$0	(\$22.937M)

The following table shows a comparison of the program and support service levels included in each of the options:

Comparison of Levy Lid Lift Options by Service Levels

	Option 1	Option 2	Option 3	Option 4
Code Enforcement	1.0 FTE			
Recreation	1.0 FTE			
Parks maintenance	1.0 FTE	1.0 FTE		
IT services	2.75 FTE	1.5 FTE		
HR services	1.0 FTE	1.0 FTE		
Legal services	1.0 FTE			
Finance services	1.0 FTE			
Regional Mobile Crisis Response Program	24/7 program	24/7 program		
Housing and Human Services Program	1.0 FTE			
Enhanced Recreation	1.0 FTE			
Urban Forestry	1.0 FTE			

City’s Use of General Fund Budget Surplus

A budgeted surplus in any given fund results from budgeted resources that exceed budgeted expenditures for that year or biennium. The reserves that are built in these circumstances are used to support one-time expenditures, such as those for design and construction of capital projects, required updates such as the comprehensive and related functional plans and replacement of vehicles and equipment.

When a surplus has been generated from the Levy Lid Lift for the General Fund, these funds have been approved by Council to be used for one-time expenses and to support capital programs such as the City’s Maintenance Facility. Examples of one-time costs include the Americans with Disabilities Act (ADA) Parks Assessment and Transition Plan Development, annual snow response, demolition of Highland Plaza and pool facilities, and enterprise software replacements and upgrades. By paying for these costs using one-time surplus funds instead of budgeting for them, the City keeps the levy rate lower for property taxpayers. The City Maintenance Facility has an estimated total project cost of \$34.5M as of January 2022. Phase 1 bids for the Ballinger Maintenance Facility are coming in significantly higher than the original estimate and budget. The project budget will be updated as part of the 2023-2029 CIP budget development this year. Currently the General Fund contribution to the project is estimated at 47% and the Streets Fund contribution is 40%. However, because the General Fund is a primary supporter of the Streets Fund, the General Fund will likely need to cover at least \$30M of the project cost. Council has been designating \$1M per year of surplus to set aside for this purpose and has currently contributed or designated a total of \$8M for this project through the end of 2021. The City’s General Fund will need to contribute at least an additional \$24M to fully fund this project, which is not eligible for grants.

The City maintains a budgeted cash flow reserve, budget (operating) contingency, and insurance.

Next Steps

If Council would like to discuss a potential Levy Lid Lift Replacement Resolution for the November 8, 2022, General Election, Council would need to address it according to the following calendar:

Date	Item	Action
June 27, 2022	Council Discussion of Potential Levy Lid Lift Replacement Resolution	Discussion
July 11, 2022	Council Action of Potential Levy Lid Lift Replacement Resolution	Action
July 25, 2022	Council appointment of three members to serve on the Pro and Con Committees	Action
November 8, 2022	General Election	N/A

COUNCIL GOALS ADDRESSED

This item addresses the 2022-2024 City Council Goal 1, Action Step 12:

- Goal 1: Strengthen Shoreline’s economic climate and opportunities
 - Action Step 12: Pursue replacement of the City’s Levy Lid Lift, expiring in 2022, to ensure the ability to deliver valued public services to the Shoreline community.

RESOURCE/FINANCIAL IMPACT

The operating budget 10-year forecast chart from the 10 YFSM projects potential budget gaps to occur beginning in 2024 with a cumulative size totaling \$22.937 million

over the 10-year forecast period. These potential budget gaps will not materialize as the City of Shoreline is required to pass a balanced budget and does so each year within the following policies:

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

As such, expenditure reductions (service reductions), revenue increases or a combination of the two will be required to achieve the legally required balanced budget.

There is no immediate financial impact associated with tonight’s discussion. The ultimate financial impact will be measured as part of the annual budget process, with the results reported to City Council during the budget presentations. If various strategies in the 10 YFSP are used, they will cause a financial impact that can be both estimated and measured against initial estimates.

RECOMMENDATION

Staff recommends that Council direct staff to prepare legislation and other materials necessary for placing a Levy Lid Lift on the November 2022 General Election ballot. Staff is seeking direction from Council on the services that should be included in the Levy Lid Lift, which will impact the Levy tax rate.

ATTACHMENTS

Attachment A: FSAC-22 Final Report

Introduction

In February 2022, the City of Shoreline began a process of soliciting community members interested in participating on a Financial Sustainability Citizen Advisory Committee (Committee). Twenty-two (22) applications were received by the deadline and the City Manager selected 13 members from a diverse cross section of Shoreline neighborhoods with a broad range of interests and backgrounds.

The purpose of the Committee was to provide input to the City Manager as the City prepares to put a measure on the ballot to replace the 2016 Property Tax Levy Lid Lift that supports maintenance and operations levy for basic public safety, parks, recreation, and community services. The current levy lid lift expires in 2022.

The Committee met six times from March to May 2022 to learn more about the City’s budget and to hear from the Department Directors about what services are paid for with funds from the current levy lid lift. Department directors shared two scenarios in their presentations: a *maintain* scenario, which described what would be funded if current service levels continued; and an *enhancement* scenario, which described what community priority services could be funded with a higher levy rate. See **Appendix A** for the Committee’s Work Plan.

Committee Roster

- Lisa Brock, Hillwood
 - Lincoln Ferris, Richmond Highlands
 - Jonathan Malo, Parkwood
 - Robin McClelland, Richmond Highlands
 - James McCurdy, Richmond Beach
 - Sierra Ranier, North City
 - Suzan Shayler, Highland Terrace
 - Joseph Smith, Jr., Meridian Park
 - Sam Stimpson, Ridgecrest
 - Mary Ellen Stone, Richmond Beach
 - John Thielke, Richmond Beach
 - Cindy Tran, Meridian Park
 - Linda Tsai, Richmond Beach
-

Background

Core Revenues

Property taxes and sales taxes are for Shoreline, like most other cities and counties in the state, the two largest revenue streams that fund much of the City’s operations. However, the City also generates business & occupation (B&O) and utility tax revenues. Sales tax revenues fluctuate depending upon local economic activity, and growth of property tax revenues are restricted by the Washington State Constitution. In November 2001, Washington State voters passed Initiative 747 limiting the increase in the City’s levy by the lower of the Implicit Price Deflator (IPD) or 1%. One exception to these limits is to seek a voter approved levy lid lift. Approval of a levy lid lift requires a simple majority (50% plus one) and allows cities to tie property tax increases to an index. A voter approved levy lid lift is valid for six years at which time it can be placed on the ballot again. In addition to the annual growth limit, Shoreline’s rate cannot exceed \$1.60 per \$1,000 assessed valuation (AV).

10-Year Financial Sustainability Plan

On June 16, 2014, after a comprehensive two-year evaluation and a Council engagement process, City Council approved a 10-Year Financial Sustainability Plan (10YFSP) for the City’s General and Street Funds.¹ The 10YFSP was developed to strengthen Shoreline’s economic base by prioritizing seven strategies (or tools) to help maintain financial resiliency and sustain existing services. This effort is supported by the creation of a 10-Year Financial Sustainability Model (10YFSM). The 10YFSM models the impacts of all ongoing revenues and expenditures to forecast financial sustainability over the decade. At this time, all the strategies identified in the 10YFSP are in use. More background and an update to the plan is included on pp. 58-66 of the 2021-2022 Proposed Biennial Budget Book.²

Shoreline’s Levy Lid Lift History

- In the November 2010 General Election, 56.5% of Shoreline voters approved Shoreline Proposition No. 1, the City’s first levy lid lift as a six-year maintenance and operations levy for basic public safety, parks, recreation, and community services. Proposition No. 1 set the levy rate for 2011 at \$1.48 per \$1,000 AV and allowed the lid for 2012-2016 to be “lifted” each year by the June-to-June percentage increase of the Consumer Price Index for All Urban Consumers for the Seattle/Tacoma/ Bellevue Area (CPI-U).
- Prior to the Council placing a measure to renew the levy lid lift on the November 2016 General Election ballot, the City Manager formed a Financial Sustainability Citizen Advisory Committee (FSCAC). The FSCAC reviewed the strategies of the 10YFSP with a particular focus on providing input to the City Manager as the City prepared to put a measure on the ballot to renew the levy lid lift.³
- In the November 2016 General Election, 66.5% of Shoreline voters approved Shoreline Proposition No. 1. This set the levy rate for 2017 at \$1.39 per \$1,000 AV and allowed the lid for 2018-2022 to be “lifted” each year by the June-to-June percentage increase of the CPI-U. Levy lid lift rates for the 2017-2022 period are shown below.

Levy Lid Lift Rates 2017-2022

	2017	2018	2019	2020	2021	2022
Rate per \$1,000 AV	\$1.39	\$1.27	\$1.23	\$1.20	\$1.19	\$1.13

¹ The staff report is available at the following link: <https://www.shorelinewa.gov/home/showdocument?id=19755>

² Budget Book is available at: <https://www.shorelinewa.gov/home/showpublisheddocument/49800/637382783374100000>

³ More information about the FSCAC is available on the City’s website at: <https://www.shorelinewa.gov/government/departments/administrative-services/ten-year-financial-sustainability-project/financial-sustainability-citizen-advisory-committee>

Committee Recommendations

Following the four meetings that featured staff presentations and the revenue options overview, the Committee completed a poll that asked four questions to gauge thinking up until that point and what outstanding questions they had going into the discussion at Meeting 5. This section is organized by the questions asked and includes some general principles that emerged from the discussion with respect to thinking about the levy rate and communications to the public. The Committee's recommendations were made with the information shared at the time of the meetings, some of which has been updated since.

1. Should the City Council place a measure on the November 2022 ballot for a Levy Lid Lift?

There is consensus that the Council should place the measure on the November 2022 ballot. Several Committee members noted that a high level of service and resulting quality of life are things that either attracted them to the city or keep them here and they support continuing these essential services.

There was a question raised as to the timing of the levy and whether it could be delayed. Staff explained that most of the cost drivers are price and labor increases and not tied to a growing population and need to be addressed as soon as possible. Based on current model projections, the funding gap occurs as soon as 2024 that gap would widen if the levy were delayed.

Committee members agreed that the City has a responsibility to communicate to its residents the cost of our level of service and that a property tax levy lid lift is one of the primary vehicles we have to fund it. They also shared thoughts on key messages to include in materials and communications around the levy lid lift:

- Why the levy lid lift is needed and what services it buys
- It is a replacement levy to continue funding services we know residents want and value (through Resident Satisfaction Survey and other opportunities for input)
- The City is fiscally responsible, has a reserve policy, and is responsive to community priorities
- The City's approach to surplus budget funds and how they are allocated
- Other ways the City generates revenues and controls expenses
- Ensure that information about deferral programs for certain seniors, persons with disabilities, and disabled veterans to apply for property tax relief are communicated in all materials along with some caveats about significant delays for such application review and approval
- Be sensitive about current difficult economic and social conditions including the ongoing pandemic

2. If Council places Levy Lid Lift on the ballot, should it maintain the current level of City services? This would mean adding positions needed (HR, IT, etc.) to keep up with the expanding portfolio of service needs but not adding new services.

City of Shoreline Staff clarified that over the course of the current six-year levy, service levels have effectively decreased due to increasing costs and demand for services, implementation of new and updated regulations, and added costs for maintenance after property is acquired.

The maintain scenario is about restoring the baseline level of service, which could entail adding program support positions (in IT, HR, finance, and legal) as well as program positions (code enforcement, recreation programs, and park maintenance). Staff clarified that there is flexibility, and it is unlikely all identified positions would be added.

The Committee supports maintaining the level of service for reasons mentioned under question 1.

3. If Council places a Levy Lid Lift on the ballot, should it expand services to address any of the following emerging issues (click on all that apply)?

- a. Yes, include the Human Services expansion (add a Housing and Human Services Program Manager): 5 (one comment that this is essential); 1 maybe
- b. Yes, include the Alternative Police expansion (expand the current RADAR alternative responder program which addresses people in crisis): 7 (one comment that this is essential)
- c. Yes, include the Urban Forestry expansion (add 0.5 FTE GIS/arborist position): 4 (one commented that this is nice to have)
- d. Yes, include Enhanced Recreation Program expansion (2.0 FTE recreation positions): 7 (one comment that this is nice to have)
- e. No: 1
- f. I don't know: 1

Committee members had differences of opinion on the options. Generally, the Committee agreed that the services may be needed and/or desired by residents. However, they encouraged the City Council to consider the cost of services and the impact to the levy rate. This could be done by ensuring that new services replace ones that are no longer needed or that the increase is incremental enough and the service valued enough that voters will support it.

Some expressed concerns around public safety and a desire to support the community policing model through expansion of RADAR. A few Committee members commented that expansion of the RADAR program and Human Services work are essential services and should be prioritized over increased recreational services. One Committee member added that while many people may state a preference for services on a survey that does not mean they have the ability or willingness to pay for them with higher taxes.

Committee members asked for clarification around the need for service expansion and whether it is based on projected population growth. Staff clarified that some services are tied to population growth. These include services such as recreation programming, development permitting and inspection services, code enforcement, and parks maintenance staff related to new parkland and amenities coming online. Others are not necessarily tied to growth but workload within these departments has changed. For example, support services such as human relations, IT support, and finance are not keeping pace with current work demands due to changes with employment laws, demands of IT support for software services, and demands regarding payroll and accounts payable in addition to increased workload due to staffing increases elsewhere in the organization.

4. If Council places a Levy Lid Lift on the ballot, do you have a recommendation for the levy rate at this time? If yes, use the comment box to share the rate. You may also include other comments related to the rate if you have them at this time.

Committee members found this a difficult question to answer. Some Committee members specified rates ranging from \$1.20 to \$1.58 per \$1,000 of assessed value. Others noted that they either didn't have the information to suggest a rate or deferred to staff on the appropriate rate. There was, however, good discussion on how to approach rate setting.

As noted earlier, the services proposed for expansion were generally supported by the Committee in that they reflect community priorities. However, there was concern that adding these services would result in a levy reset rate that is much higher than the current rate and might not be approved by voters in November.

Committee members also shared concerns about adding to the tax burden given inflation, the recently passed 2022 school levies and parks bond, and increasing property taxes. Concerns are related to levy

fatigue and a household's ability to pay. The Committee expressed concern about homeowners with fixed incomes or others who may struggle to afford to stay in (or move to) Shoreline. For example, if property owners pass the cost onto renters and rents increase, it could lessen affordability. While programs exist to support certain property owners with either [tax relief or deferral](#) (waiver with lien on property), lack of awareness of the programs could lead some voters to reject a levy lid lift initiative. It was also noted that increases in assessed value often trail increases in property values and an economic downturn and/or continued impacts from the pandemic could make a levy lid lift feel less affordable to many residents.

Acknowledging affordability concerns, a few Committee members also expressed a desire to get out in front of emerging issues and ensure the city has the infrastructure to support future growth and address current community concerns.

Individual Committee members also shared some guidance:

- City Council should calculate what rate of levy lid lift would provide the necessary funds to cover the City's budget for its current level of services and reduce the levy lid rate to a lower figure, so Shoreline property owners get some financial relief while still fully funding the City's budget. Concerns for affordable housing apply to current residential property owners, too.
- Knowing that the current rate is \$1.13 this year (2022) and that property assessment values may continue to increase, the City should keep the rate as low as possible for the sake of the taxpayers - yet at an optimal level that would help to bridge the shortfall.
- Re-calculate the levy lid lift rate factoring in the surplus for 2021 (not the deficit shown to the Committee) for the Human Services and Alternative Police/RADAR. If Urban Forestry and Recreation Program expansion don't increase the rate significantly then add those as well.
- Ensure that voter materials clearly explain what services will be provided with a levy lid lift.
- Communicate to the public how the City's 2021 \$8.491 million budget surplus affects the levy lid lift.
- Avoid a fear-based approach to persuade people to pass the levy lid lift. RADAR is a great program to share as an enhancement that is a cost-effective way to address community concerns.
- Request to look at all revenue sources and focus on economic development with a goal of increasing sales and business tax revenue.
- Explain that revenue from the combination of residential and retail development takes time. The multifamily tax exemption defers property taxes on the structure (but not on the land) for 12 years to promote creation of affordable housing units.

Conclusion

Throughout the process the Committee was committed to understanding the City's finances and service delivery to residents and businesses, especially those that are currently funded with the levy lid lift.

While the Committee represents diverse perspectives, discussions generated agreement that the City Council should place the levy lid lift on the ballot and at a minimum maintain the current level of service. The Committee is grateful for the opportunity to serve and to learn more about the issues and share our input on this important decision. The Committee appreciated the commitment, support, and responsiveness of staff throughout the process.

As the city grows, the Committee wants to ensure that residents and businesses enjoy the same level of services as currently provided. The Committee recognizes that this is a significant moment in the evolution of the City of Shoreline.

Appendix A: Committee Work Plan

Date	Agenda Topics
3/10/2022	Meeting 1: Welcome, introductions, Charter, and schedule review; Why we are here; Budget highlights; 2020 Resident Satisfaction Survey
3/24/2022	Meeting 2: Services Overview: Police; Planning & Community Development; Economic Development
4/7/2022	Meeting 3: Services Overview: Parks, Recreation, Cultural & Community Services; Public Works; Support Services
4/21/2022	Meeting 4: Recap of Revenue Options and questions ahead of poll sent 4/22/2022
5/5/2022	Meeting 5: Recommendations development based on poll results
5/19/2022	Meeting 6: Finalize recommendations to City Manager

All meetings were held from 6:00 – 8:00 pm via Zoom.