



City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
City Council Regular Meeting Agenda
7:30 p.m., Monday, January 22, 2018
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Council agendas are also available on our website at www.kenmorewa.gov.

I. 7:30 p.m.* - CALL REGULAR MEETING TO ORDER

(Later start time for this meeting only)

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. CITIZEN COMMENTS

- A. This is an opportunity to express your views on issues that are important to you and to the community. Please limit your comments to three (3) minutes.

VI. CONSENT AGENDA

- A. The Following Checks and Electronic Payments are Approved for Payment:
Total Check #38783 through #38896 in the amount of \$486,674.13.
Total Payroll/Taxes/Flexible Spending and Health Savings Account Electronic Deposits Dated: 1/5/08 in the amount of \$92,196.10.
Payroll Check #10085-10086 Totaling \$678.99.

[Check Vouchers](#)

- B. Receive and File the September 2017 Financial Report for the City of Kenmore
- Joanne Gregory, Finance and Administration Director
[Financial Report](#)

VII. PUBLIC HEARING

- A. Consideration of Ordinance 18-0458 to Include the Relocation and Removal of

Utilities in the Right of Way - Nancy Ousley, Assistant City Manager and John Vicente, City Engineer

[Agenda Item](#)

VIII. BUSINESS AGENDA

- A. Ordinance 18-0458 to Include the Relocation and Removal of Utilities in the Right of Way - Nancy Ousley, Assistant City Manager and John Vicente, City Engineer
[Agenda Item](#)
- B. Ordinance 18-0456 Approving a Non-Exclusive Dual Franchise Agreement with Puget Sound Energy, Inc. and Contract No. 18-C1820 Memorandum of Understanding with Puget Sound Energy, Inc. on Performance and Reliability Reporting - Nancy Ousley, Assistant City Manager
[Agenda Bill and Attachments 1 and 2](#)
[Attachments 3, 4 and 5](#)
[Attachment 6](#)
- C. 2018 Annual Docket for the Planning Commission - Debbie Bent, Community Development Director
[Agenda Item](#)
- D. Municipal Code Amendments Related to School Impact Fees - Debbie Bent, Community Development Director
[Agenda Item](#)

IX. STAFF REPORT

- A. 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project – Incorporating Bike lanes at Stream Crossing Pinch Point
[Memo](#)
- B. NE 181st Street Sidewalks (65th Avenue NE – 67th Avenue NE) Design Update
[Memo](#)

X. COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

XI. ADJOURNMENT

Upcoming Meetings:

- A. Thursday, January 25, 2018 from 5:00 to 9:00 p.m. - Open House for Walkways and Waterways (68th Avenue and Juanita)
Monday, January 29, 2018 - Special Council Meeting
Monday, February 12, 2018 - Regular Council Meeting
Tuesday, February 20, 2018 - Regular Council Meeting (due to Presidents Day)

Holiday)

Monday, February 26, 2018 - Regular Council Meeting



City of Kenmore

Voucher Certification and Approval

DATE RANGE:

12/30/2017 - 01/05/2018

I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and the the claim is a just, due and unpaid obligation against the City of Kenmore and that I am authorized to authenticate and certify to said claim. The following checks and electronic payments are approved for payment:

Total Check # 38783 through 38896 \$ 486,674.13

Total Payroll/Taxes/Flexible Spending & Health Savings Acct. Electronic Deposits Dated: 01/05/2018: \$ 92,196.10

Payroll Check #'s 10085 - 10086 Totaling: \$ 678.99

RJK 1-12-18
City Manager / Date

John M. Juegler 1-12-18
Finance Director / Date

Vendor Name	Check #	Description	Amount
AWC EMPLOYEE BENEFITS	38783	Employee Health Ins Contributions	665.02
AWC EMPLOYEE BENEFITS	38783	Employee Health Ins Contributions	162.88
AWC EMPLOYEE BENEFITS	38783	Employee Health Ins Contributions	62.83
AWC EMPLOYEE BENEFITS	38783	Employee Health Insurance	38.82
AWC EMPLOYEE BENEFITS	38783	Employee Health Insurance	6.60
AWC EMPLOYEE BENEFITS	38783	Employee Health Insurance	3.92
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	119.89
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	28.96
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	19.12
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	462.05
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	111.59
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	73.67
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	67.26
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	1.40
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	5.73
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	122.63
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	2.55
DEPARTMENT OF LABOR AND INDUSTRIES	38784	City of Kenmore	10.47
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	1,642.17
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	14,611.22
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	2,408.66
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	1,374.36
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	98.56
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	804.63
DEPARTMENT OF RETIREMENT SYSTEMS	38785	Public Employees Retirement	485.97
DRS 457	38786	DRS 457 Deferred Comp	490.00

ICMA RETIREMENT TRUST 457 - 304745	38787	ICMA 457 Deferred Comp	3,428.80
ICMA RETIREMENT TRUST 457 - 304745	38787	ICMA 457 Deferred Comp	662.26
NATIONWIDE FINANCIAL 401a	38788	City of Kenmore 401a Loan	240.68
NATIONWIDE FINANCIAL 401a	38788	City of Kenmore 401a Loan	219.19
NATIONWIDE FINANCIAL 401a	38788	City of Kenmore 401a	10,035.24
NATIONWIDE FINANCIAL 401a	38788	City of Kenmore 401a	1,369.20
NATIONWIDE FINANCIAL 401a	38788	City of Kenmore 401a	781.05
NATIONWIDE RETIREMENT SOLUTIONS 457	38789	Nationwide 457 Deferred Comp	250.00
NATIONWIDE RETIREMENT SOLUTIONS 457	38789	Nationwide 457 Deferred Comp	75.00
STATE OF FLORIDA DISBURSEMENT UNIT	38790	Employee Deduction	275.00
UNITED WAY OF KING COUNTY	38791	Employee Charitable Contribution	74.61
SALTER, JON	38792	Advance Travel for Jon Salter/Police Training	331.15
411 PLUMBER	38793	Plumbing Work @ Hangar Building	825.00
ABBAY PARTY RENTS OF WA, INC.	38794	Tree Lighting Supplies @ Kenmore Camera	448.59
ABBAY PARTY RENTS OF WA, INC.	38795	Tree Lighting Supplies @ City Hall	218.90
BERGER PARTNERSHIP	38796	17-C1732 Twin Springs Nov. Services	1,390.72
BRIEN, GAYLYNN	38797	October Sales Tax Data Conversion Svcs	50.00
BRUCE DEES & ASSOCIATES	38798	16-C1496 Dec. St. Edward Sportsfields	2,128.61
BULGER SAFE & LOCK, INC.	38799	Padlocks for Moorlands Park	257.41
CADMAN MATERIALS, INC.	38800	Drainage Repair/Asphalt for 7061 155th Pl.	244.75
CADMAN MATERIALS, INC.	38801	Asphalt for Sinkhole @ 61st & 152nd	58.52
CALPORTLAND COMPANY	38802	Crushed Rock for Shoulder Repair Juanita/158th	138.61
CALPORTLAND COMPANY	38803	Crushed Rock for Shoulder Restoration 70th/155th	107.52
CALPORTLAND COMPANY	38804	Sand to Restock Sand Depots	62.65
CAPITAL ONE COMMERCIAL/ COSTCO	38805	11/28 & 12/5 Tree for Hangar Bldg & Supplies	409.25
CAPITAL ONE COMMERCIAL/ COSTCO	38805	11/28 & 12/5 Tree for Hangar Bldg & Supplies	188.45
CASCADE PEST CONTROL	38806	Dec. Rhododendron Park Pest Control	143.00
CITY OF BELLEVUE	38807	4th Qtr 2017 Human Svcs Pooled Program	17,775.00
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	18,387.00
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	27.53
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	19,122.48
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	725.34
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	36,038.52
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	103.62
CITY OF LAKE FOREST PARK	38808	December Public Works Crew	276.32
COMCAST BUSINESS	38809	Hangar Building Cable TV	93.99
COMCAST BUSINESS	38810	Squire's Landing Internet	69.95
COMCAST BUSINESS	38811	City Hall Internet/Cable	152.06

COMMUNITY ATTRIBUTES INC.	38812	17-C1810 Dec. Economic Development Strategy	10,743.00
CONTRACT LAND STAFF LLC	38813	17-C1795 Dec. Squire's Landing Prof. Svcs	368.75
EARTHWORKS	38814	17-C1780 Monthly ROW Landcaping	4,722.55
ENGINEERING/REMEDATION RES. GROUP	38815	17-C1653 11/22/17-1/11/18 NE 192nd Culvert	8,871.05
FERGUSON ENTERPRISES INC #1539	38816	Drainage Materials for 7061 NE 155th	174.15
FINANCIAL CONSULTING SOLUTIONS GROU	38817	16-C1547	200.00
FRONTIER	38818	City Hall Phone Service	611.09
FRONTIER	38819	City Hall Phone Service	445.06
FRUHLING SAND & TOPSOIL	38820	Rhododendron Park Brush Dumping	650.00
GALLATIN PUBLIC AFFAIRS	38821	Dec. Media Relations/Marketing	3,500.00
GOOD TO GO	38822	12/13 City Vehicle Toll Charges	11.00
GORDON THOMAS HONEYWELL	38823	December Government Affairs Services	3,911.52
GRAINGER	38824	Logboom Park Restroom Materials	30.70
GREATER BOTHELL CHAMBER OF COMMERCE	38825	Dec. Kenmore Business Alliance Svcs	200.00
GREGORY, JOANNE	38826	Expense Reimbursement	90.00
GREGORY, JOANNE	38826	Expense Reimbursement	247.50
GREGORY, JOANNE	38826	Expense Reimbursement	247.50
HANSEN, COREY	38827	Dec. Incubator Consulting Svcs	4,180.00
HANSEN, COREY	38828	Dec. 5X Entrepreneur Series	850.00
HDR ENGINEERING, INC	38829	16-C1625 Juanita Dr. Ped/Bike 10/29-11/25 Design	8,422.90
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - General	3,100.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Executive	4,665.60
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Public Works	1,751.50
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Community Dev.	3,266.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Records Requests	2,233.46
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - LakePointe	943.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Robert Daniels	45.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Development Svcs	3,318.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	November Legal Svcs - Town Green	161.00
INSLEE, BEST, DOEZIE & RYDER, P.S.	38830	Nov. Legal Svcs - Boyd's Dry Cleaners	69.50
JACOBS ENGINEERING GROUP	38831	15-C1411 10/28-11/24 W. Samm. Bridge	81,900.27
JAYMARC - AV	38832	3/1-12/31/17 16-C1583 Town Green Audio/Visual	1,167.79
KCDA PURCHASING COOP	38833	Engineered Wood Fiber for Moorlands Park	11,828.66
KING COUNTY ANIMAL SVCS	38834	Pet Licenses & Renewals	1,235.00
KING COUNTY FINANCE	38835	October Road Svcs - Signs/Banners	206.44
KING COUNTY FINANCE	38835	October Road Svcs - Signs/Banners	600.66

KING COUNTY FINANCE	38836	Nov. Road Svcs/Signs/Signal Maint.	4,307.99
KING COUNTY FINANCE	38836	Nov. Road Svcs/Signs/Signal Maint.	3,500.46
KING COUNTY FINANCE	38837	Nov. Road Svcs - Overlay	1,117.66
KING COUNTY FINANCE	38838	October Community Work Program	5,320.00
KING COUNTY FINANCE	38839	November Community Work Program	5,652.50
KING COUNTY OFFICE OF FINANCE	38840	Nov. Public Defense Indigency Screening	674.42
KING COUNTY SHERIFF	38841	November School Dist. Police Overtime	5,846.67
KPFF CONSULTING ENGINEERS	38842	15-C1484 Nov. Ped/Bike Design Svcs	5,988.50
LAW OFFICE OF JOHN RONGERUDE, PS	38843	December Conflict Defender Svcs	900.00
LIGHTHOUSE CONSULTING INC	38844	November Licensing Svcs	1,987.98
LIGHTHOUSE CONSULTING INC	38844	November Licensing Svcs	473.00
LIGHTHOUSE CONSULTING INC	38845	December Licensing Svcs	2,014.38
LIGHTHOUSE CONSULTING INC	38845	December Licensing Svcs	473.00
LIGHTHOUSE CONSULTING INC	38846	November IT Services	2,107.11
LIGHTHOUSE CONSULTING INC	38846	November IT Services	100.10
LIGHTHOUSE CONSULTING INC	38847	Dec. IT Services	2,517.52
MACLEOD RECKORD	38848	16-C1502 Dec. Moorlands Park Prof. Svcs	2,240.60
MARSHBANK CONSTRUCTION	38849	14-C1328 SR522 West A	17,093.35
MILLER STEPHENS, MARY	38850	December Public Defense Svcs @ SCORE	1,250.00
MILLER STEPHENS, MARY	38851	November Public Defense Svcs @ SCORE	1,250.00
MOTT MACDONALD GROUP, INC.	38852	17-C1657 10/28-11/24 Squire's Landing Svcs	33,293.40
MR. T'S TROPHIES	38853	Council Name Tags & Name Plates	61.49
MUNIMANAGE, LLC	38854	Dec. General Consulting Svcs	5,100.00
MUNIMANAGE, LLC	38855	17-C1668 Dec. LakePointe Prof. Svcs	1,155.00
NORTH COAST ELECTRIC COMPANY	38856	City Hall Light Bulbs	147.70
NORTH COAST ELECTRIC COMPANY	38857	City Hall Light Bulb	5.09
NORTH COAST ELECTRIC COMPANY	38858	Hangar Bldg. Light Replacement	1,637.52
NORTHSHORE FIRE DEPT	38859	Dec. Fire Marshal Plan Review	220.00
NORTHWEST ARBORICULTURE LLC	38860	Dec. Tolt Trail Hazardous Tree Removal	600.15
NORTHWEST ARBORICULTURE LLC	38861	12/07 18216 61st Tree Services	423.41
NORTHWEST ARBORICULTURE LLC	38862	12/12 Swamp Creek Park Tree Removal	2,018.83
OFFICE DEPOT	38863	Calendar	6.03

OFFICE DEPOT	38864	Office Supplies	10.20
OFFICE DEPOT	38864	Office Supplies	7.65
OFFICE DEPOT	38864	Office Supplies	81.71
OFFICE DEPOT	38864	Office Supplies	42.18
OFFICE DEPOT	38864	Office Supplies	48.69
OFFICE DEPOT	38864	Office Supplies	51.05
OFFICE DEPOT	38864	Office Supplies	20.39
OFFICE DEPOT	38864	Office Supplies	92.77
OFFICE DEPOT	38864	Office Supplies	15.29
OFFICE DEPOT	38864	Office Supplies	20.39
OFFICE DEPOT	38864	Office Supplies	15.29
OFFICE DEPOT	38865	Office Supplies	69.18
OFFICE DEPOT	38865	Office Supplies	27.68
OFFICE DEPOT	38866	Supplies	16.49
OFFICE TEAM	38867	Temporary Svcs - Week Ending 12/29	150.90
OHNO CONSTRUCTION	38868	17-C1662 Rhododendron Park 12/15-1/5	11,632.38
OHNO CONSTRUCTION	38868	17-C1662 Rhododendron Park 12/15-1/5	8,210.42
OHNO CONSTRUCTION	38868	17-C1662 Rhododendron Park 12/15-1/5	(9,030.00)
OLBRECHTS & ASSOCIATES, PLLC	38869	Dec. Hearing Examiner Thompson CE17-0015	528.00
OLYMPIAN PRECAST, INC.	38870	C-Curb to Replace Damaged Section	136.40
PACIFIC TOPSOILS	38871	Gravel for Logboom Park	36.91
PERTEET INC.	38872	17-C1688 11/27-12/31 202nd/62nd Const. Mgmt.	1,590.53
PERTEET INC.	38872	17-C1688	11,300.01
PHSI PURE HEALTH SOLUTIONS INC.	38873	City Hall Filtered Water Systems	101.09
PUGET SOUND ENERGY	38874	12/1-12/31 City Hall Electricity	2,978.09
PUGET SOUND ENERGY	38874	12/2-1/2 Traffic Signals	10.46
PUGET SOUND ENERGY	38874	12/2-1/2 61st/181st Street Lights	107.70
PUGET SOUND ENERGY	38874	12/2-1/2 68th (Spencer Square) Street Lights	103.32
PUGET SOUND ENERGY	38874	11/29-12/14 Moorlands Park Electric	19.83
PUGET SOUND ENERGY	38874	11/13-12/13 Rhododendron Park Electric	581.72
QUALITY BUSINESS SYSTEMS INC.	38875	12/2-1/1 2nd Floor Copier Charges	187.01
QUALITY BUSINESS SYSTEMS INC.	38876	10/1-12/31 1st Floor Copier Overage Chgs	2,085.95
REPUBLIC SERVICES	38877	Dec. Rhododendron Park Solid Waste	361.52
REPUBLIC SERVICES	38878	Dec. City Hall Solid Waste	308.60
REPUBLIC SERVICES	38879	Hangar Bldg. Solid Waste for Dec.	453.71
SARAH ROBERTS	38880	December Prosecution Services	10,836.09
SCORE	38881	December Inmate Housing Adjustment	6,744.36
SNOHOMISH COUNTY	38882	December Vector Disposal	3,763.00
STAPLES ADVANTAGE	38883	City Hall Supplies	28.75
STAPLES ADVANTAGE	38884	City Hall & Hangar Bldg. Maint. Supplies	101.24

STAPLES ADVANTAGE	38884	City Hall & Hangar Bldg. Maint. Supplies	101.23
STARDOM SERVICES, INC.	38885	Incubator Bldg. Dec. Janitorial Service	510.00
STATE OF WA DEPT. OF LICENSING	38886	Dec. Code Enforcement Vehicle Plate Lookup	1.24
TOP TO BOTTOM JANITORIAL, INC.	38887	City Hall December Janitorial Svcs	3,500.00
TOWN CENTER HARDWARE	38888	December Public Works Supplies	23.29
TOWN CENTER HARDWARE	38888	December Public Works Supplies	85.76
TOWN CENTER HARDWARE	38888	December Public Works Supplies	5.49
UNITED STATES POSTMASTER	38889	City Wide Postcard Mailer	815.98
UNITED STATES POSTMASTER	38889	City Wide Postcard Mailer	815.98
URBAN FORESTRY SERVICES, INC.	38890	MoorlandsTree Assessment Services	362.50
UTILITIES UNDERGROUND LOCATION CTR	38891	December Utility Locates	123.84
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	98.69
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	20.76
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	58.58
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	161.26
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	77.83
VERIZON WIRELESS	38892	Cell Phones/I-Pads/Jet Packs	185.21
WA STATE DEPT OF TRANSPORTATION	38893	Cell Phone/I-Pads/Jet Packs	1,642.43
WELLS FARGO FINANCIAL	38894	2nd Floor Coper Lease 12/21-1/20	619.73
WILLIAMS, KASTNER & GIBBS PLLC	38895	Atty Svcs Kenmore v. El-Sharawy	2,910.99
WALTER E. NELSON CO.	38896	I-MOP XL LITHIUM-ION AUTO DISK SCRUBBER	4,821.50
WALTER E. NELSON CO.	38896	Hangar Bldg. Maintenance Supplies/Equipment	365.45
NAVIA	DFT0000111	Employee Flexible Spending Account	153.85
NAVIA	DFT0000111	Employee Flexible Spending Account	161.00
NAVIA	DFT0000111	Employee Flexible Spending Account	85.38
NAVIA	DFT0000111	Employee Flexible Spending Account	96.15
BANK OF AMERICA 941	DFT0000112	Social Security	590.76
BANK OF AMERICA 941	DFT0000112	Medicare	2,690.94
BANK OF AMERICA 941	DFT0000112	Federal Withholding	9,995.94
BANK OF AMERICA 941	DFT0000112	Medicare	348.32
BANK OF AMERICA 941	DFT0000112	Federal Withholding	1,089.85
BANK OF AMERICA 941	DFT0000112	Social Security	133.92
BANK OF AMERICA 941	DFT0000112	Federal Withholding	997.37
BANK OF AMERICA 941	DFT0000112	Medicare	230.00
JOE MARSHALL	Ck #10085	Payroll	351.71
DEBRA SREBNIK	Ck #10086	Payroll	327.28
PAYROLL	1/5/2018	Direct Deposit	75,622.62
TOTAL:			<u><u>579,549.22</u></u>



City of Kenmore

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0002	ACTION ENTERTAINMENT	1,100.00
0014	AMERICAN PLANNING ASSOCIATION	1,065.00
0022	ASSOCIATION OF WA CITIES	20,270.00
0024	BAKER, DAVID	3,661.59
0025	BAKER, SHERI	24.34
0037	BASTYR UNIVERSITY	50,200.00
0047	BRAVO ENVIRONMENTAL , NW INC.	129,456.95
0050	BRUCE C ALLEN & ASSOC INC	14,750.00
0051	BRUCE DEES & ASSOCIATES	3,547.69
0054	BULGER SAFE & LOCK, INC.	885.95
0064	CASCADE PEST CONTROL	1,714.05
0067	CENTER FOR HUMAN SERVICES	15,750.00
0076	CITY OF BELLEVUE	150,627.75
0083	CITY OF LAKE FOREST PARK	930,350.12
0086	CITY OF SHORELINE	3,617.23
0092	CODE PUBLISHING COMPANY	8,712.45
0099	CONSOLIDATED PRESS	11,635.14
0102	CAPITAL ONE COMMERCIAL/ COSTCO	1,159.65
0106	CROWN PRODUCTS LLC	1,023.15
0109	DAILY JOURNAL OF COMMERCE	3,329.50
0111	DEPARTMENT OF ECOLOGY	30,901.78
0117	DUNN LUMBER COMPANY	58.08
0121	REPUBLIC SERVICES	12,112.09
0130	EMPLOYMENT SECURITY DEPT	249.00
0134	EVERGREEN PRINT SOLUTIONS	811.59
0137	FERGUSON ENTERPRISES INC #1539	9,993.95
0145	FRUHLING SAND & TOPSOIL	5,044.75
0147	FUN RENTALS	710.66
0151	CALPORTLAND COMPANY	1,615.24
0152	GOVERNMENT FINANCE OFFICERS ASSOC	190.00
0169	HERRERA ENVIRONMENTAL CONSULTANTS	18,559.00
0173	HOME DEPOT CREDIT SERVICES	822.32
0182	INGLEMOOR HIGH SCHOOL MUSIC BOOSTER	100.00
0184	INSLEE, BEST, DOEZIE & RYDER, P.S.	253,546.27
0189	INTERNATIONAL CITY/CNTY MGMT ASSOC	2,526.76
0191	INTERNATIONAL INST OF MUNI CLERKS	225.00
0197	JET CITY PRINTING	3,971.07
0201	KCDA PURCHASING COOP	100,444.41
0204	KENMORE COMMUNITY CLUB	250.00
0205	KENMORE HERITAGE SOCIETY	585.00
0212	KING COUNTY FINANCE W.L.R.D.	21,759.35
0213	KING COUNTY ANIMAL SVCS	4,123.00
0217	KING COUNTY DISTRICT COURT	87,695.00
0218	KING COUNTY FINANCE	4,484.06
0219	KING COUNTY FINANCE	731,338.65
0221	KING COUNTY FLEET ADMIN	464.31
0224	SOUND PUBLISHING, INC.	8,952.25
0229	KING COUNTY OFFICE OF FINANCE	8,331.70
0230	KING COUNTY RADIO COMM SERVICES	1,199.84
0233	KING COUNTY SHERIFF	3,337,852.05
0235	KING COUNTY TREASURY	25,340.41
0237	FEDEX OFFICE	471.27

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0238	BLACKBAUD	7,304.24
0243	KUSTOM SIGNALS, INC.	2,952.99
0251	LIGHTHOUSE CONSULTING INC	65,485.89
0260	MEEHAN, NANCY	62.60
0261	PENDLETON CONSULTING LLC	7,866.55
0265	MORGAN SOUND INC	6,029.60
0267	MR. T'S TROPHIES	694.93
0280	NEOPOST USA INC.	425.86
0285	NORTHSHORE FIRE DEPT	3,700.00
0287	NORTHSHORE SENIOR CENTER	23,700.00
0288	NORTHSHORE UTILITY DIST	167,394.26
0289	NORTHSHORE YMCA	4,875.00
0290	NORTHSHORE YOUTH & FAMILY SERVICES	16,000.00
0292	HONEY BUCKET	6,270.41
0299	PERSONAL BEST/ TOPHEALTH	117.74
0300	OFFICE DEPOT	15,011.75
0302	OFFICE TEAM	6,915.70
0303	OGDEN, MURPHY, WALLACE	97.50
0304	OLYMPIC ENVIRONMENTAL RESOURCES INC	33,844.92
0310	PACIFIC TOPSOILS	1,761.47
0311	PARAMETRIX INC	593.75
0314	PETTY CASH CUSTODIAN	1,215.32
0327	PUGET SOUND CLEAN AIR AGENCY	17,756.00
0328	PUGET SOUND ENERGY	183,322.73
0329	PUGET SOUND FINANCE OFFICERS ASSOC	50.00
0331	PUGET SOUND REGIONAL COUNCIL	8,502.00
0336	CEMEX	2,827.66
0345	SEATTLE TIMES	12,036.89
0350	SIGN UP, SIGN CO, INC	2,495.85
0355	STAPLES ADVANTAGE	9,169.04
0356	STATE AUDITOR'S OFFICE	39,379.48
0357	STEWART MACNICHOLS HARMELL, INC.	60,306.61
0359	SOUND CITIES ASSOC	14,279.83
0365	TOTAL LANDSCAPE CORP	116,705.13
0370	UNITED RENTALS NW, INC	1,583.60
0371	UNITED STATES POSTMASTER	6,457.62
0375	US POSTAL SERVICE (HASLER)	10,718.80
0382	W.S.S.O. Advanced Training	780.00
0385	WA ASSOC OF BUILDING OFFICIALS	2,590.00
0386	WA ASSOC OF CODE ENFORCEMENT	275.00
0387	WA CITIES INSURANCE AUTHORITY	265,101.00
0389	WASHINGTON CITY/COUNTY MGMT ASSOC	630.00
0390	WA FINANCE OFFICERS ASSOCIATION	150.00
0391	WASHINGTON MUNICIPAL CLERKS ASSOC	100.00
0397	WA STATE DEPT OF CORRECTIONS	193.44
0401	WA STATE DEPT OF TRANSPORTATION	66,611.78
0404	WASHINGTON STATE O.M.W.B.E.	150.00
0412	COLUMBIA RIDGE LANDFILL	10,365.72
0416	WETLANDS & WOODLANDS INC	9,677.06
0419	WONDERLAND DEVELOPMENT	3,750.00
0422	NATIONWIDE FINANCIAL 401a	333,773.67
0423	NATIONWIDE RETIREMENT SOLUTIONS 457	7,220.00
0424	ICMA RETIREMENT TRUST 457 - 304745	87,717.06
0425	DRS 457	12,505.00
0426	AFLAC	5,513.76
0428	BANK OF AMERICA 941	464,837.90
0429	AWC EMPLOYEE BENEFITS	581,991.28
0431	DEPARTMENT OF RETIREMENT SYSTEMS	539,627.92

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0432	DEPARTMENT OF LABOR AND INDUSTRIES	36,132.49
0434	UNITED WAY OF KING COUNTY	5,152.00
0436	NATIONAL LIFE OF VERMONT	1,478.04
0441	DANSOUND INC	7,834.20
0448	UPS STORE	2,744.00
0449	ACF WEST INC	1,253.23
0450	AURORA RENTS	634.87
0466	BERK CONSULTING	86.86
0473	ARTS OF KENMORE	950.00
0480	WASHINGTON TREE SERVICE INC	1,540.00
0484	CITY WIDE FENCE COMPANY, INC	1,209.98
0497	DAY WIRELESS SYSTEMS	1,546.04
0501	MACLEOD RECKORD	174,984.98
0515	NATIONAL LEAGUE OF CITIES	1,489.00
0517	VAN NESS, ALLAN	112.37
0542	AMERICAN SOCIETY OF COMPOSERS	344.13
0550	KING COUNTY RECORDER'S OFFICE	537.00
0558	SNOHOMISH COUNTY	12,127.00
0565	SPERRY, LAURIE	1,266.76
0575	FUNRENT	1,171.50
0584	WASHINGTON STATE PATROL	479.23
0586	MAIL FINANCE	2,821.60
0588	ENVIRONMENTAL SYSTEMS RESEARCH INST	5,694.00
0594	RANDALL, BRIAN	1,332.70
0596	H.B. JAEGER COMPANY, LLC	1,497.23
0597	ALL TRAFFIC DATA SERVICES, INC.	1,500.00
0600	HARRIS, LESLIE	189.82
0608	OLD ADDRESS KONICA MINOLTA	179.42
0610	WA STATE DEPT OF TRANSPORTATION	657.28
0639	KONICA MINOLTA BUSINESS SOLUTIONS	2,818.68
0641	TELESYSTEMS WEST	630.32
0668	BANNER BANK LD	11,500.63
0675	BANNER BANK CS	6,581.12
0685	PACE ENGINEERS, INC.	181,849.87
0689	DIGITAL REPROGRAPHICS SERVICES INC.	144.32
0690	BUILDERS EXCHANGE OF WASHINGTON INC	1,414.15
0692	HDR ENGINEERING, INC	654,617.09
0696	AMERICAN GENERAL LIFE GPO-4005	4,738.95
0699	BANNER BANK DB	5,515.99
0721	INGALLINAS BOX LUNCH	52.69
0743	BANNER BANK NO	13,658.93
0764	OUSLEY, NANCY	1,638.25
0766	ICOMPASS TECHNOLOGIES, INC.	10,115.00
0772	GROUP FOUR INC.	3,722.20
0781	QUALITY BUSINESS SYSTEMS INC.	11,171.99
0791	NORTHSHORE ROTARY CLUB	823.00
0800	BANNER BANK JG	11,178.43
0817	GRAINGER	1,933.21
0831	NORTHSHORE PARK & REC SERVICE AREA	2,567.00
0833	VAUGHAN, KENT	7,921.81
0834	BANNER BANK KENMORE	37,886.81
0850	UNCLE STINKY'S MAGIC	247.50
0851	EVER-MARK, LLC	8,656.27
0852	GREGORY, JOANNE	2,679.54
0857	EAST JORDAN IRON WORKS	17,405.02
0858	A+ CONFERENCING	498.18
0868	JAYMARC - AV	6,476.41
0869	BANNER BANK JGORDON	10,744.10

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
0871	GORDON, JENNIFER	150.00
0875	WA STATE DEPARTMENT OF AGRICULTURE	33.00
0881	EVERGREEN SAFETY COUNCIL	299.00
0892	JACOBS ENGINEERING GROUP	574,528.47
0898	ZONAR SYSTEMS	525.33
0899	SHRED-IT USA LLC	853.57
0912	ALCALDE & FAY	61,532.22
0913	KENMORE ELEMENTARY PTA	3,750.00
0924	MAACO	383.25
0928	REDFIELD PROPERTIES LLC	2,500.00
0937	ZUMAR	3,932.19
0968	KOMPAN, INC	2,928.20
0981	COMCAST BUSINESS	29,052.44
0983	PASSPORT TRAVEL AND TOURS	184.40
0992	CSAT, LLC	2,200.00
0993	KING COUNTY MUNICIPAL CLERKS ASSOC	25.00
0994	GORDON THOMAS HONEYWELL	48,337.25
0996	ANDERSON, LAURI	284.73
1003	iWORQ SYSTEMS	2,800.00
1010	TOWN CENTER HARDWARE	1,801.23
1012	VERSATILE MOBILE SYSTEMS	260.88
1032	SAWYER, RICHARD	206.30
1045	HORIZON DISTRIBUTORS INC	1,532.04
1047	SARAH ROBERTS	130,033.08
1052	FIRE PROTECTION, INC	14,337.82
1053	INTERNATIONAL CODE COUNCIL, INC	114.40
1063	MPH INDUSTRIES, INC	100.15
1068	WA STATE DEPT OF LABOR & INDUSTRIES	141.60
1079	INTEGRA TELECOM	1,799.53
1114	PHSI PURE HEALTH SOLUTIONS INC.	1,211.70
1116	FRONTIER	12,624.27
1118	FAZZARI MARKETING	1,701.85
1123	AM TEST, INC	1,800.00
1131	SUSSMAN/PREJZA & CO, INC	220.00
1132	LAW OFFICE OF JOHN RONGERUDE, PS	2,700.00
1140	PAWS	4,680.00
1148	AGORA NW LLC	674.31
1152	WASHINGTON ENERGY SERVICES CO. LLC	28.00
1161	INDEPENDENT STATIONERS	473.78
1168	SCHINDLER ELEVATOR CORPORATION	3,435.70
1177	WELLS FARGO FINANCIAL	7,600.26
1181	BANNER BANK BH	7,337.03
1186	NICK MINZGHOR	4,650.00
1192	HOPKINS, CRAIG	807.33
1193	DEVRIES, DENIS	466.03
1197	MILLER STEPHENS, MARY	13,750.00
1212	MCALLISTER, TERESA	132.77
1215	STATE OF FLORIDA DISBURSEMENT UNIT	7,150.00
1216	ADVANCE TESTING & SERVICE INC	918.00
1222	OLSON BROTHERS PRO-VAC	11,936.10
1226	CONTECH ENGINEERED SOLUTIONS, INC	9,867.00
1257	BROADCAST MUSIC, INC.	342.00
1258	SESAC	417.00
1259	PERTEET INC.	289,815.78
1267	AUTOMATED CONTROLS	3,087.90
1269	KAMINS CONSTRUCTION INC.	732,947.08
1273	NRC ENVIRONMENTAL SERVICES, INC.	30,922.11
1291	SCHNEE, CARLA	193.57

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
1293	THE WATERSHED COMPANY	3,493.56
1297	GOVERNMENT FINANCE RESEARCH GROUP	1,995.00
1299	VERIZON WIRELESS	6,491.23
1308	BANNER BANK VAN NESS	3,610.64
1309	BANNER BANK BAKER	13,621.94
1311	WASHINGTON STATE PATROL	3,530.84
1313	GREATER BOTHELL CHAMBER OF COMMERCE	6,223.11
1322	AABCO BARRICADE COMPANY INC.	3,183.05
1326	JOYCE ZIKER PARKINSON	7,709.50
1327	HWA GEOSCIENCES INC.	20,709.28
1328	ANCHOR QEA, LLC	4,571.50
1333	WELWEST CONSTRUCTION INC.	1,203,368.68
1334	BANNER BANK PS	617.09
1337	STATE OF WA DEPT. OF LICENSING	30.00
1339	STATE OF WA DEPARTMENT OF LICENSING	450.00
1342	PETERSON, JANET	800.00
1344	OVERLEESE, KRISTEN	87.40
1353	WAGE WORKS	238.00
1356	KARLINSEY, ROB	528.87
1357	KENMORE COMMERCIAL LLC	38,559.00
1358	ALPHAGRAPHS	1,593.69
1359	EVERGREEN FIRE AND SAFETY, INC.	160.33
1360	GOODSELL POWER EQUIPMENT #2 INC.	132.68
1370	WINTERBOURNE LANDSCAPE	2,307.41
1372	AAA PRINTING	2,010.46
1377	D.R. HORTON	11,885.43
1378	JSH PROPERTIES, INC.	4,872.24
1383	CHICAGO TITLE	2,697.45
1384	FRONTIER	64,421.28
1385	CITYWORKS/ AZTECA SYSTEMS INC.	21,900.00
1390	UTILITIES UNDERGROUND LOCATION CTR	2,812.20
1395	CUES	620.43
1402	NORTHWEST MARINE TRADE ASSOCIATION	440.00
1403	OSBORN CONSULTING INC.	213,337.66
1407	CONTOUR FENCE CO. INC.	4,620.20
1412	SKAGIT GARDENS	4,015.66
1414	G & H PRINTING	319.29
1416	MOBILE MINI, INC.	1,018.65
1419	NORTHWEST LANDSCAPE SERVICES	20,901.49
1420	SAUVE, GAYLEN	400.00
1425	FASTSIGNS	2,502.25
1429	PLANNING ASSOCIATION OF WASHINGTON	160.00
1431	BRIEN, GAYLYNN	600.00
1450	ECONOMIC DEV COUNCIL OF SEATTLE/KC	10,000.00
1452	CITY OF KENT	500.00
1456	HESTON VISUAL ARTS	877.88
1457	LANGUAGE LINE SERVICES, INC.	535.28
1459	FLEMINGS HOLIDAY LIGHTING LLC	9,009.89
1465	WA TRUST FOR HISTORIC PRESERVATION	100.00
1471	TRINITY CONTRACTORS, INC.	96,048.01
1476	NEW PIG	1,397.04
1478	HERBIG, NIGEL	957.75
1479	A V CAPTURE ALL	4,718.57
1480	VERTICAL VISUAL SOLUTIONS INC.	37,991.26
1482	HIGHWIRE	1,885.59
1485	WA ASSOC OF PUBLIC RECORDS OFFICERS	550.00
1500	MARINE FLOATS CORPORATION	4,354.36
1504	SCORE	353,750.11

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
1509	MICRONET, INC.	151.12
1521	SPOT HOT DOG & BRATS	90.00
1524	GOVDELIVERY, INC.	11,576.25
1533	314 PIE	90.00
1540	A-1 LANDSCAPING & CONSTRUCTION, INC	1,502,249.61
1544	METROPOLITAN TRANS. COMMISSION	4,000.00
1547	LOYUK, SAMANTHA	528.16
1550	HANSEN, COREY	69,554.00
1552	DENUSKI, STACEY	745.06
1555	LINCOLN NATIONAL LIFE INSURANCE	11,472.19
1563	SHANE-KULMER, SEAN P.	250.00
1577	MUMMA, RYAN	461.02
1581	STARDOM SERVICES, INC.	6,179.80
1583	RICHMOND AMERICAN HOMES OF WA	15,000.00
1586	APPLIED TECHNOLOGIES NW INC.	29,590.83
1590	HERMANSON COMPANY, LLP	7,319.25
1591	ULINE	614.69
1592	EVERETT INDUSTRIAL PACIFIC REHABILI	1,900.00
1593	A & A LIMOUSINE & BUS SERVICE	480.00
1594	SEXTANT MARKETING GROUP	8,209.22
1606	GALLATIN PUBLIC AFFAIRS	50,980.00
1607	SCHOCK, BRETT	377.26
1609	MARSHBANK CONSTRUCTION	324,725.10
1612	ALEXANDER, JEFF	250.00
1628	HSA BANK	42.30
1629	WESTERN DISPLAY FIREWORKS, LTD.	17,000.00
1634	SREBNIK, DEBRA	57.98
1644	PASIFIKA ARTIST NETWORK LLC	2,000.00
1657	STEWART TITLE COMPANY	49,253.55
1661	WHITEMAN, TELA	327.78
1666	LANDSCAPE FORMS, INC.	503.70
1673	KPFF CONSULTING ENGINEERS	335,820.80
1674	PHSI PURE WATER FINANCE	301.86
1678	VICENTE, JOHN	481.29
1689	MOTT MACDONALD GROUP, INC.	296,665.80
1690	SITTS & HILL ENGINEERS, INC.	12,181.36
1692	STATEWIDE RENT-A-FENCE INC.	3,791.76
1693	SKYWARD CONSTRUCTION	58,921.18
1698	WRIGHT, MARCI	2,800.00
1701	THE SEATTLE TIMES NIE	950.00
1704	BANNER BANK RK	16,412.83
1711	SOFTWAREONE, INC.	10,157.42
1712	SITEIMPROVE, INC.	3,049.00
1714	KRAZAN & ASSOCIATES, INC.	15,988.00
1719	SALTER, JON	1,170.70
1721	GOOD TO GO	76.25
1731	NORTHWEST ARBORICULTURE LLC	60,217.50
1734	TOP TO BOTTOM JANITORIAL, INC.	44,391.00
1738	MUNIMANAGE, LLC	62,110.00
1749	DEPPA, DOUG	669.02
1754	RFI ENTERPRISES INC.	13,498.10
1758	FUJII, GLORIA	500.00
1759	CORT PARTY RENTAL	5,260.96
1762	BAKER, BRIDGIT	287.09
1764	REIQUAM, PETER	12,500.00
1772	ARTSITELTD, LLC	3,038.75
1774	OWEN EQUIPMENT COMPANY	2,739.63
1777	EA ENGINEERING SCIENCE & TECHNOLOGY	34,029.79

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
1778	FINANCIAL CONSULTING SOLUTIONS GROU	50,796.83
1782	SWANK MOTION PICTURES, INC.	1,914.00
1785	ECOSS	4,149.77
1786	TYLER TECHNOLOGIES, INC.	92,499.98
1791	PROFFITT, QUINN	150.00
1793	QUINN, JANET	74.68
1795	CABOT DOW ASSOCIATES, INC.	412.50
1798	OLBRECHTS & ASSOCIATES, PLLC	27,089.50
1801	REACTCS	250.00
1806	RYCO EQUIPMENT, INC.	630.44
1810	ABBAY PARTY RENTS OF WA, INC.	667.49
1814	YSI INCORPORATED, A XYLEM BRAND	2,038.57
1816	NAVIA	12,794.66
1817	UFF DA LOGISTICS	283.59
1818	GORLIN, LARRY N.	330.00
1823	JET CITY IMPROV	600.00
1824	URBAN FORESTRY SERVICES, INC.	2,894.62
1825	CANYON VIEW ESTATES	7,561.70
1826	MCCLURE AND SONS, INC.	110,099.30
1827	LENTZ, FLORENCE K.	7,275.00
1828	QUALITY BUSINESS SYSTEMS	7,424.69
1829	SHI INTERNATIONAL CORP.	375.59
1830	CLARK & SONS EXCAVATING INC.	18,260.00
1831	VELLAT, MARC H.	32,050.00
1832	EASTSIDE HOMES, INC.	106,645.57
1833	NAZARIYA, ANATOLI	1,566.46
1834	SUMMIT TREE AND LAND, INC.	4,489.50
1835	INC4INC, INC.	7,500.00
1836	BEST HARBOUR DEVELOPMENT LLC	7,500.00
1837	DACO ENTERPRISES, LLC	2,500.00
1838	AVIDIA HEALTH	1,846.00
1839	PLANTS NORTHWEST, INC.	3,269.30
1840	BERGMANN, SEAN & LINETTE	9,500.00
1841	SEATTLE PHOTO BOOTHS	565.02
1842	SIMONDS COURT LLC	8.36
1843	TUFF SHED, INC	1,872.83
1844	YOM: FULL SERVICE COURT REPORTING	9,055.00
1845	WETHERHOLT & ASSOCIATES, INC	7,855.00
1846	AWCPD	100.00
1847	THE GREENBUSCH GROUP, INC.	8,929.91
1848	STANLEY PATRICK STRIPING COMPANY	38,747.76
1849	TIM HUNTER CREATIVE SERVICES	2,075.00
1850	GOPALAKRISHNAN, ANUSHA	250.00
1851	BLESSINGTON, DEBBIE	611.67
1852	STANTON, ANN	389.17
1853	HALO BRANDED SOLUTIONS	6,620.50
1854	LUTRON SERVICES CO., INC.	487.50
1855	OFFICE DEPOT	3,353.88
1856	ARCADIA HOMES LLC	20.00
1857	NORTHSHORE CHURCH	210.00
1858	SCHARBACH, WAYNE	106.05
1859	IRON CREEK CONSTRUCTION LLC	112,154.37
1860	CASCADE BICYCLE CLUB	40.00
1861	DIVA II LLC	176,190.34
1862	ASHEIA BIAS	1,750.00
1863	HAULAWAY STORAGE CONTAINERS, INC.	1,131.90
1864	INTERNATIONAL SOC. OF ARBORICULTURE	135.00
1865	BENJOEMUSIC, LLC	1,000.00

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
1866	JEFF SCROGGINS & COLORADO, LLC	1,500.00
1867	TACK PHOTOGRAPHY	8,100.00
1868	FLYNN, ASHLEIGH	1,250.00
1869	LAMBERT-RYAN, SHANNON	1,500.00
1870	CRISP CREPERIE FOOD TRUCK	36.00
1871	ADELMAN, ASHLEY	71.55
1872	BAKKER, DREW	117.48
1873	ENGINEERING/REMEDIATION RES. GROUP	920,499.90
1874	LEGER, DEJAH	600.00
1875	STEWART, THOMAS	212.10
1876	BUSCHKE, ALEXANDRA	200.00
1877	SARREAL, JORDANI	250.00
1878	LWD, LLC	8,188.40
1879	HOLMBERG COMPANY	2,649.61
1880	TRIMAXX CONSTRUCTION, INC.	115,204.43
1881	MUSIC CENTER OF THE NORTHWEST	250.00
1882	SIGNCO	1,202.30
1884	CADMAN MATERIALS, INC.	1,934.60
1885	NATIONAL BARRICADE CO., LLC	2,579.68
1886	WSAPT	235.00
1887	HIGHCOM SECURITY, INC.	286.40
1888	PEOPLEREADY	21,938.01
1889	WILLIAMS, KASTNER & GIBBS PLLC	30,016.83
1890	PACIFIC HOMES CONSTRUCTION	7,500.00
1892	HEARTH MUSIC	3,500.00
1893	YUNUSOV, SURIYA	36.00
1894	KEARNEY, AMANDA	3,387.00
1897	FAVORITE STUDIOS, INC.	546.88
1898	INTEGRITY FURNITURE	2,747.00
1899	KONTAGIOUS PERFORMING CO.	300.00
1900	ASPECT CONSULTING LLC	3,769.22
1901	NORTH COAST ELECTRIC COMPANY	3,987.03
1902	PHOTOTAINMENT	710.00
1903	PERRONE CONSULTING, INC., P.S.	8,412.98
1904	SHARP, GARY C	212.10
1905	GILLY, DONNA	212.10
1906	COOLEY SMILES	100.00
1907	CHRISTOPHER, MARINA	1,250.00
1908	VAUGHAN, KENT	1,550.00
1909	GOHEEN, JOSEPH W.	200.00
1910	BORROMEO, GABRIELLE	800.00
1911	SEATTLE BALLOON DECORATIONS	331.40
1912	TONY LIND PAVING	28,555.00
1914	MCNAMARA SIGNS	1,352.04
1918	CAIRN BREWING	140.00
1920	BERGER PARTNERSHIP	26,874.18
1921	CITY OF MARYSVILLE PARKS, CULTURE & RECREATION	4,200.00
1922	INNOVATIVE DATA ACQUISITIONS LLC	2,550.00
1923	BRIZO, CARLOS A.	604.00
1924	WHIRLWIND SERVICES, INC.	18,268.35
1926	GUARDIAN SECURITY SYSTEMS, INC.	648.00
1927	GAMETIME	6,647.31
1928	BANCHERO, ALISON	150.00
1929	NINE YARDS BREWING, CORP.	180.00
1930	T-MOBILE USA, INC.	244.94
1931	TROCANO, LAUREN	250.00
1932	U.S. BANK N.A. - CUSTODY	232.00
1933	VALLEY, CHRIS & BETH	2,593.35

Vendor Purchasing Report

For Date Range 01/01/2017 - 12/31/2017

Vendor Set: Vendor Set 01

Vendor	Name	Volume
1934	WASHINGTON ASPHALT SEALERS, INC.	23,636.28
1935	YUMMY BOX FOOD TRUCK LLC	252.00
1936	SUPERION, LLC	33,311.50
1937	APPLY-A-LINE, INC.	7,411.50
1939	ARCHIVESOCIAL, INC.	2,388.00
1940	CURTIS, MARGARET	123.35
1941	PACIFIC LAMP & SUPPLY COMPANY	70.40
1942	GOURLIE, KYLE & AMANDA	216.00
1943	BALDWIN DESIGN WORKS, LTD.	1,510.47
1944	OHNO CONSTRUCTION	1,102,320.35
1945	GLASS MASTERS LLC	3,065.00
1947	MCMILLAN, RANDY	250.00
1948	MULTICARE CENTERS OF OCCUPATIONAL MEDICINE	190.00
1949	TURNSTONE CONSTRUCTION, INC.	566.59
1950	BERRY SIGN SYSTEMS	12,011.58
1951	BERGQUIST, WILBUR	208.06
1952	CHILLZ	12.00
1953	CONNOR, DARLENE	250.00
1954	BENT, DEBORAH	63.30
1955	HUIZENGA ENTERPRISES, LLC	40,000.00
1956	GARZA, WILLIAM	150.00
1957	NEMES, EUGEN	1,765.00
1958	NORTH HILL PROPERTIES, INC.	20,365.60
1959	TLG LEARNING	212.00
1960	WALTER E. NELSON CO.	6,905.53
1961	WESTERN ENTRANCE TECHNOLOGY, LLC	4,196.50
1962	BANNER BANK SKROGH	2,074.45
1963	COMBINED CONSTRUCTION, INC.	32,721.58
1964	EARTHWORKS	9,445.10
1965	KENMORE SQUARE LLC	275.58
1967	BRIGHTEN DEVELOPMENT LLC	20.00
1968	ALEXANDER PARTY RENTALS	799.09
1969	CAPITOL ASSET & PAVEMENT SERVICES INC.	22,950.00
1970	CROSSROAD SIGN	1,500.15
1971	FOLK DANCE ACADEMY CORPORATION	150.00
1972	SUBWAY	224.55
1973	LAYNE PLUMBING & WATER HEATERS LLC	308.70
1974	CORNERSTONE CONSTRUCTION GROUP	312.04
1975	COMMUNITY ATTRIBUTES INC.	16,404.88
1976	GRAVLEY, GORDON	40.95
1977	JIM WEBBER TRAINING	1,500.00
1978	GRANICUS	12,155.06
1979	MAIN STREET PROPERTY GROUP LLC	313.13
1981	U.S. BANK	457.81
1984	411 PLUMBER	825.00
1988	OLYMPIAN PRECAST, INC.	136.40
Vendor Set Vendor Set 01 Total:		21,436,970.41



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic: September 2017 Financial Report Presentation	For Council Meeting Agenda of: January 22, 2018 Department: Finance and Administration Prepared by: Joanne Gregory <u>Initial & Date</u> Approved by Department Head: <u>Greg 1-11-18</u> Approved by City Attorney: _____ Approved by Finance Director: <u>Greg 1-11-18</u> Approved by City Manager: <u>RJK</u>
Proposed Council Action/Motion: Receive and File September 2017 Financial Report for the City of Kenmore, Washington	Exhibits/Attachments: September 2017 Financial Report for the City of Kenmore, Washington.
<u>INFORMATION/BACKGROUND:</u> The September 2017 monthly financial report is presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2017-2018 adopted biennial budget. The budget was adopted on December 12, 2016 and amended July 24, 2017. This review also provides an opportunity to identify any potential variances or fluctuations from the budget.	
<u>FISCAL CONSIDERATION:</u> September was the ninth month of the 24-month 2017-2018 biennium. As of September, expenditures for the biennium exceeded revenues in the General Fund by \$206,889. One reason is due to recording \$498,000 of budgeted interfund transfers from the General Fund to the Street Fund and Kenmore Village Fund in September. Also, second half property tax payments are due in October which will boost the revenues by over \$1M. As of September, revenues were 33% of budget as expected and expenditures were 34%. Nationally the unemployment rate dropped to 4.2% and the Dow Jones closed at 22,405, up slightly from the August close.	
<u>COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:</u> Kenmore Budget Policy 9a: A revenue/expenditure report will be produced monthly so that it can be directly compared to the actual results of the fiscal year to date. Kenmore Budget Policy 9b: All budget amendments, both revenues and expenditures, will be noted in the monthly report.	

i:\admin & finance\monthly reports\2017\sept ab summary.docx



PO Box 82607
KENMORE, WASHINGTON 98028

MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director 
DATE: January 11, 2018
RE: September 2017 Financial Reports for the City of Kenmore, Washington

September 2017 financial information is presented for your review and delivery to the City Council. Attached you will find the following reports:

- General Fund Summary
- General Fund Revenue Graphs
- General Fund Expenditure Graphs
- Street Fund Summary
- Other Funds Graphs
- Sales Tax Receipts by Business Type
- Retail Sales and Use Tax Distribution
- Real Estate Excise Tax Report
- Monthly Report for Kenmore Village
- Report for Transportation Benefit District

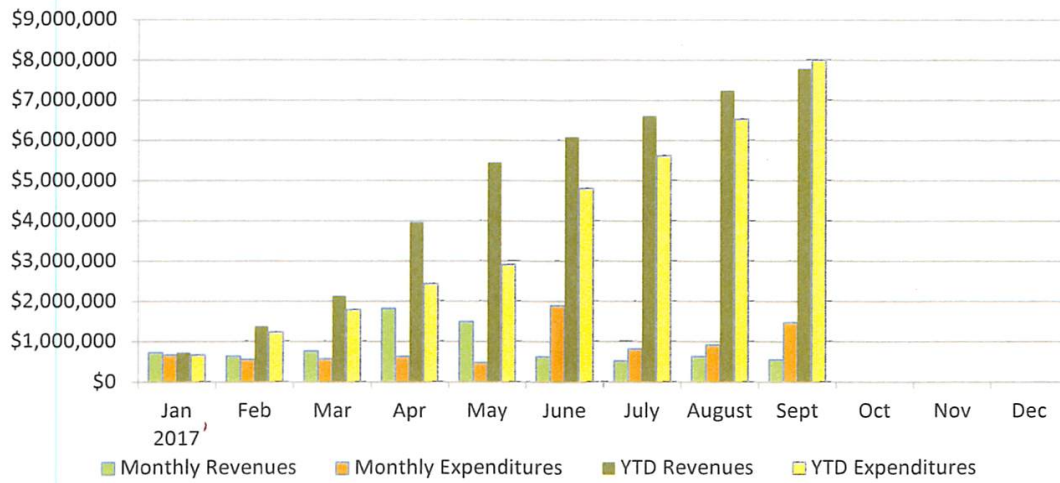
If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

GENERAL FUND

The first section of the monthly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service. In the context of the biennial budget, September is the ninth month (36%) of the 2017-2018 biennial budget period. For the month of September, expenditures exceeded revenue in the General Fund by \$916,940. Biennium to date expenditures exceed revenues by \$206,889.

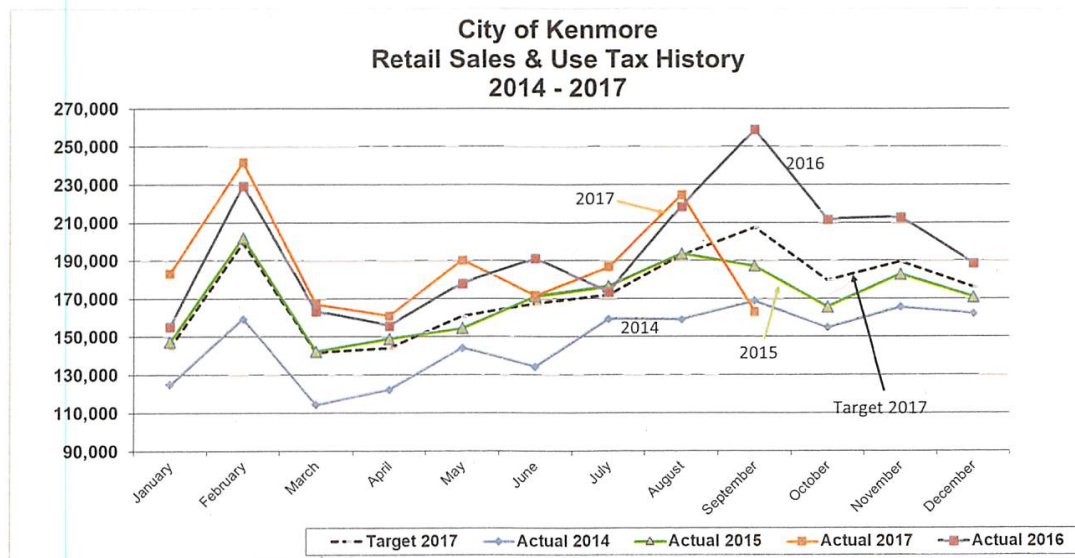
The following chart illustrates the monthly revenue and expenditure activity in the General Fund through September 2017.

City of Kenmore, Washington
Monthly Financial Report
September 2017



Total **revenues** for the month were **\$551,812**. Biennium to date revenues are \$7,787,994, which is 33% of the budgeted revenues of \$23,533,174. Primary sources of revenue for the month included property taxes in the amount of \$66,066, development fees & permits in the amount of \$75,333, retail sales and use taxes in the amount of \$163,473, and utility taxes in the amount of \$80,515

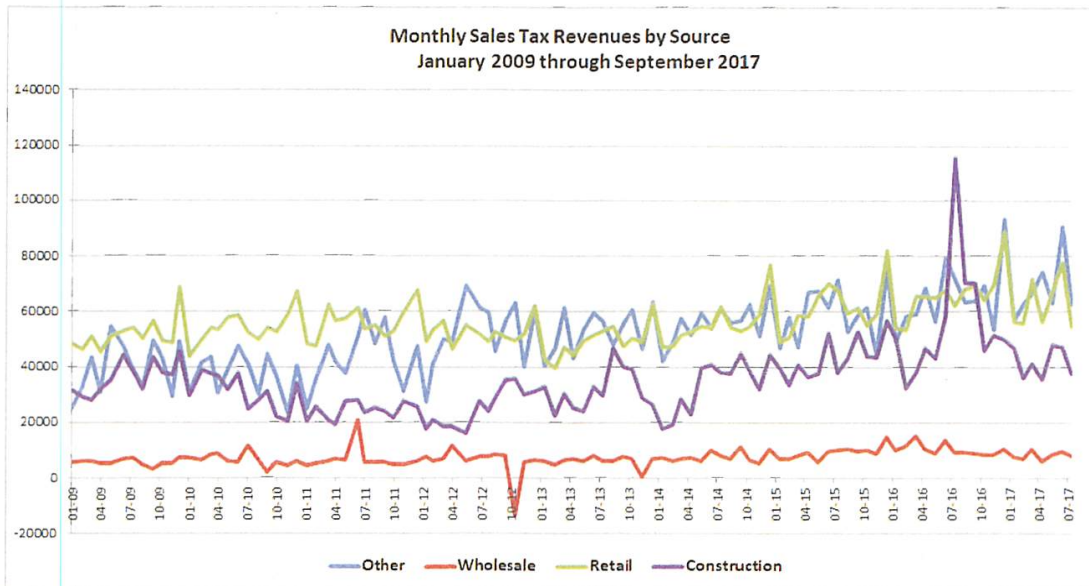
A summary of sales tax revenues received in September is attached. These receipts are based on July sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2017 line is a monthly average of actual receipts during 2014, 2015, and 2016. The orange line represents 2017 actual receipts, which are \$33,163 below 2016, and ahead of 2017 target by \$162,861.



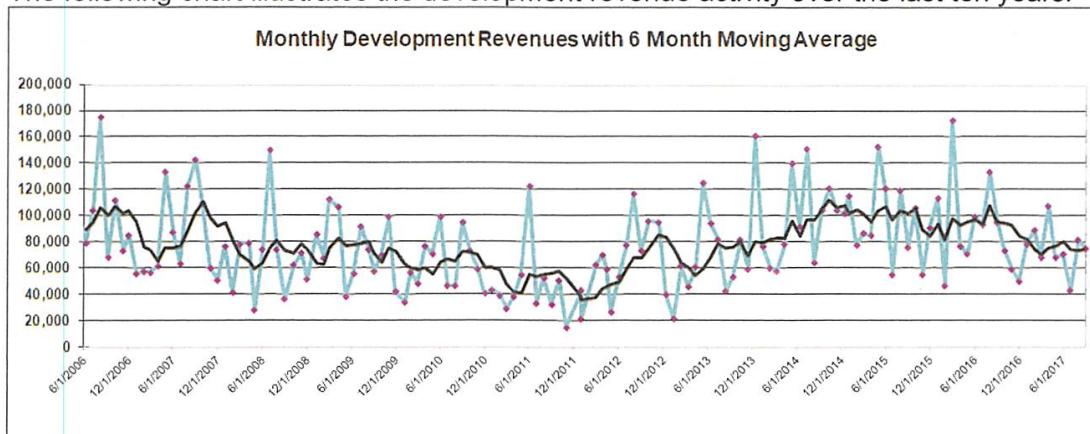
I:\Admin & Finance\Monthly Reports\2017\September.docx

City of Kenmore, Washington
 Monthly Financial Report
 September 2017

The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2009 through September 2017.



The following chart illustrates the development revenue activity over the last ten years.



September 2017 expenditures were **\$1,468,752**. Included in the monthly expenditures were budgeted interfund transfers. Water and sewer franchise fees of \$375,000 were transferred to the Street Fund and \$123,085 was transferred to the Kenmore Village Fund to support Hangar and Town Square operations and maintenance. Biennium to date expenditures are \$7,994,883, which is 34% of the amended biennial budget expenditures of \$23,535,546.

I:\Admin & Finance\Monthly Reports\2017\September.docx

City of Kenmore, Washington
Monthly Financial Report
September 2017

Total City cash (\$15,724,327) and long term investments (\$11,964,893), at the end of September, totaled \$27,689,220. Proposition 1 levy funds of \$9.8M are included in this cash balance. The Other Funds Monthly Activity graphs compare biennium to date revenues and expenditures to the 2015-2016 biennial budget.

Total non-General Fund revenues were \$1,944,210 and total non-General Fund expenditures were \$2,337,136.

In the **Street Fund** revenue from gas tax distributions was \$46,408. \$80,871 was expended for maintenance and operations during the month.

In the **Transportation Capital Fund** expenditures were \$634,533 for all projects. The fund had \$284,403 in grant reimbursements for the W. Sammamish Bridge & Sidewalk and safety projects during the month.

The **Park Impact Fee** fund received \$20,520 in revenues during the month.

There was \$64,357 in revenues for the **Transportation Impact Fee** fund during the month.

The **Real Estate Excise Tax Fund** received \$221,719 of real estate excise taxes (REET) in September from sales activity that occurred in August. 71 transactions were reported this month. The 2017 year to date revenue exceeds the 2016 revenue by \$205,220 and the 2017 target by \$413,049.

The **Kenmore Village Fund** expended \$13,147 during the month for the Special Events & Summer Movies during the month.

The **Walkways & Waterways Debt Service Fund** collected \$9,135 in property taxes related to the Prop 1 Bond for a biennium to date total of \$584,732.

The **Walkways & Waterways Bond Project Fund** transferred \$381,847 to Transportation Capital to cover costs, through September, of the Juanita and 68th Ave Projects; and \$211,684 was transferred to the Park Capital Fund to cover costs of the Squires Landing, Log Boom Park, and Rhododendron Park projects.

The **Transportation Benefit District Fund** received \$35,996 in vehicle license fees during the month.

SUMMARY

This concludes the financial report for the City of Kenmore as of **September 30, 2017**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

City of Kenmore, Washington
General Fund Summary Report
September 30, 2017



	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2016			
	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	September 2017	2017-2018	BUDGET	2017-2018	August 2015	2015-2016	BUDGET	2015-2016
REVENUES								
Beginning Fund Balance		2,981,035		3,131,687				
Property Taxes	66,066	2,598,369	27.6%	9,408,704	17,093	2,407,804	26.5%	9,075,766
Sales and Use Taxes	216,566	2,148,304	40.0%	5,376,291	245,869	1,692,760	33.9%	5,000,532
Utility Taxes	80,515	974,909	35.9%	2,717,485	88,952	833,228	30.2%	2,763,390
Other Taxes	0	60,178	27.6%	218,113	14,761	43,155	38.3%	112,720
Development Fees & Permits	75,333	682,688	38.7%	1,764,518	119,562	814,203	37.8%	2,151,432
Franchise Fees	0	655,518	39.3%	1,668,476	0	595,889	36.7%	1,622,160
Intergovernmental and Grants	55,238	347,297	41.3%	841,615	370	214,470	30.3%	707,370
Investment Interest	54,197	141,831	272.8%	52,000	6,265	56,543	111.5%	50,700
Fines and Forfeitures	0	-958	0.0%	0	-328	-2,547	n/a	0
Transfers and Other Revenues	3,897	179,857	12.1%	1,485,972	3,072	44,077	8.1%	541,200
Total Revenues	551,812	7,787,994	33.1%	23,533,174	495,616	6,699,583	30.4%	22,025,270
Total Revenues & Beginning Fund Balance		10,769,029		26,664,861				22,025,270

	CURRENT PERIOD 2017-2018				PRIOR PERIOD 2015-2014			
	MONTH	BIENNIUM TO DATE	% of	BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	September	2017-2018	BUDGET	2017-2018	August 2015	2015-2016	BUDGET	2015-2016
EXPENDITURES								
Cost Center								
City Council	5,026	122,204	37.1%	329,426	14,045	114,586	34.9%	328,435
City Manager	164,315	1,163,885	35.0%	3,328,297	138,272	929,913	28.8%	3,233,222
City Clerk	17,404	174,582	41.0%	425,368	8,448	98,995	35.7%	277,683
Finance	80,221	742,273	44.4%	1,672,775	61,292	543,026	36.4%	1,490,155
Legal	18,077	189,643	37.9%	500,000	20,810	90,404	12.9%	700,000
Interfund Transfers	498,085	498,085	37.5%	1,328,228	0	0	0.0%	3,552,671
Public Safety	328,513	2,647,903	30.1%	8,806,304	401,936	2,381,269	29.2%	8,160,115
Engineering & Environmental Services	99,541	550,760	38.9%	1,415,011	102,508	592,453	34.0%	1,743,950
Community Development	74,967	442,213	25.8%	1,715,510	30,543	269,466	32.5%	830,030
Developmental Services	120,140	805,144	38.9%	2,071,288	56,876	563,323	32.1%	1,755,050
Parks & Facility Maintenance	62,463	658,192	33.9%	1,943,339	72,823	508,093	25.0%	2,029,409
Total Expenditures	1,468,752	7,994,883	34.0%	23,535,546	907,553	6,091,527	25.3%	24,100,720
Ending Fund Balance		2,774,146		3,129,315			0.0%	-2,075,450
Total Expenditures and Ending Fund Balance		10,769,029		26,664,861				22,025,270

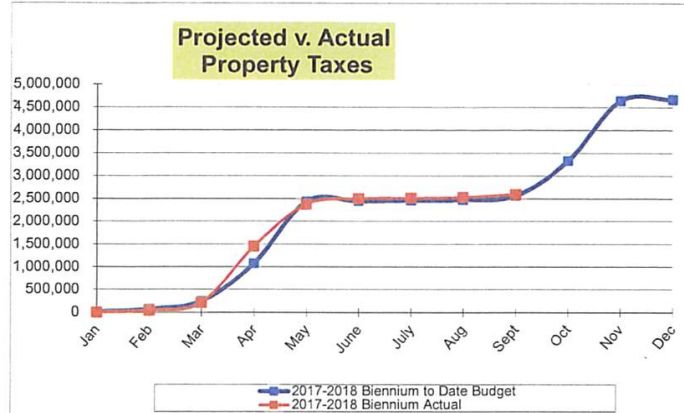
*Non-Departmental expenditures have been moved to other General Fund Cost Centers

**City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2017**

PROPERTY TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	14,999	7,159
Feb	72,766	52,998
Mar	244,307	216,659
Apr	1,080,675	1,458,691
May	2,436,106	2,381,369
June	2,449,155	2,502,483
July	2,462,094	2,513,673
Aug	2,475,845	2,532,303
Sept	2,569,762	2,598,369
Oct	3,327,586	
Nov	4,641,977	
Dec	4,668,509	

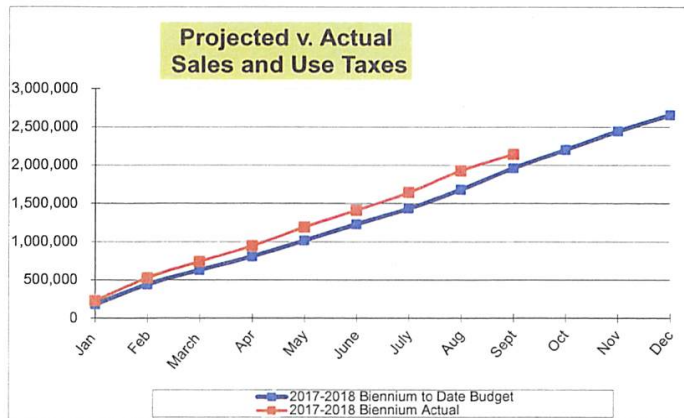
Year To Date
Actual v. Projected 101%



SALES, USE, CRIM JUSTICE TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	181,988	230,735
Feb	444,109	532,573
March	630,669	745,832
Apr	810,768	950,976
May	1,017,858	1,195,423
June	1,233,592	1,414,459
July	1,434,497	1,649,245
Aug	1,683,249	1,931,738
Sept	1,964,078	2,148,304
Oct	2,203,743	
Nov	2,446,195	
Dec	2,661,530	

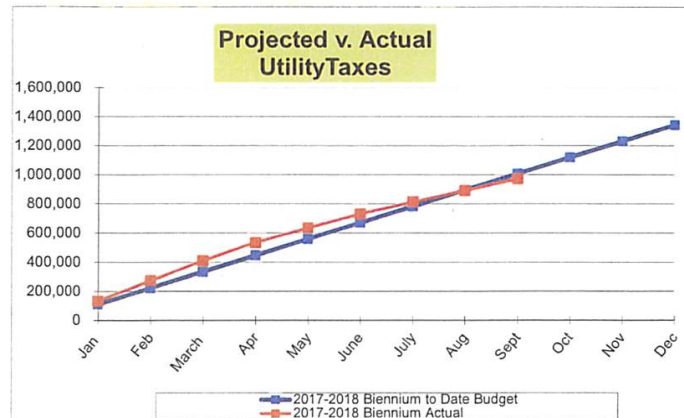
Year To Date
Actual v. Projected 109%



UTILITY TAXES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	112,108	135,701
Feb	224,215	276,651
March	336,323	411,873
Apr	448,430	536,574
May	560,538	637,705
June	672,645	734,068
July	784,753	815,857
Aug	896,860	894,394
Sept	1,008,968	974,909
Oct	1,121,075	
Nov	1,233,183	
Dec	1,345,290	

Year To Date
Actual v. Projected 97%

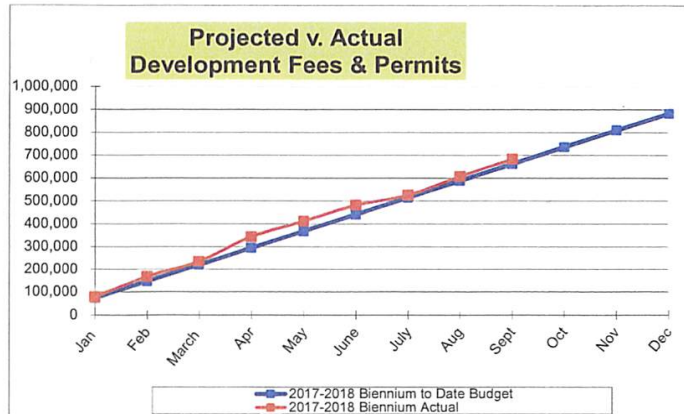


**City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2017**

DEVELOPMENT FEES & PERMITS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	73,522	78,185
Feb	147,043	167,832
March	220,565	235,930
Apr	294,086	343,704
May	367,608	412,106
June	441,130	482,823
July	514,651	525,803
Aug	588,173	607,355
Sept	661,694	682,688
Oct	735,216	
Nov	808,737	
Dec	882,259	

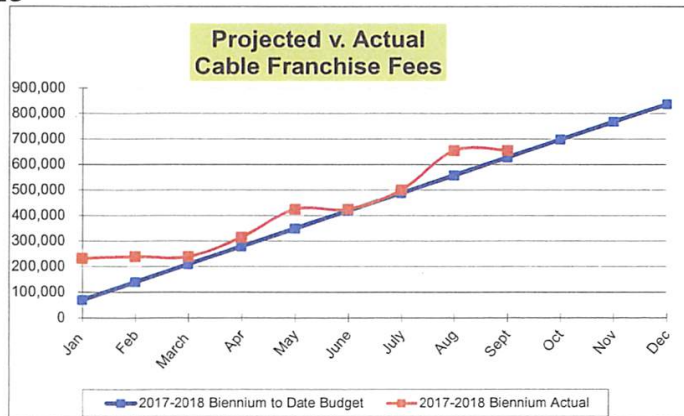
Year To Date
Actual v. Projected 103%



CABLE/WATER/SEWER FRANCHISE FEES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	69,791	232,484
Feb	139,582	239,162
March	209,374	239,162
Apr	279,165	315,423
May	348,956	425,607
June	418,747	425,607
July	488,538	501,554
Aug	558,329	655,518
Sept	628,121	655,518
Oct	697,912	
Nov	767,703	
Dec	837,494	

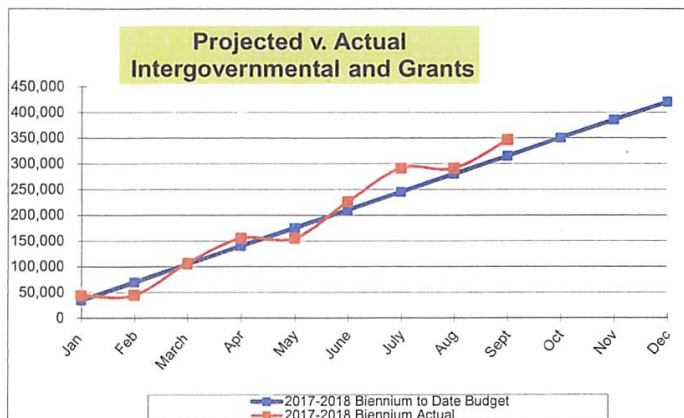
Year To Date
Actual v. Projected 104%



INTERGOVERNMENTAL & GRANTS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	35,067	44,456
Feb	70,135	45,189
March	105,202	107,311
Apr	140,269	155,316
May	175,337	155,316
June	210,404	226,540
July	245,471	292,059
Aug	280,539	292,059
Sept	315,606	347,297
Oct	350,673	
Nov	385,741	
Dec	420,808	

Year To Date
Actual v. Projected 110%

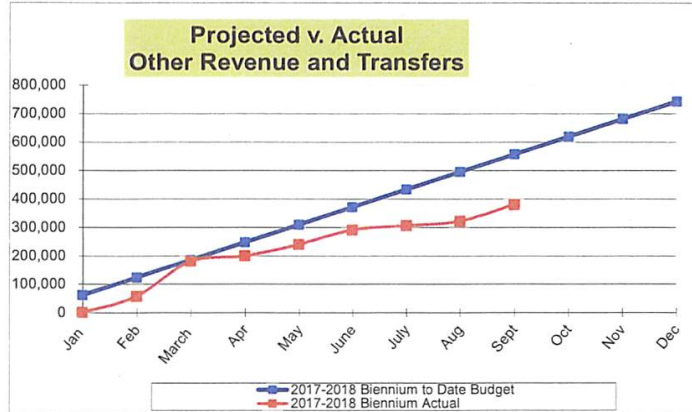


**City of Kenmore, Washington
General Fund Revenue Graphs
September 30, 2017**

OTHER REVENUES AND TRANSFERS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	61,916	999
Feb	123,831	58,260
March	185,747	181,032
Apr	247,662	200,565
May	309,578	240,545
June	371,493	291,769
July	433,409	306,836
Aug	495,324	322,815
Sept	557,240	380,909
Oct	619,155	
Nov	681,071	
Dec	742,986	

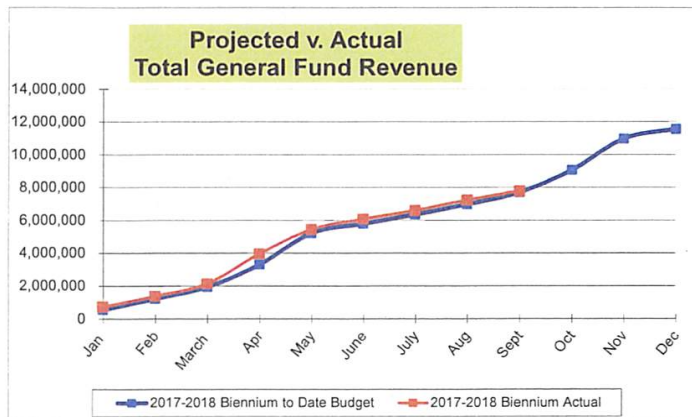
Year To Date
Actual v. Projected 68%



TOTAL GENERAL FUND REVENUE

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	549,390	729,719
Feb	1,221,682	1,372,665
March	1,932,185	2,137,799
Apr	3,301,055	3,961,250
May	5,215,979	5,448,071
June	5,797,166	6,077,749
July	6,363,413	6,605,027
Aug	6,978,318	7,236,181
Sept	7,705,468	7,787,994
Oct	9,055,360	
Nov	10,964,605	
Dec	11,558,876	

Year To Date
Actual v. Projected 101%

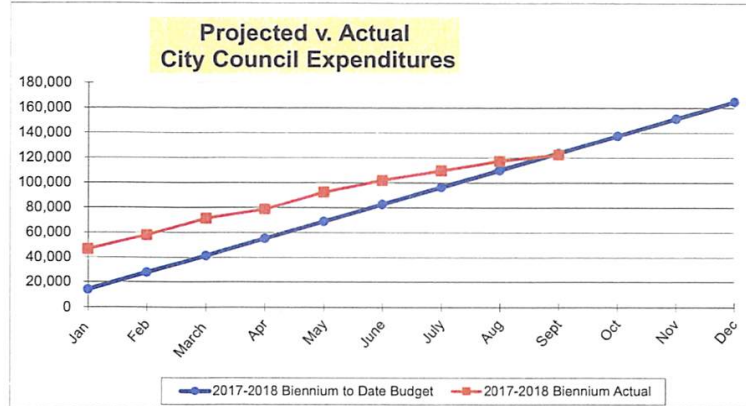


**City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2017**

CITY COUNCIL

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	13,726	46,414
Feb	27,452	57,756
March	41,178	71,061
Apr	54,904	78,512
May	68,630	92,211
June	82,357	101,705
July	96,083	109,302
Aug	109,809	117,178
Sept	123,535	122,204
Oct	137,261	
Nov	150,987	
Dec	164,713	

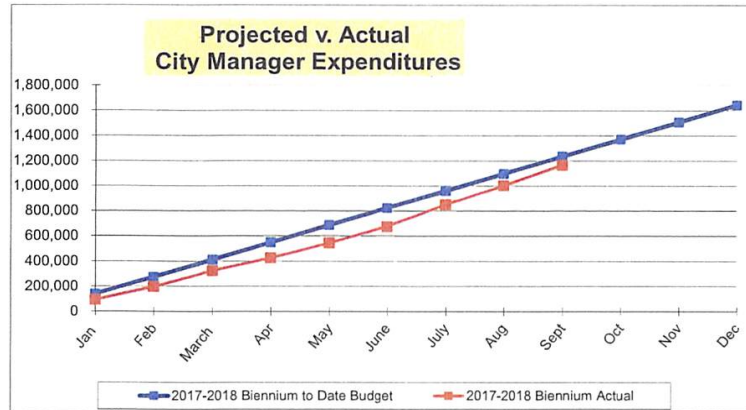
Year To Date
Actual v. Projected 99%



CITY MANAGER

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	136,941	90,835
Feb	273,882	194,928
March	410,822	323,868
Apr	547,763	425,830
May	684,704	542,534
June	821,645	674,090
July	958,585	848,662
Aug	1,095,526	999,570
Sept	1,232,467	1,163,885
Oct	1,369,408	
Nov	1,506,348	
Dec	1,643,289	

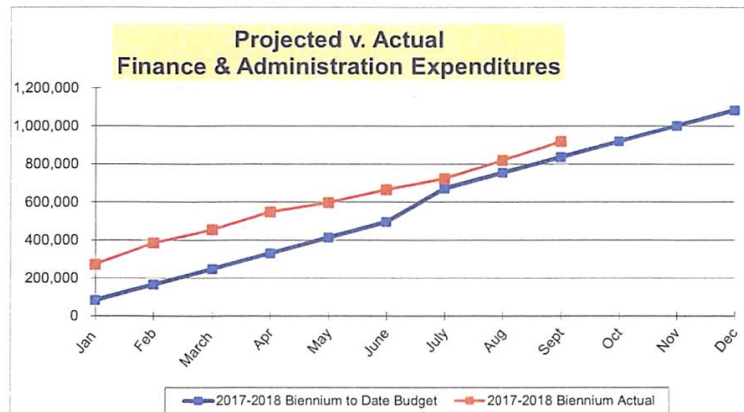
Year To Date
Actual v. Projected 94%



FINANCE & ADMINISTRATION

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	82,497	271,806
Feb	164,993	384,964
March	247,490	454,949
Apr	329,987	548,666
May	412,483	598,014
June	494,980	665,107
July	671,402	723,491
Aug	753,898	819,229
Sept	836,395	916,855
Oct	918,892	
Nov	1,001,388	
Dec	1,083,885	

Year To Date
Actual v. Projected 110%

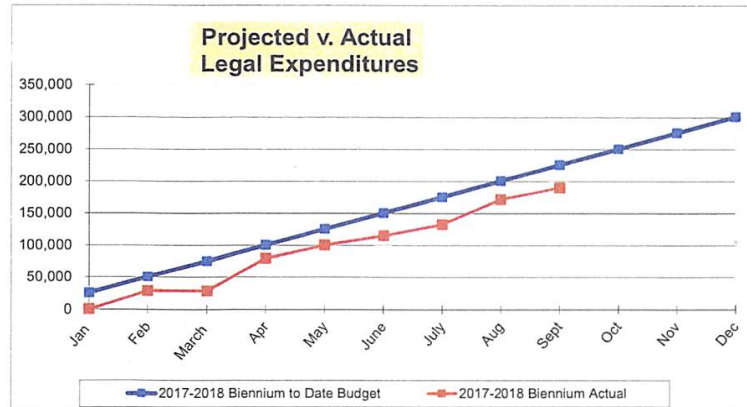


City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2017

LEGAL

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	25,000	0
Feb	50,000	27,989
March	75,000	27,989
Apr	100,000	79,303
May	125,000	99,777
June	150,000	114,760
July	175,000	132,113
Aug	200,000	171,567
Sept	225,000	189,643
Oct	250,000	
Nov	275,000	
Dec	300,000	

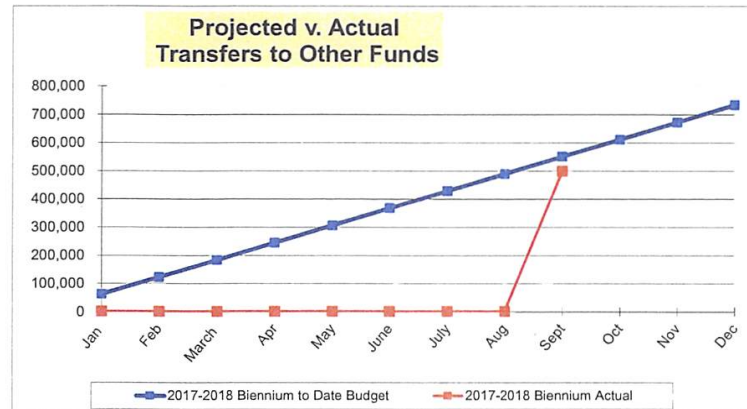
Year To Date
 Actual v. Projected 84%



TRANSFERS TO OTHER FUNDS

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	61,096	0
Feb	122,192	0
March	183,288	0
Apr	244,384	0
May	305,480	0
June	366,576	0
July	427,671	0
Aug	488,767	0
Sept	549,863	498,085
Oct	610,959	
Nov	672,055	
Dec	733,151	

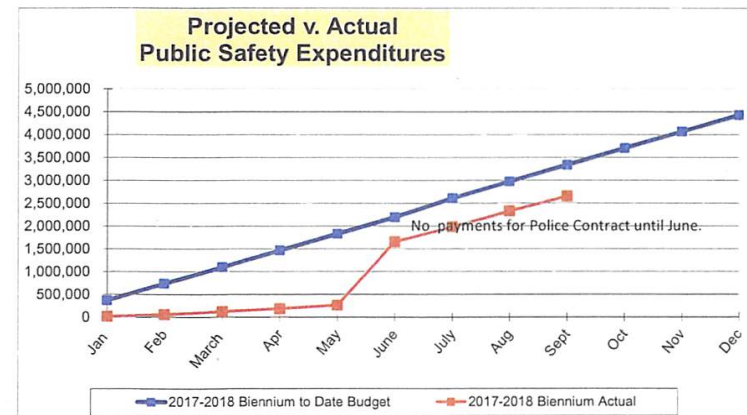
Year To Date
 Actual v. Projected 91%



PUBLIC SAFETY

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	364,846	14,595
Feb	729,692	55,395
March	1,094,538	123,579
Apr	1,459,384	183,567
May	1,824,230	256,351
June	2,189,076	1,647,260
July	2,603,922	1,975,736
Aug	2,968,768	2,319,390
Sept	3,333,614	2,647,903
Oct	3,698,460	
Nov	4,063,306	
Dec	4,428,152	

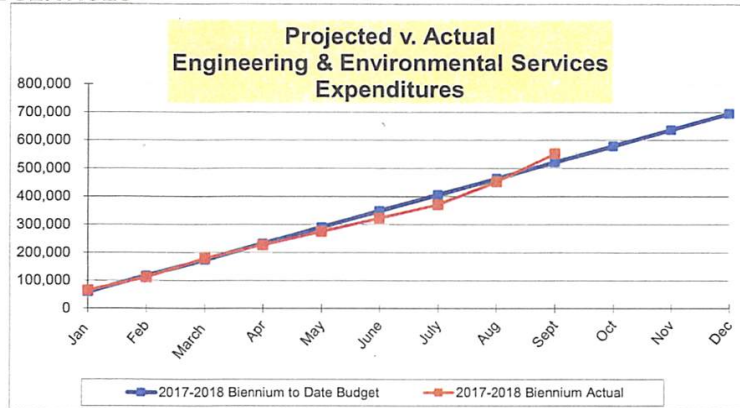
Year To Date
 Actual v. Projected 79%



City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2017
ENGINEERING & ENVIRONMENTAL SERVICES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	57,834	63,600
Feb	115,668	110,964
March	173,503	179,003
Apr	231,337	225,551
May	289,171	274,037
June	347,005	320,683
July	404,839	369,766
Aug	462,673	451,218
Sept	520,508	550,760
Oct	578,342	
Nov	636,176	
Dec	694,010	

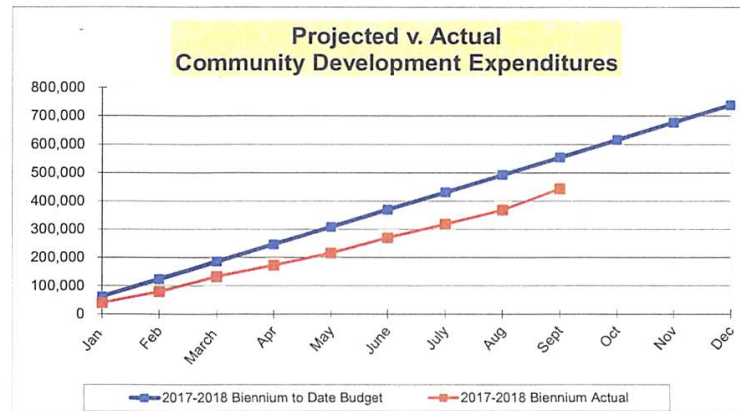
Year To Date
 Actual v. Projected 106%



COMMUNITY DEVELOPMENT

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	61,496	38,519
Feb	122,992	78,385
March	184,488	131,963
Apr	245,984	170,919
May	307,480	214,335
June	368,976	268,408
July	430,471	317,529
Aug	491,967	367,246
Sept	553,463	442,213
Oct	614,959	
Nov	676,455	
Dec	737,951	

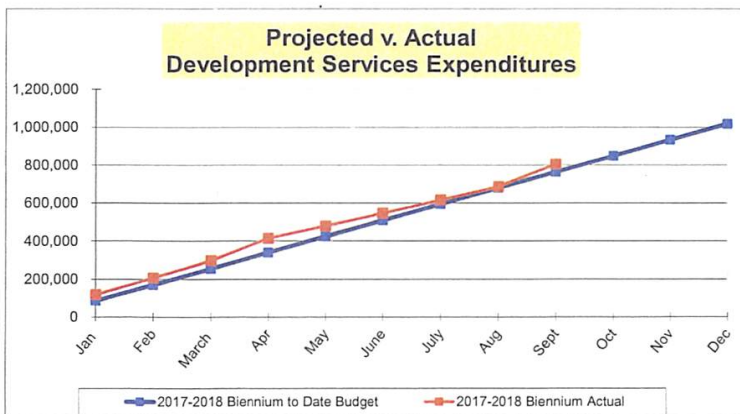
Year To Date
 Actual v. Projected 80%



DEVELOPMENT SERVICES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	84,805	117,098
Feb	169,611	206,499
March	254,416	296,791
Apr	339,221	414,588
May	424,027	478,600
June	508,832	545,646
July	593,637	613,857
Aug	678,443	685,004
Sept	763,248	805,144
Oct	848,053	
Nov	932,859	
Dec	1,017,664	

Year To Date
 Actual v. Projected 105%

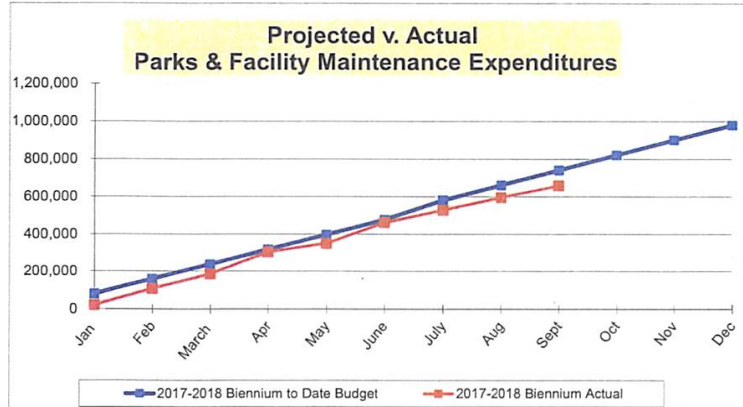


**City of Kenmore, Washington
General Fund Expenditure Graphs
September 30, 2017**

PARKS & FACILITY MAINTENANCE

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	79,476	21,351
Feb	158,951	106,851
March	238,427	185,322
Apr	317,902	304,281
May	397,378	350,322
June	476,853	462,101
July	581,329	526,908
Aug	660,804	595,730
Sept	740,280	658,192
Oct	819,755	
Nov	899,231	
Dec	978,706	

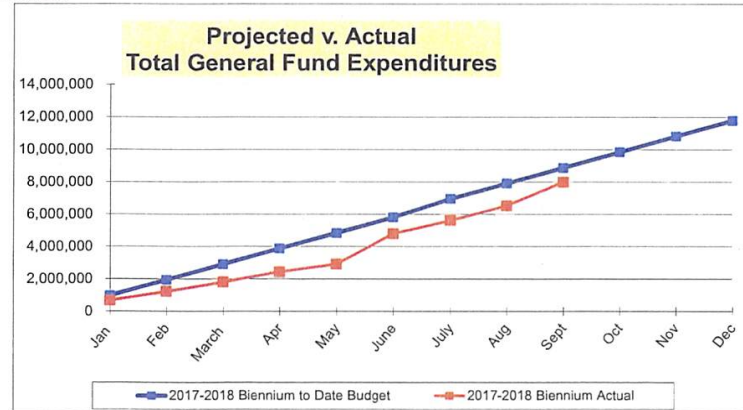
Year To Date
Actual v. Projected 89%



TOTAL GENERAL FUND EXPENDITURES

	2017-2018 Biennium to Date Budget	2017-2018 Biennium Actual
Jan	967,716	664,218
Feb	1,935,433	1,223,732
March	2,903,149	1,794,525
Apr	3,870,865	2,431,218
May	4,838,582	2,906,179
June	5,806,298	4,799,760
July	6,942,939	5,617,363
Aug	7,910,656	6,526,131
Sept	8,878,372	7,994,883
Oct	9,846,088	
Nov	10,813,805	
Dec	11,781,521	

Year To Date
Actual v. Projected 90%



**City of Kenmore, Washington
Street Fund Summary Report
September 30, 2017**

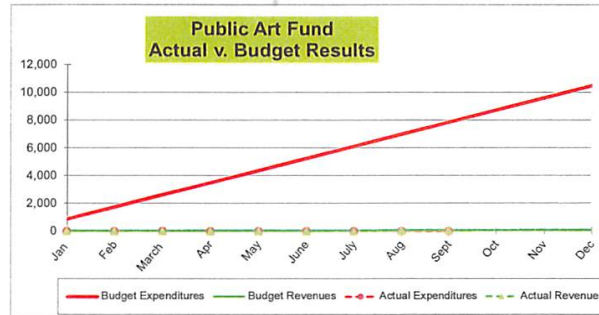


	MONTH	BIENNIUM TO DATE	% of	BUDGET
	<u>September 2017</u>	<u>2017-2018</u>	<u>BUDGET</u>	<u>2017-2018</u>
<u>REVENUES</u>				
Beginning Fund Balance		790,989		861,602
Fuel Tax	46,408	354,688	36.6%	969,604
Investment Interest	83	245	-	6,000
Miscellaneous	57,900	62,580	-	1,500
ROW Permit Fees/Inspections	2,929	40,708	18.5%	220,000
Multimodal Transportation	8,003	15,472	33.5%	46,200
Transfer from General Fund	375,000	375,000	37.5%	1,000,000
Transfer from TBD	0	0	0.0%	669,000
Total Revenues	490,323	848,693	29.1%	2,912,304
Total Revenues & Beginning Fund Balance		1,639,682		3,773,906
		BIENNIUM TO DATE	% of	BUDGET
		<u>2017-2018</u>	<u>BUDGET</u>	<u>2017-2018</u>
<u>EXPENDITURES</u>				
Salary and Benefits	34,988	317,115	33.8%	938,209
Maintenance & Operations	80,871	601,832	31.2%	1,930,800
Capital	0	90,382	226.0%	40,000
Total Expenditures	115,859	1,009,328	34.7%	2,909,009
Ending Fund Balance		630,354		864,897
Total Expenditures and Ending Fund Balance		1,639,682		3,773,906

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

PUBLIC ART FUND

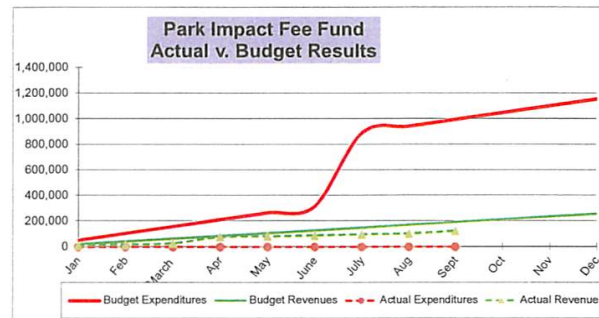
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	875	0	6	0
Feb	1,750	0	13	0
March	2,625	0	19	0
Apr	3,500	0	25	0
May	4,375	0	31	0
June	5,250	0	38	0
July	6,125	0	44	0
Aug	7,000	0	50	51
Sept	7,875	0	56	73
Oct	8,750		63	
Nov	9,625		69	
Dec	10,500		75	
2017-18	11,000		150	
Total Actual to Date vs Total Budget		0%		49%



This fund accounts for public art authorized by Ordinance 01-0115. One percent (1%) of public project construction contracts is contributed to this fund to provide for public art displays or performing arts events as authorized by the City Council.

PARK IMPACT FEE FUND

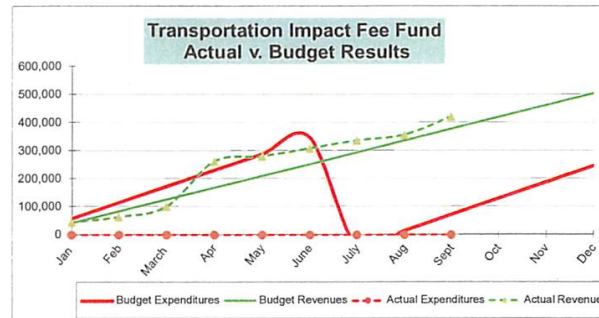
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	53,292	0	21,417	12,825
Feb	106,583	0	42,833	17,955
March	159,875	0	64,250	28,215
Apr	213,167	0	85,667	77,244
May	266,458	0	107,083	82,374
June	319,750	0	128,500	90,069
July	890,418	0	149,917	97,764
Aug	943,709	0	171,333	103,859
Sept	997,001	0	192,750	124,803
Oct	1,050,293		214,167	
Nov	1,103,584		235,583	
Dec	1,156,876		257,000	
2017-18	1,271,876		412,000	
Total Actual to Date vs Total Budget		0%		30%



This fund accounts for City imposed park impact fees on new development. Expenditures are for public park acquisitions and improvements.

TRANSPORTATION IMPACT FEE FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	57,884	0	41,958	44,829
Feb	115,768	0	83,917	63,470
March	173,651	0	125,875	100,752
Apr	231,535	0	167,833	262,204
May	289,419	0	209,792	280,845
June	347,303	0	251,750	308,806
July	-43,129	0	293,708	336,767
Aug	14,755	0	335,667	356,881
Sept	72,639	0	377,625	421,747
Oct	130,523		419,583	
Nov	188,406		461,542	
Dec	246,290		503,500	
2017-18	533,783		905,500	
Total Actual to Date vs Total Budget		0%		47%

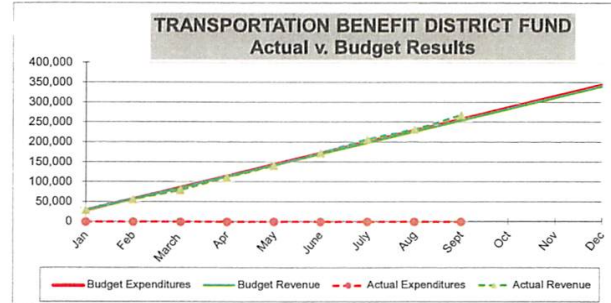


This fund accounts for City imposed transportation impact fees on new development. Expenditures are for public transportation improvements.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

TRANSPORTATION BENEFIT DISTRICT FUND

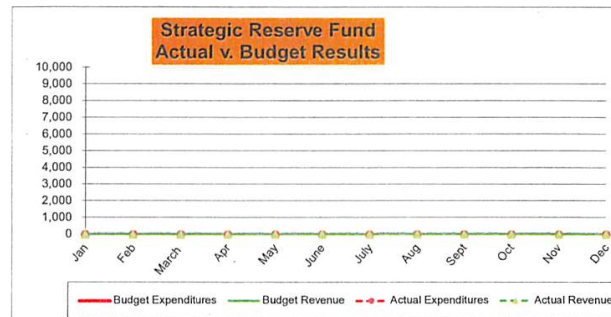
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	28,750	0	28,367	29,680
Feb	57,500	0	56,733	56,430
March	86,250	0	85,100	79,992
Apr	115,000	0	113,467	111,336
May	143,750	0	141,833	140,838
June	172,500	0	170,200	172,300
July	201,250	0	198,567	207,088
Aug	230,000	0	226,933	232,576
Sept	258,750	0	255,300	268,680
Oct	287,500		283,667	
Nov	316,250		312,033	
Dec	345,000		340,400	
2017-18	669,000		680,800	
Total Actual to Date vs Total Budget		0%		39%



The Transportation Benefit District fund accounts for the \$20 vehicle license tab fees levied on vehicles located in the Kenmore city limits. The revenue generated will be used in maintaining the City's transportation system.

STRATEGIC RESERVE FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	0
March	0	0	0	0
Apr	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
Aug	0	0	0	0
Sept	0	0	0	0
Oct	0	0	0	0
Nov	0	0	0	0
Dec	0	0	0	0
2017-18	0	0	0	0
Total Actual to Date vs Total Budget		0%		0%



This fund was created to serve as the City's emergency reserve fund. Per State Statute, the fund cannot exceed \$.375 per \$1,000 of the City's assessed value and is fully funded at \$1,264,464 for 2011. No expenditures are anticipated or have been budgeted at this time.

STRATEGIC OPPORTUNITIES FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	68,750	193	99,750	3,525
Feb	137,500	13,476	199,501	6,525
March	206,250	61,884	299,251	9,375
Apr	275,000	73,327	399,001	12,075
May	343,750	85,704	498,751	15,230
June	412,500	105,921	598,502	18,510
July	481,250	116,212	698,252	22,810
Aug	550,000	118,477	798,002	26,541
Sept	618,750	127,574	897,752	31,671
Oct	687,500		997,503	
Nov	756,250		1,097,253	
Dec	825,000		1,197,003	
2017-18	1,634,900		1,217,946	
Total Actual to Date vs Total Budget		8%		3%

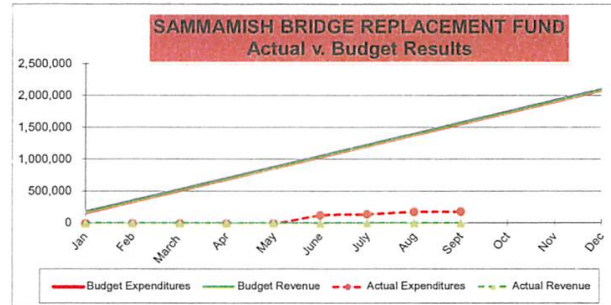


The purpose of the Strategic Opportunities Fund is to have funds available for the City to make key investments or take advantage of strategic opportunities as they present themselves. For 2015-16, the Business Incubator expenditures are budgeted in this fund.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

SAMMAMISH BRIDGE REPLACEMENT FUND

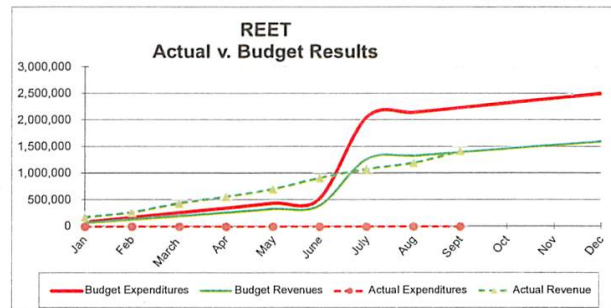
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	174,914	0	174,914	0
Feb	349,827	0	349,827	0
March	524,741	0	524,741	0
Apr	699,654	0	699,654	0
May	874,568	0	874,568	0
June	1,049,481	126,094	1,049,481	0
July	1,224,395	145,376	1,224,395	0
Aug	1,399,308	180,995	1,399,308	0
Sept	1,574,222	183,984	1,574,222	0
Oct	1,749,135		1,749,135	
Nov	1,924,049		1,924,049	
Dec	2,098,962		2,098,962	
2017-18	3,009,961		3,009,961	
Total Actual to Date vs Total Budget		6%		0%



The Sammamish Bridge Replacement fund is a fund used to put money aside for the replacement of the West Sammamish bridge.

REAL ESTATE EXCISE TAX FUND

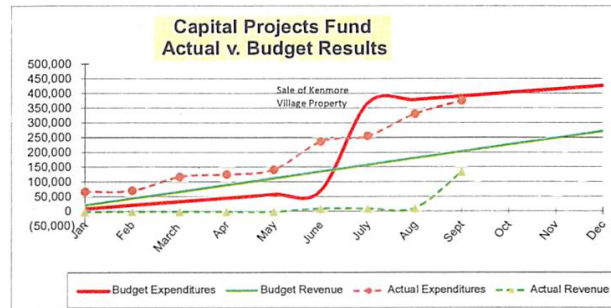
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	89,596	0	66,833	176,657
Feb	179,193	0	133,667	270,792
March	268,789	0	200,500	440,878
Apr	358,385	0	267,333	567,123
May	447,982	0	334,167	706,544
June	537,578	0	401,000	917,974
July	2,065,104	0	1,267,833	1,081,112
Aug	2,154,701	0	1,334,667	1,199,562
Sept	2,244,297	0	1,401,500	1,421,554
Oct	2,333,893		1,468,333	
Nov	2,423,490		1,535,167	
Dec	2,513,086		1,602,000	
2017-18	3,622,825		2,203,000	
Total Actual to Date vs Total Budget		0%		65%



The Real Estate Excise Tax Fund accounts for the 1/2% real estate excise taxes levied by the City which are restricted to capital projects and improvements. Expenditures include transfers to the Park Capital Fund for park improvements and Transportation Capital Fund for transportation improvements.

KENMORE VILLAGE FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	12,096	70,105	22,779	0
Feb	24,192	72,838	45,559	0
March	36,288	119,626	68,338	0
Apr	48,384	127,948	91,117	27
May	60,480	144,017	113,896	27
June	72,576	239,277	136,676	10,821
July	369,237	258,282	159,455	10,821
Aug	381,333	332,743	182,234	12,342
Sept	393,429	377,671	205,013	135,463
Oct	405,525		227,793	
Nov	417,621		250,572	
Dec	429,717		273,351	
2017-18	576,794		424,628	
Total Actual to Date vs Total Budget		65%		32%

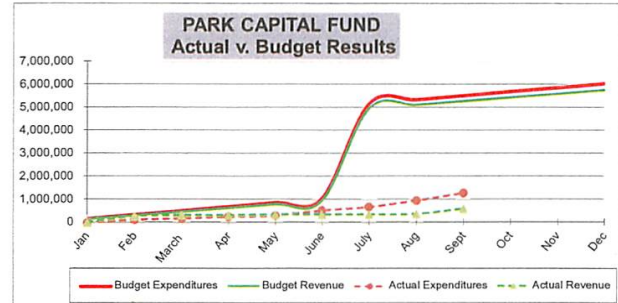


The Kenmore Village Fund accounts for leasing activity and property transactions within Kenmore Village

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

PARK CAPITAL FUND

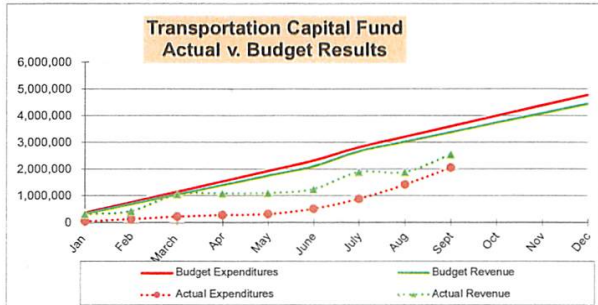
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	176,003	1,170	158,341	0
Feb	352,005	133,385	316,683	288,046
March	528,008	187,325	475,024	326,050
Apr	704,010	261,037	633,365	326,050
May	880,013	308,011	791,706	353,859
June	1,056,016	540,453	950,048	353,859
July	5,184,894	689,496	4,967,265	353,859
Aug	5,360,897	968,179	5,125,606	374,767
Sept	5,536,899	1,298,920	5,283,947	607,504
Oct	5,712,902		5,442,289	
Nov	5,888,904		5,600,630	
Dec	6,064,907		5,758,971	
2017-18	8,446,832		8,190,896	
Total Actual to Date vs Total Budget		15%		7%



The Park Capital fund will account for Park Capital Projects formerly included in the Municipal Capital fund. In addition, distributions from the King County Proposition 2 Parks Expansion Levy will be receipted into this fund

TRANSPORTATION CAPITAL FUND

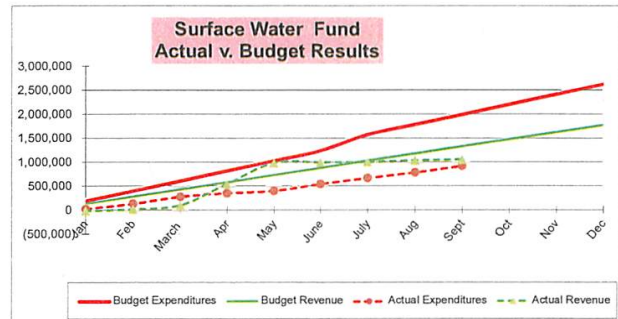
	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	392,880	81,707	354,697	340,478
Feb	785,760	161,860	709,393	444,924
March	1,178,640	256,638	1,064,090	1,067,839
Apr	1,571,520	314,233	1,418,787	1,101,573
May	1,964,400	352,349	1,773,483	1,123,091
June	2,357,280	546,266	2,128,180	1,266,260
July	2,852,605	915,095	2,689,992	1,908,336
Aug	3,245,485	1,448,725	3,044,688	1,908,336
Sept	3,638,365	2,083,259	3,399,385	2,574,586
Oct	4,031,245		3,754,082	
Nov	4,424,125		4,108,778	
Dec	4,817,005		4,463,475	
2017-18	9,529,005		9,316,326	
Total Actual to Date vs Total Budget		22%		28%



The Transportation Capital Fund accounts for capital improvements to the City's streets and SR 522, funded by various grants plus City resources from real estate excise tax and transportation impact fees. All phases of improvements to SR 522 are now accounted for in this fund. There is a time lag between project expenditures and reimbursements from grants; this accounts for the lower revenues compared to the expenditures.

SURFACE WATER MANAGEMENT FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	209,955	44,444	148,867	(3,295)
Feb	419,909	151,830	297,733	30,960
March	629,864	300,057	446,600	113,869
Apr	839,819	374,351	595,467	556,020
May	1,049,773	421,948	744,333	996,212
June	1,259,728	563,736	893,200	1,010,840
July	1,594,683	685,815	1,042,067	1,015,847
Aug	1,804,637	801,345	1,190,933	1,048,689
Sept	2,014,592	936,691	1,339,800	1,067,199
Oct	2,224,547		1,488,667	
Nov	2,434,501		1,637,533	
Dec	2,644,456		1,786,400	
2017-18	4,854,487		3,543,400	
Total Actual to Date vs Total Budget		19%		30%



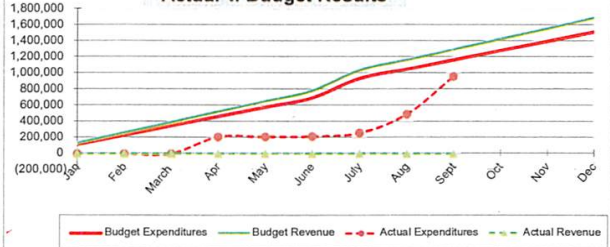
This fund accounts for receipts from surface water assessments. The assessments are collected through the property tax billings; the majority of the receipts are collected in May and November. Expenditures are for surface water maintenance activities such as sweeping and drainage as well as capital improvements.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

SURFACE WATER CAPITAL FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	116,303	0	130,220	0
Feb	232,606	0	260,439	0
March	348,909	1,195	390,659	0
Apr	465,211	209,700	520,878	0
May	581,514	209,700	651,098	0
June	697,817	215,213	781,317	0
July	939,120	258,495	1,036,537	0
Aug	1,055,423	493,282	1,166,756	0
Sept	1,171,726	962,648	1,296,976	0
Oct	1,288,028		1,427,195	
Nov	1,404,331		1,557,415	
Dec	1,520,634		1,687,634	
2017-18	3,583,634		3,750,634	
Total Actual to Date vs Total Budget		27%		0%

**Surface Water Fund Capital
Actual v. Budget Results**

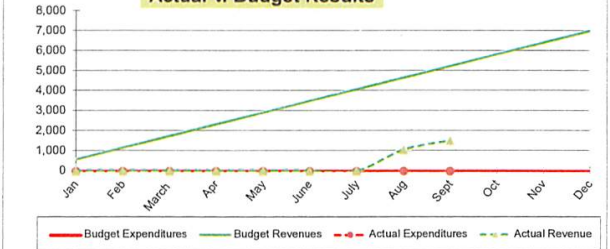


This fund accounts for the expenditures for Surface Water Capital Improvements. Revenue sources for this fund include a variety of federal, state, or local grants, surface water management fees transferred from the Surface Water Management Fund and real estate excise taxes.

SWAMP CREEK BASIN FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	0	0	583	0
Feb	0	0	1,167	0
March	0	0	1,750	0
Apr	0	0	2,333	0
May	0	0	2,917	0
June	0	0	3,500	0
July	0	0	4,083	0
Aug	0	0	4,667	1,065
Sept	0	0	5,250	1,525
Oct	0		5,833	
Nov	0		6,417	
Dec	0		7,000	
2017-18	0		14,000	
Total Actual to Date vs Total Budget		0%		11%

**Swamp Creek Basin Fund
Actual v. Budget Results**

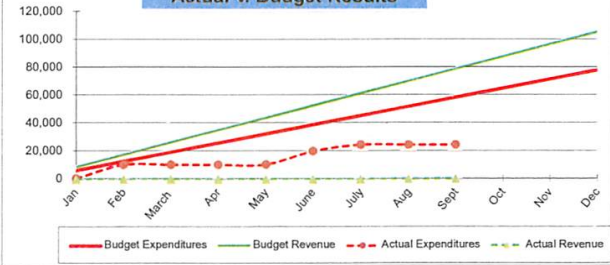


This fund accounts for the Memorandum of Agreement with King County which provided funds reserved for surface water projects, improvements, and maintenance within the Swamp Creek Basin.

EQUIPMENT REPLACEMENT FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	6,542	756	8,791	0
Feb	13,083	10,587	17,582	0
March	19,625	10,587	26,373	0
Apr	26,167	10,587	35,164	0
May	32,708	10,717	43,955	0
June	39,250	20,250	52,747	0
July	45,792	24,882	61,538	0
Aug	52,333	24,882	70,329	271
Sept	58,875	24,882	79,120	388
Oct	65,417		87,911	
Nov	71,958		96,702	
Dec	78,500		105,493	
2017-18	119,000		210,986	
Total Actual to Date vs Total Budget		21%		0%

**Equipment Replacement Fund
Actual v. Budget Results**



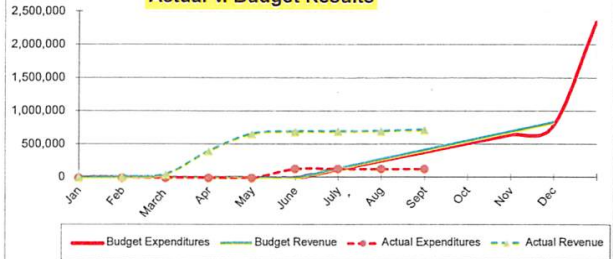
This fund is used to maintain a reserve for future replacement of equipment, including, but not limited to furniture, computers and vehicles. Payments are received from various operating departments and funds that benefit from or use the assets.

City of Kenmore, Washington
Other Funds Monthly Activity
September 30, 2017

W & W DEBT SERVICE FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	0	0	0	0
Feb	0	0	0	11,393
March	0	0	0	54,321
Apr	0	0	0	403,389
May	0	0	0	662,042
June	0	137,178	0	695,841
July	131,014	137,178	138,889	698,800
Aug	262,028	137,178	277,778	703,591
Sept	393,042	137,178	416,667	721,910
Oct	524,056		555,556	
Nov	655,070		694,444	
Dec	786,084		833,333	
2017-18	2,358,253		2,500,000	
Total Actual to Date vs Total Budget		6%		29%

**W&W Debt Service Fund
Actual v. Budget Results**

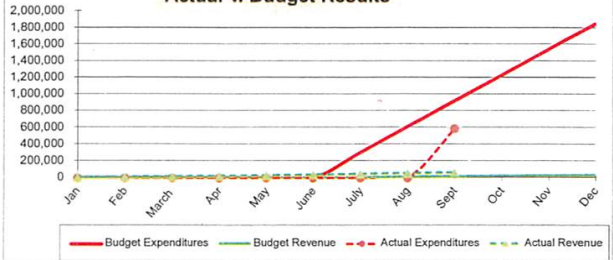


This fund accumulates the voted property tax levy receipts for the Walkways and Waterways Bonds which are used to make the principal and interest repayments on the bonded debt.

W & W BOND PROCEEDS FUND

	2017-2018 Budget Expenditures	2017-2018 Actual Expenditures	2017-2018 Budget Revenue	2017-2018 Actual Revenue
Jan	0	0	0	4,776
Feb	0	0	0	9,514
March	0	0	0	15,347
Apr	0	0	0	22,025
May	0	0	0	29,267
June	0	0	0	37,181
July	309,722	0	5,556	46,142
Aug	619,444	0	11,111	55,419
Sept	929,167	593,532	16,667	64,554
Oct	1,238,889		22,222	
Nov	1,548,611		27,778	
Dec	1,858,333		33,333	
2017-18	5,575,000		100,000	
Total Actual to Date vs Total Budget		11%		65%

**W & W Bond Proceeds Fund
Actual v. Budget Results**



This fund holds the receipts from the December 2016 sale of the Walkways and Waterways Bonds and transfers money to the Transportation and Park Capital Funds to pay for the specific Walkways and Waterways projects.

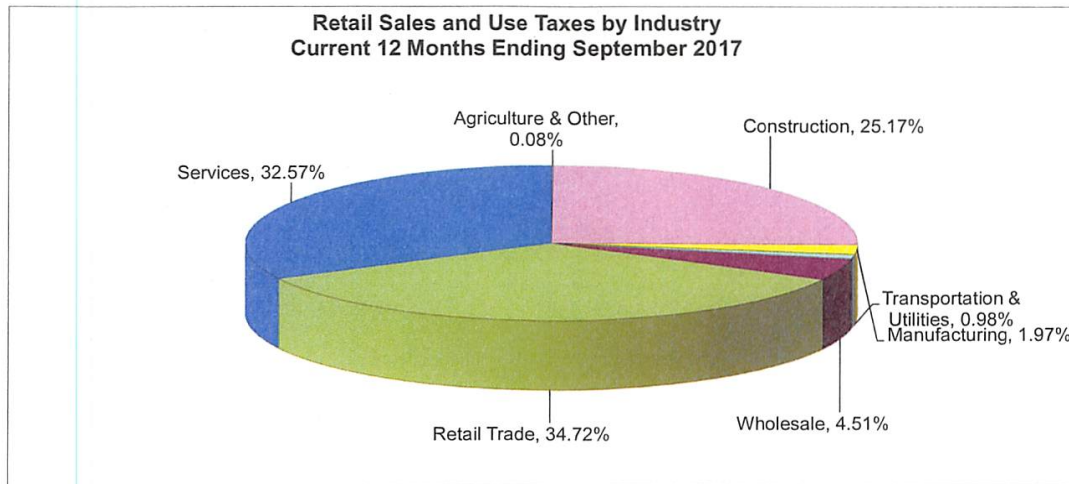
City of Kenmore, Washington
SALES TAX RECEIPTS BY BUSINESS TYPE
 September 2017

	SALES TAX	USE TAX	TOTAL	PERCENT
AGRICULTURE & OTHER	11.78	0.00	11.78	0.0%
CONSTRUCTION	36,708.93	919.61	37,628.53	23.0%
MANUFACTURING	3,182.13	4.63	3,186.76	1.9%
TRANSPORTATION & UTILITIES	1,243.49	1,597.31	2,840.80	1.7%
WHOLESALE	7,936.38	260.80	8,197.18	5.0%
RETAIL TRADE	54,514.89	259.15	54,774.04	33.5%
SERVICES	44,770.25	831.40	45,601.65	27.9%
INFORMATION	8,169.83	18.94	8,188.77	5.0%
PUBLIC SERVICES	10.18	3,033.74	3,043.92	1.9%
	<u>156,547.86</u>	<u>6,925.57</u>	<u>163,473.43</u>	<u>100.0%</u>

City of Kenmore, Washington
Retail Sales and Use Tax Distribution
September 30, 2017

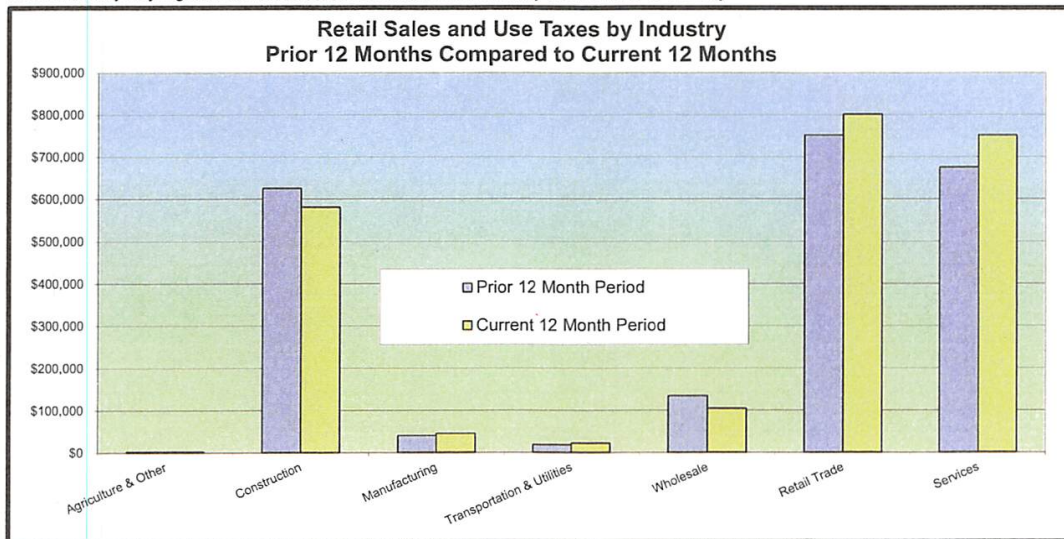


Industry	Prior 12 Months ending September 2016	Current 12 Months ending September 2017	% Increase/ (Decrease)	% of Total
Agriculture & Other (Landscaping, Animal Hospitals)	\$2,594	\$1,871	-27.85%	0.08%
Construction	625,064	580,661 *	-7.10%	25.17%
Manufacturing (Printing, Publishing, Other Manuf.)	40,131	45,494	13.36%	1.97%
Transp/Comm/Utilities (Telecomm., Air Transport.)	18,348	22,563	22.97%	0.98%
Wholesale (Lumber, Other Wholesale)	134,265	103,952	-22.58%	4.51%
Retail Trade (Eating, Merchandise, Food Stores)	751,419	800,949	6.59%	34.72%
Services (Auction, Recreation, Auto Repair, Financial)	674,631	751,401	11.38%	32.57%
Totals	<u>\$2,246,452</u>	<u>\$2,306,891</u>	<u>2.69%</u>	100%
Increase/(Decrease)		<u>\$60,439</u>	<u>2.69%</u>	



NOTE: Due to the City's Confidentiality Agreement with the Department of Revenue, specific business information cannot be disclosed.

There is a sixty-day lag between sales taxes collected and when they are remitted to the City



I:\Admin & Finance\Monthly Reports\2017\SeptemberSalesTaxDist

City of Kenmore, Washington
Real Estate Excise Tax Report
September 30, 2017



Real Estate Excise Taxes (REET)
2014 - 2017 Monthly Receipts

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
January	72,106	74,259	122,819	176,657	89,728
February	54,038	61,070	70,146	94,134	61,751
March	30,426	111,337	110,066	170,086	83,943
April	45,118	104,280	133,161	126,245	94,186
May	102,257	112,927	129,599	139,422	114,928
June	88,070	156,338	167,575	211,430	137,328
July	116,858	173,095	177,426	163,138	155,793
August	92,932	166,651	165,397	114,754	141,660
September	91,812	147,668	136,176	221,719	125,219
October	272,842	129,678	150,786		184,435
November	85,748	120,907	124,437		110,364
December	73,582	96,566	131,651		100,600
	\$1,125,790	\$1,454,776	\$1,619,239	\$1,417,585	\$1,399,935

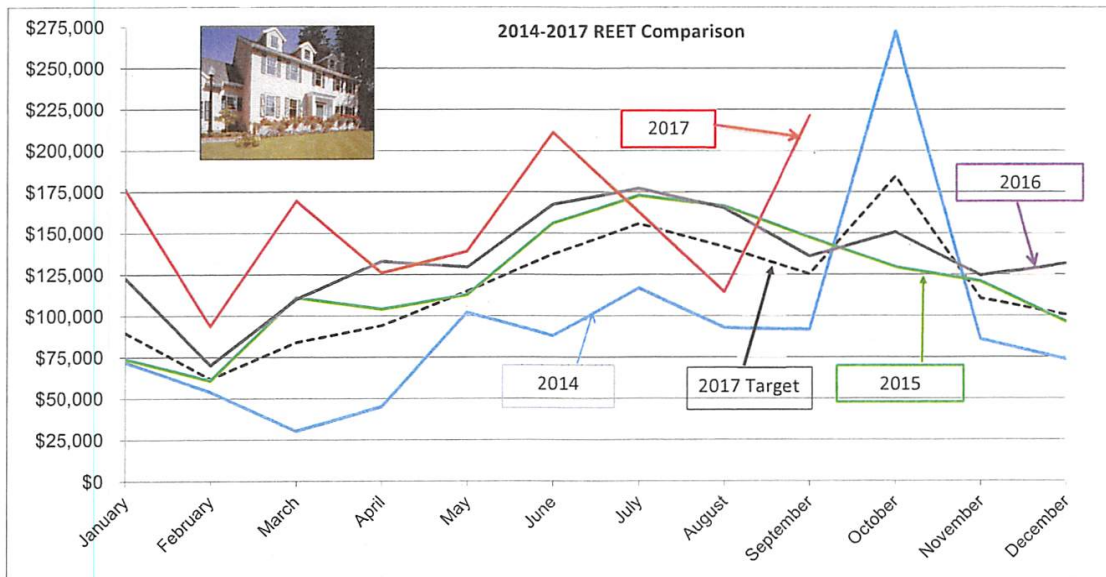
For 2017, REET is \$205,220 more than the same period last year and more than the 2016 target by \$413,049

* NOTE THE 2017 target is computed on a 3 year average (2014-2016) of actual receipts

Real Estate Excise Taxes (REET)
2014 - 2017 Property Sales > \$500,000

(The sales actually occur in the prior month; there is a 30 day lag between sales and when the City receives the revenue)

Taxes from > \$500,000 Sale Amounts								
	2014	2015	2016	2017	2014	2015	2016	2017
January	4,699,850	7,418,000	18,590,517	27,548,430	23,264	36,719	92,023	136,365
February	3,930,920	6,607,900	9,701,034	19,017,050	19,458	32,709	48,020	94,134
March	2,175,430	7,874,934	15,147,174	29,692,641	10,768	38,981	74,979	146,979
April	4,266,725	14,291,370	21,160,913	19,953,544	21,120	70,742	104,747	98,770
May	12,347,730	14,068,904	19,813,122	24,277,456	61,121	69,641	98,075	120,173
June	7,353,999	20,361,466	26,065,161	36,414,050	36,402	100,789	129,023	180,250
July	15,071,601	25,571,387	24,020,546	28,779,145	74,604	126,578	118,902	142,457
August	5,882,306	22,614,538	21,648,781	18,859,991	29,117	111,942	107,161	93,357
September	8,437,700	18,821,380	16,950,242	38,431,272	41,767	93,166	83,904	190,235
October	44,456,605	16,519,240	21,157,409		220,060	81,770	104,729	0
November	8,922,100	14,736,156	16,916,011		44,164	72,944	83,734	0
December	7,142,900	13,187,535	20,607,695		35,357	65,278	102,008	0
	\$124,687,866	\$182,072,810	\$231,778,605	\$242,973,579	617,202	901,259	1,147,305	\$1,202,720



City of Kenmore, Washington
Monthly Report for Kenmore Village Fund
September 30, 2017



<u>Revenues</u>	<u>September 2017</u>	<u>Biennium-to- Date</u>	<u>Biennium Budget</u>
Lease Income (USPS & Kenmore Village)	0	0	89,000
Investment Interest	36	152	5,000
Transfer From General Fund	123,085	123,085	328,228
Misc. Revenues	0	12,090	0
Leasehold Excise Returned	0	136	2,400
Total Revenues	123,121	135,463	424,628
<u>Expenditures</u>			
Salaries/Wages/Benefits	0	761	60,000
Downtown Plan Services	0	6,482	0
Events & Misc.	13,248	23,116	44,000
Utilities and Insurance - Kenmore Village	1,252	16,982	64,200
Repairs, Maintenance, Other Services	29,780	34,445	84,600
Surface Water and Fire Benefit Fees	0	3,557	0
Computer Software	0	0	20,000
Improvements	0	0	8,000
Kenmore Village Public Square	648	292,328	0
Total Expenditures	44,928	377,671	292,228
Net Income (Loss)	78,193	-242,208	132,400

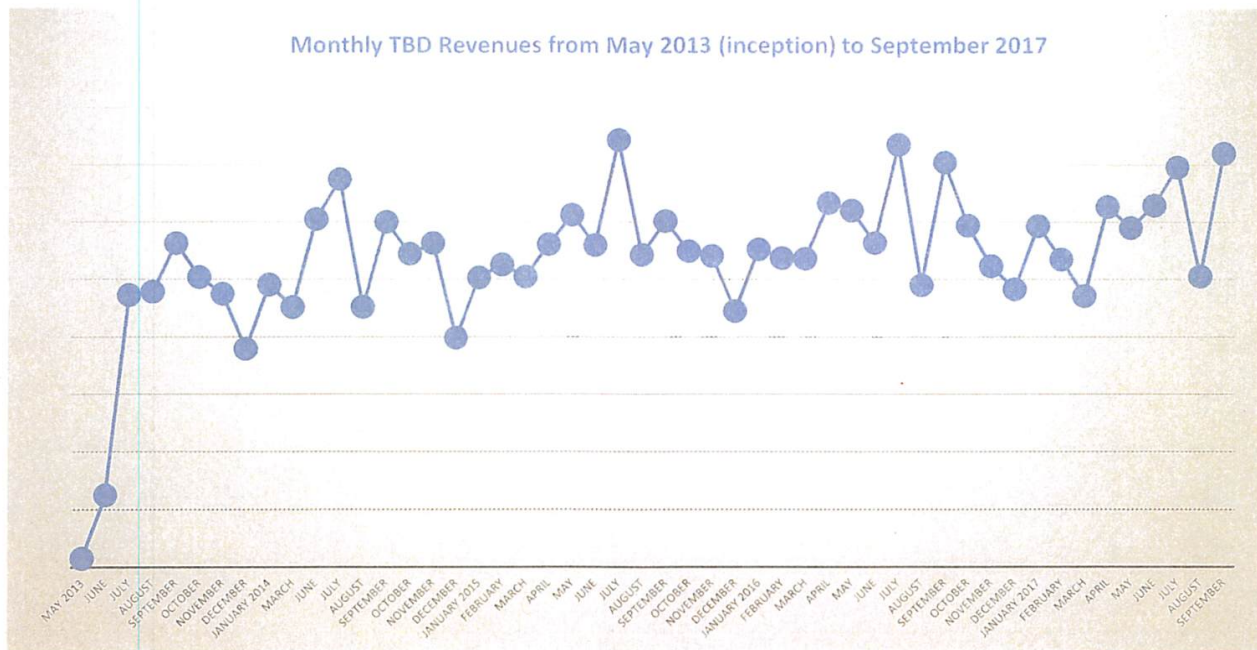
NOTE: This schedule only reflects activity occurring on the City books and does not include the lease revenue and expenditures accounted for by the property management firm.

Kenmore Transportation Benefit District
Monthly Report
September 30, 2017



<u>Revenues</u>	<u>September 2017</u>	<u>Biennium-to-Date</u>	<u>Percent of Budget</u>	<u>Biennium Budget</u>
Vehicle Fees	35,996	268,370	39.47%	680,000
Investment Interest	108	311	38.85%	800
Total Revenues	<u>\$36,104</u>	<u>\$268,680</u>	39.47%	<u>\$680,800</u>
<u>Expenditures</u>				
Reimbursement to Street Fund	0	0	0.00%	669,000
Total Expenditures	<u>0</u>	<u>0</u>	0.00%	<u>669,000</u>
Net Income (Loss)	<u>\$36,104</u>	<u>\$268,680</u>		<u>\$11,800</u>

Monthly TBD Revenues from May 2013 (inception) to September 2017



ORDINANCE NO. 18-0458

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KENMORE RELATING TO UTILITY RELOCATIONS WITHIN PUBLIC RIGHTS-OF-WAYS AND AMENDING SECTIONS 12.05.030, 12.35.030 AND 12.55.110 OF THE KENMORE MUNICIPAL CODE; AND ADOPTING NEW SECTIONS 12.05.015, 12.05.040 AND 12.05.050 TO THE KENMORE MUNICIPAL CODE

WHEREAS, the City Council adopted Title 12 of the Kenmore Municipal Code (“KMC”), which provides for the administration of city streets and opened and unopened rights-of-way (“ROW”), and other public property; and

WHEREAS, RCW 35A.11.020 grants the City authority to regulate the use of the public ROW; and

WHEREAS, Title 12 KMC needs to be modified to include clarification on utilities located within the ROW; and

WHEREAS, the City desires to ensure that utility relocations, removals, and reroutes are completed in a timely manner to accommodate city funded ROW projects; and

WHEREAS, the City Council finds that the amendments to Title 12 KMC are intended to regulate the activities in the public ROW to protect and preserve the public health, safety and welfare;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CITY OF KENMORE, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Amendments and Additions. The City Council amends Chapters 12.05, 12.35 and 12.55 of the Kenmore Municipal Code as set forth in Exhibit A, attached hereto and incorporated by reference as if set forth in full.

Section 2. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance or its or their application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance, or its or their application to other persons or circumstances.

Section 3. Effective Date. This Ordinance shall be publishes in the official newspaper of the City and shall take effect and be in full force five (5) days after the date of the publication.

APPROVED by the City Council this ____ day of _____, 2018.

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY _____
Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO. 18-0xxx
PUBLISHED:
EFFECTIVE DATE:

Attachment A

**Chapter 12.05
GENERAL PROVISIONS**

Sections:

12.05.010 *Repealed.*

12.05.015 **Construction; Intent.**

12.05.020 **Financial guarantees authorized.**

12.05.030 **Definitions.**

12.05.040 **Removal of facilities/equipment in rights-of-way.**

12.05.050 **Violation – Enforcement; Penalties.**

12.05.010 Relationship to comprehensive plan and Growth Management Act.

Repealed by Ord. 11-0330. [Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.02.010).]

12.05.015. Construction; Intent.

A. This code is enacted to protect and preserve the public health, safety and welfare. Its provisions shall be liberally construed for the accomplishment of these purposes. It also the purpose of this code to regulate activities within the rights-of-way in the interest of public health, safety and welfare; and to provide for the fees, charges, enforcement, and procedures required to administer such regulations.

B. It is expressly the purpose of this code and any procedures adopted hereunder to provide for and promote the health, safety and welfare of the general public, and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this code or any procedures adopted hereunder.

C. It is the specific intent of this code and any procedures adopted hereunder to place the obligation of complying with the requirements of this code upon the person, franchisee or permittee seeking to use the rights-of-way, and no provision is intended to impose any duty upon the city of Kenmore, or any of its officers, employees or agents. Nothing contained in this code or any procedures adopted hereunder is intended to be or shall be construed to create or form the basis for liability on the part of the city of Kenmore, or its officers, employees or

agents, for any injury or damage resulting from the failure of the person, franchisee or permittee to comply with the provisions hereof, or by reason or in consequence of any act or omission in connection with the implementation or enforcement of this code or any procedures adopted hereunder by the city of Kenmore, its officers, employees or agents.

12.05.020 Financial guarantees authorized.

The department is authorized to require all applicants issued permits or approvals under the provisions of this title to post financial guarantees consistent with the provisions of KMC Title 21. [Ord. 11-0330 § 1 (Exh. A); Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.02.020).]

12.05.030 Definitions.

This section contains definitions of terms used throughout this title.

A. "Applicant" means a property owner or a public agency or public or private utility which owns a right-of-way or other easement or has been adjudicated the right to such an easement pursuant to RCW 8.12.090, or any person or entity designated or named in writing by the property or easement owner to be the applicant, in an application for a development proposal, permit or approval.

B. "City manager" means the City of Kenmore city manager or his or her designee(s).

C. "City property" means all City real property, including but not limited to recreational trails, parks and dedicated open space.

D. "Department" means the City department or outside agency assigned by the city manager to administer a portion of the City code.

E. "Development" means any activity that requires a permit or approval, including, but not limited to, a building permit, grading permit, shoreline substantial development permit, conditional use permit, special use permit, zoning variance or reclassification, subdivision, short subdivision, urban planned development, binding site plan, site development permit or right-of-way use permit.

F. "Encroachment" means any structures permanent in nature, including, but not limited to, building extension, marquee, fence, stairway, railing, retaining wall, artwork, or any other building or structure constructed, erected or maintained in, over or under any public place,

right-of-way, easement, roadway, parking strip and/or sidewalk, including the airspace above them.

G. "Right-of-way use permit, limited" means a permit authorizing the use or improvement of the City right-of-way for a designated purpose, typically for a period of time limited to one year or less.

H. "Right-of-way use permit, access" means a permit authorizing the use of unopened City right-of-way for a subdivision or property access, typically for a period of time exceeding one year in duration.

I. "Right-of-way use permit, encroachment" means a permit authorizing the use of the City right-of-way for an encroachment, typically for a period of time exceeding one year in duration.

J. "Special use permits" means a permit for the use of City property issued pursuant to this title.

K. "Utilities" means private and public providers of utilities, including water, wastewater, electric, telephone, telecommunications, personal wireless services, cable television, natural gas lines, and solid waste.

[Ord. 11-0330 § 1 (Exh. A).]

12.05.040 Removal of facilities/equipment in City rights-of-way.

Except as may be required by Chapter 35.99 RCW, any Utility that locates any facilities/equipment in the rights-of-way shall relocate, remove or reroute said facilities/equipment, as ordered and in the timeframe required by the city to accommodate a city project, at no expense or liability to the city. If a Utility fails to timely perform such work, then the city manager may, but is not required to, order and complete all work necessary to remove the facilities/equipment from the rights-of-way to accommodate a city project. The Utility shall reimburse the city for the reasonable actual costs of the work, including City overhead (provided that in no event shall such overhead exceed 10% of the total costs, fees and expenses of third parties), within thirty (30) days of the City's invoice for such work. In addition, the Utility shall indemnify, protect and hold harmless the City from any third-party claims for service interruption or other losses in connection with any such change or removal of the facilities/equipment, other than the City's negligence or willful misconduct.

12.05.050 Violation – Enforcement; Penalty.

A. The violation of or failure to comply with any provision of this title is declared to be unlawful. The city manager shall have the authority to enforce this title and to adopt procedures for the purpose of implementing or carrying out other responsibilities required by this title.

B. Any violation or failure to comply with any provision of this title is a civil violation as provided for in Chapter 1.20 KMC, for which a monetary penalty may be assessed and abatement may be required as provided herein. The city manager may, but is not required to, seek voluntary correction pursuant to KMC 1.20.070, prior to the assessment of monetary penalties for violation of this title.

**Chapter 12.35
RIGHTS-OF-WAY**

* * *

12.35.030 Permit – Additional requirements.

A. Plans. Detailed engineering and restoration plans and/or drainage plan may be required when considered necessary by the city manager. Costs for the development of such plan and conduct of required studies shall be borne by the applicant and, if the plan is returned, it shall be returned to the applicant.

B. Survey. When considered necessary by the city manager to adequately define the limits of right-of-way, the applicant shall cause the right-of-way to be surveyed by a licensed land surveyor. Such survey shall be recorded in accordance with the Survey Recording Act.

C. Dedication. An applicant may be required to deed additional right-of-way across property under his ownership when necessary to fulfill the minimum street right-of-way width prescribed in RCW 36.86.010.

D. Illegal Subdivision. A permit shall not be issued to provide access to a lot or parcel created in violation of State and City subdivision regulations. [Ord. 11-0330 § 1 (Exh. A); Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.28.030).]

E. Every permit granted under this chapter shall also condition approval consistent with the requirements of Chapter 12.05 KMC, General Provisions.

**Chapter 12.55
UTILITIES ON CITY RIGHTS-OF-WAY**

* * *

12.55.110 Construction permit – Form.

The right-of-way construction permit granted shall be in a form approved by and be made subject to all reasonable and necessary terms and conditions imposed by the department, and shall also include conditions of approval consistent with the requirements of Chapter 12.05 KMC, General Provisions.



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Consideration of Ordinance 18-0458 to include the relocation and removal of utilities in the right of way.

For Council Meeting Agenda of: January 22, 2018

Department: Public Works

Prepared by: John Vicente
Nancy Ousley

Proposed Council Action/Motion:

Adoption of Ordinance 18-0458 to include the relocation, removal, and rerouting of utilities in the right of way.

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director: ✓

Approved by City Manager:

Initial & Date

@ 1/9/18

ON FILE

Done 1/10/18
PHK

Exhibits/Attachments:

Attachment A – Ordinance 18-0458

INFORMATION/BACKGROUND:

The purpose of this ordinance is to include language in the Kenmore Municipal Code (Code) that addresses the removal and relocation of utilities within the right of way. The Code does not clearly address removal and/or relocation of utilities with the City's right of way. The added language will enhance the City's ability to ensure that utilities within the right of way are managed efficiently.

Ordinance 18-0458 would add the following changes to the Code:

- 12.05.015 Construction intent: adds new section to clarify the intent of this section of the code regarding compliance
- 12.05.030 Definitions: adds the definition of "utilities"
- 12.05.040 Removal of facilities/equipment: adds new section regarding requirements for removal, relocations and rerouting of utilities in the right of way
- 12.05.050 Violation: adds new section providing authority to City Manager to enforce Title 12
- 12.35.030 Permit – Additional requirements: adds language that permits issued are subject to Chapter 12.05
- 12.55.110 Construction permit – Form: adds language that forms are also subject to Chapter 12.05.

FISCAL CONSIDERATION:

None at this time.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

1. To focus on and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle and other means of travel
2. To update and continue to implement the Economic Development Plan with an emphasis on the following key points: Advance Public's Access to Water; create a vibrant, walkable downtown; **attract new businesses and support existing businesses; promote the image of Kenmore**

ORDINANCE NO. 18-0458

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KENMORE RELATING TO UTILITY RELOCATIONS WITHIN PUBLIC RIGHTS-OF-WAYS AND AMENDING SECTIONS 12.05.030, 12.35.030 AND 12.55.110 OF THE KENMORE MUNICIPAL CODE; AND ADOPTING NEW SECTIONS 12.05.015, 12.05.040 AND 12.05.050 TO THE KENMORE MUNICIPAL CODE

WHEREAS, the City Council adopted Title 12 of the Kenmore Municipal Code (“KMC”), which provides for the administration of city streets and opened and unopened rights-of-way (“ROW”), and other public property; and

WHEREAS, RCW 35A.11.020 grants the City authority to regulate the use of the public ROW; and

WHEREAS, Title 12 KMC needs to be modified to include clarification on utilities located within the ROW; and

WHEREAS, the City desires to ensure that utility relocations, removals, and reroutes are completed in a timely manner to accommodate city funded ROW projects; and

WHEREAS, the City Council finds that the amendments to Title 12 KMC are intended to regulate the activities in the public ROW to protect and preserve the public health, safety and welfare;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CITY OF KENMORE, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Amendments and Additions. The City Council amends Chapters 12.05, 12.35 and 12.55 of the Kenmore Municipal Code as set forth in Exhibit A, attached hereto and incorporated by reference as if set forth in full.

Section 2. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance or its or their application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance, or its or their application to other persons or circumstances.

Section 3. Effective Date. This Ordinance shall be publishes in the official newspaper of the City and shall take effect and be in full force five (5) days after the date of the publication.

APPROVED by the City Council this ____ day of _____, 2018.

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY _____
Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO. 18-0xxx
PUBLISHED:
EFFECTIVE DATE:

Attachment A

**Chapter 12.05
GENERAL PROVISIONS**

Sections:

- 12.05.010** *Repealed.*
- 12.05.015** **Construction; Intent.**
- 12.05.020** **Financial guarantees authorized.**
- 12.05.030** **Definitions.**
- 12.05.040** **Removal of facilities/equipment in rights-of-way.**
- 12.05.050** **Violation – Enforcement; Penalties.**

12.05.010 Relationship to comprehensive plan and Growth Management Act.

Repealed by Ord. 11-0330. [Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.02.010).]

12.05.015. Construction; Intent.

A. This code is enacted to protect and preserve the public health, safety and welfare. Its provisions shall be liberally construed for the accomplishment of these purposes. It also the purpose of this code to regulate activities within the rights-of-way in the interest of public health, safety and welfare; and to provide for the fees, charges, enforcement, and procedures required to administer such regulations.

B. It is expressly the purpose of this code and any procedures adopted hereunder to provide for and promote the health, safety and welfare of the general public, and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this code or any procedures adopted hereunder.

C. It is the specific intent of this code and any procedures adopted hereunder to place the obligation of complying with the requirements of this code upon the person, franchisee or permittee seeking to use the rights-of-way, and no provision is intended to impose any duty upon the city of Kenmore, or any of its officers, employees or agents. Nothing contained in this code or any procedures adopted hereunder is intended to be or shall be construed to create or form the basis for liability on the part of the city of Kenmore, or its officers, employees or

agents, for any injury or damage resulting from the failure of the person, franchisee or permittee to comply with the provisions hereof, or by reason or in consequence of any act or omission in connection with the implementation or enforcement of this code or any procedures adopted hereunder by the city of Kenmore, its officers, employees or agents.

12.05.020 Financial guarantees authorized.

The department is authorized to require all applicants issued permits or approvals under the provisions of this title to post financial guarantees consistent with the provisions of KMC Title 21. [Ord. 11-0330 § 1 (Exh. A); Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.02.020).]

12.05.030 Definitions.

This section contains definitions of terms used throughout this title.

A. "Applicant" means a property owner or a public agency or public or private utility which owns a right-of-way or other easement or has been adjudicated the right to such an easement pursuant to RCW 8.12.090, or any person or entity designated or named in writing by the property or easement owner to be the applicant, in an application for a development proposal, permit or approval.

B. "City manager" means the City of Kenmore city manager or his or her designee(s).

C. "City property" means all City real property, including but not limited to recreational trails, parks and dedicated open space.

D. "Department" means the City department or outside agency assigned by the city manager to administer a portion of the City code.

E. "Development" means any activity that requires a permit or approval, including, but not limited to, a building permit, grading permit, shoreline substantial development permit, conditional use permit, special use permit, zoning variance or reclassification, subdivision, short subdivision, urban planned development, binding site plan, site development permit or right-of-way use permit.

F. "Encroachment" means any structures permanent in nature, including, but not limited to, building extension, marquee, fence, stairway, railing, retaining wall, artwork, or any other building or structure constructed, erected or maintained in, over or under any public place,

right-of-way, easement, roadway, parking strip and/or sidewalk, including the airspace above them.

G. "Right-of-way use permit, limited" means a permit authorizing the use or improvement of the City right-of-way for a designated purpose, typically for a period of time limited to one year or less.

H. "Right-of-way use permit, access" means a permit authorizing the use of unopened City right-of-way for a subdivision or property access, typically for a period of time exceeding one year in duration.

I. "Right-of-way use permit, encroachment" means a permit authorizing the use of the City right-of-way for an encroachment, typically for a period of time exceeding one year in duration.

J. "Special use permits" means a permit for the use of City property issued pursuant to this title.

K. "Utilities" means private and public providers of utilities, including water, wastewater, electric, telephone, telecommunications, personal wireless services, cable television, natural gas lines, and solid waste.

[Ord. 11-0330 § 1 (Exh. A).]

12.05.040 Removal of facilities/equipment in City rights-of-way.

Except as may be required by Chapter 35.99 RCW, any Utility that locates any facilities/equipment in the rights-of-way shall relocate, remove or reroute said facilities/equipment, as ordered and in the timeframe required by the city to accommodate a city project, at no expense or liability to the city. If a Utility fails to timely perform such work, then the city manager may, but is not required to, order and complete all work necessary to remove the facilities/equipment from the rights-of-way to accommodate a city project. The Utility shall reimburse the city for the reasonable actual costs of the work, including City overhead (provided that in no event shall such overhead exceed 10% of the total costs, fees and expenses of third parties), within thirty (30) days of the City's invoice for such work. In addition, the Utility shall indemnify, protect and hold harmless the City from any third-party claims for service interruption or other losses in connection with any such change or removal of the facilities/equipment, other than the City's negligence or willful misconduct.

12.05.050 Violation – Enforcement; Penalty.

A. The violation of or failure to comply with any provision of this title is declared to be unlawful. The city manager shall have the authority to enforce this title and to adopt procedures for the purpose of implementing or carrying out other responsibilities required by this title.

B. Any violation or failure to comply with any provision of this title is a civil violation as provided for in Chapter 1.20 KMC, for which a monetary penalty may be assessed and abatement may be required as provided herein. The city manager may, but is not required to, seek voluntary correction pursuant to KMC 1.20.070, prior to the assessment of monetary penalties for violation of this title.

**Chapter 12.35
RIGHTS-OF-WAY**

* * *

12.35.030 Permit – Additional requirements.

A. Plans. Detailed engineering and restoration plans and/or drainage plan may be required when considered necessary by the city manager. Costs for the development of such plan and conduct of required studies shall be borne by the applicant and, if the plan is returned, it shall be returned to the applicant.

B. Survey. When considered necessary by the city manager to adequately define the limits of right-of-way, the applicant shall cause the right-of-way to be surveyed by a licensed land surveyor. Such survey shall be recorded in accordance with the Survey Recording Act.

C. Dedication. An applicant may be required to deed additional right-of-way across property under his ownership when necessary to fulfill the minimum street right-of-way width prescribed in RCW 36.86.010.

D. Illegal Subdivision. A permit shall not be issued to provide access to a lot or parcel created in violation of State and City subdivision regulations. [Ord. 11-0330 § 1 (Exh. A); Ord. 03-0180 §§ 1, 2; Ord. 02-0141 § 1; Ord. 98-0024 §§ 1, 2 (KCC 14.28.030).]

E. Every permit granted under this chapter shall also condition approval consistent with the requirements of Chapter 12.05 KMC, General Provisions.

**Chapter 12.55
UTILITIES ON CITY RIGHTS-OF-WAY**

* * *

12.55.110 Construction permit – Form.

The right-of-way construction permit granted shall be in a form approved by and be made subject to all reasonable and necessary terms and conditions imposed by the department, and shall also include conditions of approval consistent with the requirements of Chapter 12.05 KMC, General Provisions.



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic:	For Council Meeting Agenda of: January 22, 2018										
Ordinance No. 18-0456 Approving a Non-Exclusive Dual Franchise Agreement with Puget Sound Energy, Inc.	Department: Executive										
Contract No. 18-C1820: Memorandum of Understanding with Puget Sound Energy, Inc. on Performance and Reliability Reporting	Prepared by: Nancy Ousley, Assistant City Manager										
Proposed Council Action/Motion: Presentation and Discussion (Council action is Scheduled for January 29, 2018)	<table border="0"> <tr> <td></td> <td align="right"><u>Initial & Date</u></td> </tr> <tr> <td>Approved by Department Head:</td> <td align="right">AKO 10 Jan 2018</td> </tr> <tr> <td>Approved by City Attorney:</td> <td align="right"></td> </tr> <tr> <td>Approved by Finance Director: ✓</td> <td align="right"></td> </tr> <tr> <td>Approved by City Manager:</td> <td align="right"></td> </tr> </table> Exhibits/Attachments: 1) Staff Memo with Attachments 2) Proposed Ordinance and Franchise Agreement 3) Proposed Memorandum of Understanding 4) Ordinance No.05-0233: PSE Franchise Agreement (2005) 5) PSE Reliability Projects 2016-2017 6) Exponent Electric System Reliability Assessment (2016)		<u>Initial & Date</u>	Approved by Department Head:	AKO 10 Jan 2018	Approved by City Attorney:		Approved by Finance Director: ✓		Approved by City Manager:	
	<u>Initial & Date</u>										
Approved by Department Head:	AKO 10 Jan 2018										
Approved by City Attorney:											
Approved by Finance Director: ✓											
Approved by City Manager:											
<u>INFORMATION/BACKGROUND:</u> The proposed agreements work in concert to: 1) permit and set the conditions for Puget Sound Energy to locate its electrical and natural gas facilities in the public right of way and 2) require actions to report on and identify ways to improve electrical service reliability in Kenmore. The current Franchise Agreement between the City of Kenmore and Puget Sound Energy was approved in 2005. The proposed Agreement is for a five- year term, with the ability to extend an additional five years by mutual agreement. As a privately owned utility, PSE is regulated by the Washington Utilities and Transportation Commission. Right of Way provisions in the Franchise Agreement that have been updated and strengthened include: improved mapping of PSE facility locations; reporting on known third party users of PSE facilities; detailed procedures for relocating facilities that interfere with City public works projects; and accelerated vegetation patrols and trimming to reduce contact with electrical wires. Procedures requiring disabling decommissioned natural gas facilities have also been added. Declining electrical reliability and increasing incidences of outages caused widespread inconvenience, loss of business productivity and health concerns for Kenmore residents and businesses in recent years. The Administration and Council have called for a turnaround in electrical service reliability, and PSE has made some investments in 2016 and 2017 to improve electrical service in certain areas of the city. Information on the projects is available through this link to the PSE website: https://pse.com/inyourcommunity/pse-projects/system-improvements/Pages/Kenmore-electric-system-improvements.aspx The Memorandum of Understanding (MOU), which must be approved in order for the Franchise Agreement to take effect, requires annual detailed reports to the City Council and community on the frequency and duration of outages and how those metrics compare to the PSE system as a whole as well as neighboring jurisdictions served by other utilities. The MOU also covers identifying investments to improve reliability, improved ways of communicating with property											

owners who have utility easements that PSE needs to access for maintenance and repairs, and detailed procedures for emergency services and City long range planning cooperation. The City of Bellevue is one other city that has a MOU with PSE, but the proposed agreement with Kenmore covers more topics in much greater detail.

The City commissioned an Electrical System Reliability Assessment in 2016 from Exponent Failure Analysis Associates, Inc., which confirmed the crisis in reliability in Kenmore in comparison to the overall PSE system and recommended actions that could improve power reliability in Kenmore. The report notes that seven of the ten electrical circuits in Kenmore performed in the lowest quartile of the entire PSE system.

Note that on January 22 and January 29, 2018 the City Council is scheduled to consider proposed Ordinance 18-0458, which amends the Title 12 of the Municipal Code to provide improved efficiency in relocating and removing utility equipment, consistent with the approach of the proposed Franchise Agreement.

FISCAL CONSIDERATION:

State law does not allow a Franchise Fee for electric utilities, but does authorize a Utility Tax of up to 6% of gross revenues that municipalities can enact. The current Kenmore Utility Tax rate for electrical and natural gas is 4% of gross revenues and the projected revenue for 2017-2018 is \$1,630,010.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Council Goal: Economic Development: attract new businesses and support existing businesses
Budget Objective: Attractive, well-planned, enduring and desirable place to live and work



City Of Kenmore, Washington

MEMORANDUM

9 January 2018

TO: Rob Karlinsey, City Manager

FR: Nancy K. Ousley, Assistant City Manager *NKO*

RE: Proposed Puget Sound Energy Franchise Agreement and Memorandum of Understanding on Performance and Reliability Reporting

The proposed Franchise Agreement and Memorandum of Understanding (MOU) with Puget Sound Energy (PSE) represent considerable effort throughout the City organization to improve the reliability of electrical services in Kenmore and ensure that the use of City Right of Way, particularly with respect to how utility facilities interact with multi modal travel and City construction projects, is efficient and responsive.

The City Administration developed a starting point for discussions with PSE which was presented to the City Council in February 2017. We called for a "turnaround" in PSE service reliability, and the leadership of PSE has been receptive to your comments and requests.

I've summarized some key points from the proposed Franchise Agreement and MOU in comparison to the 2005 Franchise Agreement and the City's February, 2017 position in the attached chart. Also attached is a presentation made to the City Council in February 2017 outlining the City Administration's position at the starting point of discussions with PSE.

Thank you for your support and guidance in this project.

cc: Dawn Reitan, Inslee Best
John Vicente, Acting City Engineer

2018 City of Kenmore / Puget Sound Energy, Inc.

Proposed Franchise Agreement and Performance and Reliability Reporting Memorandum of Understanding

Selected Provisions

FRANCHISE AGREEMENT

Subject	2018 Proposal	2017 City Position	2005 Franchise Agreement
Franchise Term Section 4	5 years with additional 5 years by mutual agreement	5 years	10 years
Natural Gas Safety; Dangerous Conditions Section 8, Section 10	Access to maintenance records, safety/inspection plans, reports filed with WUTC. City can direct PSE to resolve dangerous conditions. Procedures for removal or decommissioning of unused facilities	Procedures for removal or decommissioning of unused facilities.	City can direct PSE to resolve dangerous conditions.
Records of Installation and planning Section 17	Improved mapping and GIS layers as available	Improved maps and records of facility locations + GIS	No mention of GIS
Non interference of Facilities in Franchise Area Section 7	Adds bicycle passage to non interference of facilities to safe passage of pedestrian, vehicle and reasonable access to properties. Adds ADA standards to compliance.	Same	Facilities should be located to not interfere with safe passage for pedestrian and vehicles and reasonable access to properties. State and municipal standards apply.
Bonding Requirement Section 11	PSE is required to post a bond for performance of obligations for certain provisions of the agreement. \$20,000, which may be increased by mutual agreement if additional work is undertaken by PSE.	Security Device of \$500,000	Before undertaking any of the work authorized by the Franchise, PSE shall furnish a bond.

Subject	2018 Proposal	2017 City Position	2005 Franchise Agreement
Vegetation Management Section 18	Annual patrols to identify areas needing trimming. City staff may accompany PSE on patrols. General trimming and vegetation management at least every 4 years. PSE commits to a 24- hour response time when a customer contacts PSE about vegetation management at or near residence.	Same	No stated intervals for trimming or vegetation management. No patrols mentioned.
Relocation of Facilities; Third Parties Section 13 Section 17	Detailed process for notice and response when facilities must be relocated for City projects, including relocation of third party users' facilities. PSE to report on location of all known third party users on its facilities.	Same	General notice and response when relocation is necessary. No specific mention of third party users.

PERFORMANCE AND RELIABILITY MEMORANDUM OF UNDERSTANDING

Subject	2018 Proposal	2017 City Position
Reliability, Outage and Restoration Reporting	Annual Reports to Council	Included
Report on Complaints to WUTC	Annual Reports to Council	Included
Information for applying for restitution	Report to City upon request	Included
Reliability Improvement Projects Reporting	Annual Reports to Council	Included
Improving performance of circuits	Meet with City to seek agreement on measures to improve performance of any circuit that performed worse than PSE system wide average in previous year	Included
Designating PSE emergency contacts	Confirmation in annual reports	Included
Dedicate a Line Crew to Kenmore	Not Included	Included
Updated Technology and Fossil Fuel Dependence	Update in annual report to City Council	Included
Agree for other Electric Utilities to Co-Locate on PSE Facilities	Not included	Included
Cooperation with City Emergency Services and Comprehensive Planning	Included	Included
Electric Charging Station	Discuss plans to partner on a charging station at or near City Hall	Included
Communicating with Property Owners Regarding Access for Maintenance	PSE's progress on a strategy to be Included in planned discussions with the City	Included
Small Business Direct Install Program	Not Included	Offer annually to Kenmore businesses

PROPOSED CITY OF KENMORE POSITION
FOR PUGET SOUND ENERGY FRANCHISE
AGREEMENT DISCUSSIONS

February 27, 2017

POWER RELIABILITY IN KENMORE

- **Circuits Serving Kenmore Are Among the Least Reliable in PSE's Entire System**
- **One of the Ten Circuits Serving Kenmore Performed Better than 50% of PSE's System-wide Circuits**
- **Seven of the Ten Circuits Serving Kenmore Performed at the Lowest Quartile in the PSE System**
- **Reliability Measures: System Average Interruption Frequency Index (SAIFI)
System Average Interruption Duration Index (SAIDI)**

EXPONENT ENGINEERING RELIABILITY ASSESSMENT

- Many Distribution Circuits are Older Vintage Equipment in Heavily Forested Areas
- Expedite Recloser and Sectionalizing Switches Installation
- Implement Plans to Rebuild Circuits 26, 27, 23 and Reliability Issues in Other Circuits
- More Frequent Vegetation Management Patrols and Trimming
- Install Modern Technologies Currently Available in Other Cities
- Detailed Reliability Reports by Circuit and Regular Reporting to City
- Establish a Protocol for Reviewing City Growth Plans

GOALS FOR NEW AGREEMENT=TURNAROUND

- Aggressive Actions to Remedy Reliability Crisis
- Update Construction and Relocation Provisions
- Better Information on Third Party Users of PSE Equipment
- Embrace New Technology and Sustainability
- Accountability to Customers and Community

RECENT PSE PROJECTS AND PLANS

- Moorlands Vitulli Transmission Line Upgrade (2016)
- New Switches and Reclosers in North Kenmore and near Simons Road (2016)
- Distribution Automation Project in South Kenmore (2016)
- Feeder Reroute + Tree Wire NE 196th Street (2017-2018)
- Feeder Reconductor + Tree Wire NE 185th Street (2017-2018)
- Feeder Reconductor + Tree Wire NE Arrowhead Drive (2017-2018)

GENERAL TERMS

- 5 Year Agreement Term
- Non Exclusive Franchise: Natural Gas and Electric Transmission and Distribution
- \$500,000 Security Device
- Emergency Services Planning and Coordination
- Engage with Comprehensive Planning Projects

CONSTRUCTION, FACILITIES AND UNDERGROUNDING

- Facilities in the Franchise Area (Right of Way) may not interfere with safe passage of pedestrian, bicycle and/or vehicle traffic and reasonable access to properties. Compliance with City and ADA Standards.
- Procedures for removal or decommissioning of unused facilities
- City requests for undergrounding can be covered by PSE with cost recovery from rate payers
- Relocation process improvements
- Improved GIS maps and records of facility locations

THIRD PARTY USERS

- Provide Information and Maps of Leased Pole Space
- Third Party Users Must Have Relevant City Permits and Franchise Agreements
- If Relocation is Necessary, PSE is Responsible for Relocating Third Party Facilities on its Poles

VEGETATION AND EASEMENT MANAGEMENT

- Accelerate Vegetation Patrols and Trimming to Annual
- City Staff May Accompany PSE on Patrols
- Immediate Trimming in Areas Prone to Tree Related Outages
- Compliance Performance Reviews; Adopt Vegetation Standards of Neighboring Providers or Demonstrate that PSE Standards Provide Comparable Reliability
- Arborist Consultation and Crew Training on Pruning Standards
- Communicate Directly Annually with Property Owners with Easements on Easement Maintenance and Enforcement

RELIABILITY REPORTING

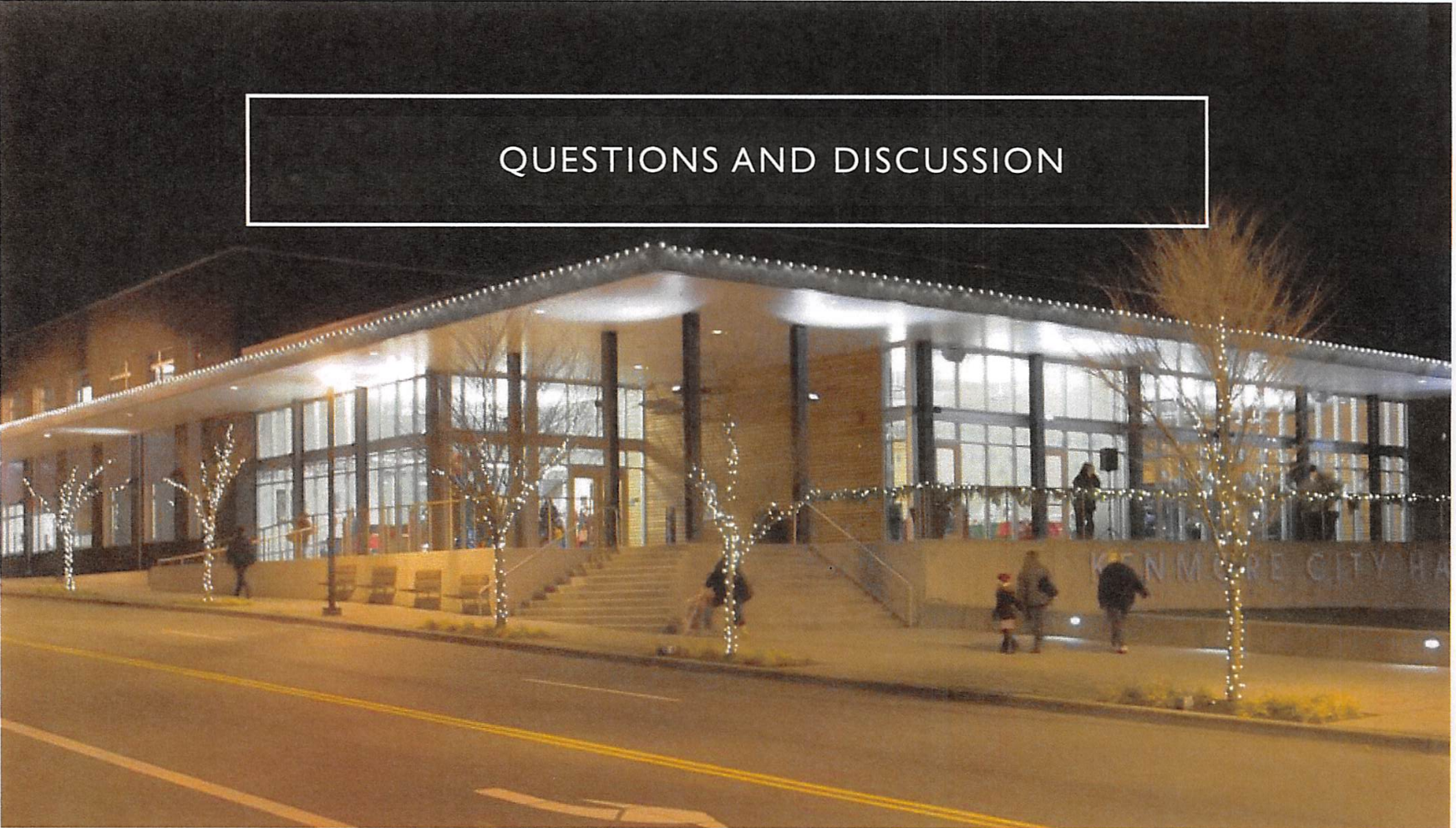
- Annual Reports for Past Five Years on Outage Frequency and Duration by Circuit and Citywide; Compare to Neighboring Cities and PSE Systemwide
- Identify Corrective Actions and Projects for Any Circuits That Exceed System Average for the Previous Year
- Annual Reports on All Outages, Including Circuit, Cause, Duration, Equipment, and Number of Customers Affected
- Annual Reports on Projects Planned for a Three Year Period, Including Smart Grid or Other Innovative Measures
- Annual Presentation and Reports to City Council

RELIABILITY INVESTMENT

- Agree on Process to Improve Reliability of Low Performing Circuits (MOU) and Agree to Fund Identified Reliability Improvements
- Include Smart Grid Technology in Capital Improvement Plan
- Dedicate a Line Crew to Kenmore
- Grid Tie Technology
- Reduce Reliance on Fossil Fuel Generated Power
- Agree to Allow Other Utilities to Co-locate on PSE Facilities if Safety Standards are Met

CONSIDERATIONS TO COMMUNITY

- Agree to 24 Hour Response Time to Vegetation Inquiries from Customers
- Report to City on Customer Complaints to PSE and to the Washington Utilities and Transportation Commission (WUTC)
- Provide Service Quality Indices as Reported to WUTC
- Provide Information to Customers for Applying for Rebates/Restitution Related to Loss or Damages from Non Storm Outages
- Provide One Electric Vehicle Charging Station
- Offer Small Business Direct Install Annually



CITY OF KENMORE, WASHINGTON

ORDINANCE NO. 18-0456

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, GRANTING PUGET SOUND ENERGY, INC., A WASHINGTON CORPORATION, THE NON-EXCLUSIVE RIGHT, PRIVILEGE, AUTHORITY AND FRANCHISE TO SET, ERECT, CONSTRUCT, SUPPORT, ATTACH, CONNECT AND STRETCH FACILITIES BETWEEN, MAINTAIN, REPAIR, REPLACE, ENLARGE, OPERATE AND USE FACILITIES IN, UPON, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY AND NATURAL GAS FOR POWER, HEAT, LIGHT AND OTHER PURPOSES FOR WHICH ELECTRICAL ENERGY AND NATURAL GAS MAY BE USED.

WHEREAS, RCW 35A.11.020 grants the City authority to regulate the use of the public right-of-way; and

WHEREAS, RCW 35.47.040 authorizes the City to "grant nonexclusive franchises for the use of public streets, bridges or other public ways, structures or places above or below the surface of the ground for... poles, conduits, tunnels, towers and structures, pipes and wires and appurtenances thereof for transmission and distribution of electrical energy,...for gas..."; and

WHEREAS, Puget Sound Energy, Inc. ("PSE") has requested a franchise for purposes of transmission, distribution, and sale of electrical energy and natural gas for power, heat, light, and any other purpose for which electrical energy and natural gas may be used; and

WHEREAS, on July 25, 2005, the City Council adopted Ordinance No. 05-0233, which granted a franchise to PSE for the construction, operation, maintenance and repair of natural gas and electric transmission and distribution facilities for a ten year period; and

WHEREAS, the original ten-year term of the franchise agreement with PSE ended in August of 2015, and the parties have continued to operate under the terms of such franchise since that time in conjunction with the negotiation of a new franchise; and

WHEREAS, the City of Kenmore and PSE have negotiated a new, mutually acceptable franchise agreement; and

WHEREAS, the City Council finds that it is in the best interest of the health, safety and welfare of residents of Kenmore to grant a non-exclusive franchise to PSE for the operation of electric distribution, electric transmission, and natural gas distribution systems within the City right-of-way;

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

Section 1. Recitals Incorporated. The Recitals set forth above are herein incorporated by reference as if set forth in full.

Section 2. Finding of Public Interest. The City Council hereby finds that the non-exclusive franchise agreement with Puget Sound Energy, Inc. attached hereto as Exhibit A, and herein incorporated by reference as if set forth in full, is in the public interest.

Section 3. Franchise Authorized. The City Council hereby approves and authorizes the City Manager to enter into the non-exclusive franchise agreement attached hereto as Exhibit A (the "Franchise") with Puget Sound Energy, Inc., to construct, operate and maintain its utility facilities, as defined in the Franchise, in, across, under, upon, along and over public roads and rights-of-way of the City of Kenmore.

Section 4. Severability. Should any section, paragraph, sentence, clause, or phrase of this ordinance or the Franchise, or its or their application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance or the Franchise be pre-empted by State or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or the Franchise, or its or their application to other persons or circumstances.

Section 5. Effective Date. This Ordinance, being in compliance with RCW 35A.47.040, shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

APPROVED by the City Council this ____ day of _____, 2018.

David Baker, Mayor

ATTEST/AUTHENTICATED:

Kelly Chelin, City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY _____
Rod Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. 18-0456

EXHIBIT A TO ORDINANCE NO. 18-0456

**A NON-EXCLUSIVE FRANCHISE AGREEMENT BETWEEN
THE CITY OF KENMORE AND PUGET SOUND ENERGY, INC.**

Section 1. Definitions

Where used in this franchise (the "Franchise") the following terms shall mean:

1.1 "PSE" means Puget Sound Energy, Inc., a Washington corporation, and its respective successors and assigns.

1.2 "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns. Specifically, the City includes all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.

1.3 "City Manager" means the Kenmore City Manager, or his or her designee.

1.4 "Days" means calendar days.

1.5 "Environmental Laws" means any applicable federal, state, or local statute, code, or ordinance or federal or state administrative rule, regulation, ordinance, order, decree, or other governmental authority as now or at any time hereafter in effect pertaining to the protection of human health or the environment.

1.6 "Force Majeure Event" means any fire, explosion, pest damage, power failure, strike or labor dispute, act of God, the elements, war, civil disturbance, act of civil or military authorities or the public enemy, or fuel or energy shortage, or any other extraordinary circumstance or event beyond the reasonable control of the affected party.

1.7 "Franchise" means the grant of non-exclusive rights, privileges and authority embodied in this Ordinance.

1.8 "Franchise Area" means all public rights-of-way including the surface of and space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway and drive within the City as now and as may hereafter be laid out, platted, dedicated, acquired or improved within the present limits of the City and as such limits may be hereafter extended; and all City owned easements used for such rights-of-way and/or dedicated for the placement and location of utilities, provided such easements would allow PSE to fully exercise the rights granted under this Franchise within the area covered by such easements.

1.8 "Facilities" means collectively, any and all:

A. natural gas distribution systems, including but not limited to, gas pipes, pipelines, mains, laterals, conduits, feeders, regulators, valves, meters, meter-reading devices, fixtures, and

communications systems and all necessary facilities and appurtenances thereto, whether the same be located over or under ground;

B. electrical transmission and distribution systems, including but not limited to poles (with or without cross arms), including Puget-owned street lighting poles and luminaires, wires, lines, conduits, cables, communication and signal lines, braces, guys, anchors, switches, transformers, ducts, vaults and all necessary facilities and appurtenances thereto, whether the same be located over or under ground.

1.9 "Hazardous Substance" means any hazardous, toxic, or dangerous substance, material, waste, pollutant, or contaminant that is specifically designated as such and regulated by any applicable Environmental Law.

1.10 "Ordinance" means this Ordinance No. 18-0456, which sets forth the terms and conditions of this Franchise.

1.11 "Permitting Authority" means the head of the City department authorized to process and grant permits required to perform work in the Franchise Area, or the head of any agency authorized to perform this function on the City's behalf. Unless otherwise indicated, all references to Permitting Authority shall include the designee of the department or agency head.

1.12 "Tariff" means "tariff" as that term is defined in WAC 480-80-030(3), or such similar definition describing rate schedules, rules and regulations relating to charges and service as may hereinafter be adopted by the regulatory authority with jurisdiction, under the laws of the State of Washington, over public service companies.

1.13 "WUTC" means the Washington Utilities and Transportation Commission or such successor regulatory agency having jurisdiction over public service companies.

Section 2. Grant of Franchise; Facilities within the Franchise Area

2.1 Pursuant to the laws of the state of Washington, including but not limited to RCW 35A.47.040 and 80.32.010, the City hereby grants to PSE the non-exclusive right, privilege, authority and franchise subject to the terms and conditions set forth herein. This Franchise grants PSE the non-exclusive right, privilege, authority and franchise to install, construct, operate, maintain, repair, replace, and use Facilities for electric distribution and transmission and natural gas distribution and transmission systems, in, under, on across, over, through, along or below the Franchise Area, for the transmission, distribution and sale of electrical energy and natural gas power, heat and light, and any other purposes for which electrical energy and natural gas may be used, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.

2.2 This Franchise specifically does not authorize PSE to install or use Facilities to provide telecommunications, cable television, point-to-point data communications, or similar services either via wire or wireless technologies regardless of whether these services are provided to any person outside PSE's organization. This section does not restrict PSE's ability to utilize wires, wireless technology or telemetric devices to monitor and operate its electric distribution, electric transmission and natural gas distribution systems, to monitor and control the usage of electrical energy and/or natural gas, and/or to operate communications

systems supporting its electric and gas operations but which are not used by PSE or any third parties to provide commercial telecommunications services to the general public. The City acknowledges that PSE may have existing or future agreements with third parties regarding the use and sharing of Facilities, such as poles.

2.3 PSE acknowledges the City's desire and intent that City rights-of-way be free of encumbrance by rights held by others, including PSE, and that the City desires and intends that rights-of-way dedicated by property owners to the City be free of such encumbrances. All rights-of-way so dedicated during the term of this Franchise shall be Franchise Area and any new Facilities thereafter installed by PSE therein shall be subject to the terms and conditions of this Franchise except as set forth in Section 2.4.

2.4 In the event PSE has a prior existing easement or other property ownership or lease right not derived from this Franchise within any portion of the Franchise Area dedicated to the City during the term of this Franchise as described in Section 2.3, and PSE desires to install new Facilities within and using such prior easement or other property ownership or lease right, then PSE will provide notice of the same to the City prior to such installation. The City may request that PSE instead install such new Facilities within the Franchise Area pursuant to rights granted by this Franchise. PSE will consider the facts and conditions that bear upon such request and will respond to the City, including meeting with the City to discuss such request, prior to installation of PSE's new Facilities. When reasonably determined by PSE to be consistent with prudent utility practice, PSE will install its new Facilities within the Franchise Area pursuant to rights granted by this Franchise as requested by the City. In all other cases, PSE may install its new Facilities within and using such prior PSE easement or other property ownership or lease right, subject to compliance with any and all permit conditions and other requirements applicable to such work under City codes, ordinances and standards, including any such condition or requirement to repair and restore the Franchise Area consistent with adopted Public Works standards.

2.5 Without limiting PSE's obligation to consider requests made by the City pursuant to Section 2.4, this Franchise shall not govern or apply to Facilities located on and using PSE owned or leased properties or easements inside or outside of the Franchise Area (whether granted by a private or public entity and whether now existing or hereafter acquired), and such Facilities are not, and will not be deemed to be, located pursuant to rights derived from this Franchise or pursuant to rights otherwise granted by the City.

Section 3. Nonexclusive Franchise

This non-exclusive Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any portion of the Franchise Area that do not unreasonably interfere with PSE's rights under this Franchise. PSE acknowledges that the City's grant of a non-exclusive electric or natural gas franchise to another party does not, in and of itself, constitute unreasonable interference so long as the terms of the other franchise do not purport to give the other party priority or preference rights that unreasonably interfere with PSE's rights under this Franchise. This Franchise shall in no way prevent or prohibit the City from using, or affect its jurisdiction over, any portion of the Franchise Area or other City property, and the City shall retain the authority to make necessary changes, relocations, repairs, maintenance, establishment, and improvement to any portion of the Franchise Area or other City property as the City may deem fit, including the dedication, establishment, maintenance, and improvement of new rights-of-way or other public properties of every type and description.

Section 4. Term of Franchise/Acceptance

This Franchise is and shall remain in full force and effect for a period of five (5) years from the effective date of the Ordinance. This Franchise may be renewed, at the sole discretion of the Kenmore City Council for one additional five (5) year period upon the written request of PSE, such request to be submitted not less than one hundred eighty days (180) prior to the expiration of the initial five (5) year term. This Franchise is granted upon the express condition that PSE, within sixty (60) days after the adoption of this Ordinance, shall (i) file with the clerk of the City a written acceptance of the same; and (ii) jointly with the City, execute and deliver the Memorandum of Understanding described in Section 31 of this Franchise. Upon completion of each such step, this Franchise shall constitute a contract between the City and PSE for all the purposes herein set forth. If PSE fails to provide its written acceptance or jointly with the City execute and deliver the Memorandum of Understanding as provided above, this Ordinance and Franchise shall be null and void.

Section 5. Non-Franchise Area City Property

5.1 Except as expressly set forth in Section 5.2, below, nothing contained in this Ordinance shall be construed as granting permission or conveying any right to PSE to install Facilities, use or otherwise go upon any City-owned or leased properties or other public place other than the Franchise Area, and the City reserves the right to require compensation for the use of any such City-owned or leased properties or other public places not located in the Franchise Area, as may be required by the City Council by resolution. Permission to go upon any other property owned, leased or controlled by the City must be sought on a case by case basis from the City. Nothing in this Franchise shall be deemed to grant, convey, create or vest a real property interest in land to or in PSE, including any fee or leasehold interest or easement rights.

5.2 Existing Facilities installed or maintained by PSE on public grounds and places within the City in accordance with prior franchise agreements, but which are not within the Franchise Area as defined by this Franchise, may be maintained, operated, repaired and/or replaced in like kind by PSE under the terms of this Franchise. For normal maintenance and repair of such existing Facilities installed or maintained by PSE on public grounds and places, PSE shall notify the City prior to any activity undertaken by or on behalf of PSE that impacts or disrupts the public use of said public grounds or places. Such Facilities, however, may not be modified, enlarged, improved or expanded without the prior review and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures. Any request to modify, enlarge, improve or expand such Facilities described in this Section shall also include a detailed map and description of the requested change to said Facilities.

Section 6. Compliance with State and Local Regulations

6.1 PSE shall comply with all federal, state, and (subject to Section 28) local laws or regulations applicable to the exercise of PSE's rights and obligations under this Franchise. Upon written inquiry, PSE shall provide a specific reference to either the federal, state, or local law or the WUTC order or action establishing a basis for PSE's actions related to the exercise of such rights and obligations.

6.2 In granting this Franchise the City hereby reserves all lawful powers *and* franchise authority available to it under its general police authority; provided, however, such authority shall be exercised in a manner consistent with the rights, privileges, authority and franchise conferred to PSE by this Franchise.

Section 7. Non-interference of Facilities

7.1 PSE's Facilities shall be located and maintained within the Franchise Area so as not to interfere with the free and safe passage of pedestrian, bicycle and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto, provided, that such ingress or egress (driveways) exists when such Facilities are first installed. The foregoing obligations include, but are not limited to, PSE's compliance with (subject to Section 28) applicable City ordinances, regulations and adopted Public Works Standards, and federal and state laws (such as the standards set forth in the American with Disabilities Act).

7.2 In the event that the City Manager or designee reasonably determines, after providing written notice to PSE and a reasonable opportunity for PSE to respond to the City Manager or designee's concerns, that any one or more of PSE's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto that exists when such Facilities are first installed, then PSE shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall fully cooperate with PSE, including, without limitation, allowing changes to or modifications of the Franchise Area, at PSE's expense, if such changes or modifications provide the most effective or economical means of eliminating such interference.

7.3 In the event such interference requires relocation of PSE's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 13 below (any such interference resulting from new development ingress or egress to properties abutting the Franchise Area in proximity to PSE's Facilities existing within the Franchise Area prior to the development shall be subject to Section 13.5).

Section 8. Natural Gas System Integrity and Safety; Dangerous Conditions

8.1 Upon the City's reasonable request, PSE will make available for review and inspection on PSE's premises by the City or City representatives, PSE's annual maintenance, safety and inspection plans and records concerning or related to PSE's natural gas Facilities located in the City of Kenmore.

8.2 Upon the City's reasonable request, PSE will make available for review and inspection on PSE's premises by the City or City's representatives, copies of reports or notices filed with WUTC or Federal Office of Pipeline Safety concerning or related to the integrity or safety of PSE's natural gas Facilities located in the City.

8.3 PSE will provide concurrent notice to the City of any application by PSE for waiver of any state or federal gas safety rule applicable to the integrity or safety of PSE's natural gas Facilities located in the City.

8.4 In the event that any of PSE's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the Franchise Area or public or private property adjacent thereto, the City Manager or designee may direct PSE, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.

Section 9. Construction and Maintenance of Facilities in Franchise Area; Permit Required

9.1 Whenever PSE works in the Franchise Area for purposes of traffic control, installation, construction, repair, maintenance or relocation of its Facilities, it shall apply to the City for all necessary City permits to do such work, in accordance with all ordinances and regulations of the City. Subject to Section 28, PSE shall comply with all requirements and conditions of such permits, including but not limited to location restrictions, traffic control, restoration and repair work to restore the surface of the Franchise Area. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise. After the work is completed, PSE shall provide to the City upon request and at no cost, copies of PSE's drawings showing the approximate location of its Facilities affected by such work. As to any such drawings so provided, PSE does not warrant the accuracy thereof and, to the extent the location of Facilities is shown, such Facilities will be shown in their approximate location. The foregoing is not, however, intended to relieve PSE of its obligations arising under Section 17.3 of this Franchise or under applicable law with respect to determining and disclosing the location of its Facilities within the Franchise Area.

9.2 PSE shall at all times post and maintain proper barricades and traffic control and comply with all applicable safety regulations during any period of construction or maintenance activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems.

9.3 In the event of any emergency where any Facilities located in the Franchise Area are broken or damaged, or if PSE's work area within the Franchise Area is in such a condition as to endanger any person or property, PSE may immediately take any necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for *and* obtaining a permit as required by Section 9.1. This provision shall not relieve PSE from later obtaining any necessary permit for the emergency work. PSE shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical.

9.4 In the event PSE proposes to cut or disturb pavement within the Franchise Area for any purpose (except as provided in Section 9.3), PSE shall apply to the City for a permit to make such disturbance in accordance with Section 9. In its application PSE shall identify the specific paving proposed to be disturbed, describe the scope and extent of the proposed disturbance and explain the necessity for such disturbance. PSE shall minimize the extent of such pavement disturbance to that reasonably necessary to perform its work. PSE acknowledges the City's authority and discretion to approve (or not approve) disturbance of such pavement and to condition such approval and require compliance of the pavement restoration to the condition required in Section 10. PSE shall not cut or disturb any pavement within the Franchise Area (except as provided in Section 9.3) without written authorization from the City Manager or designee.

Section 10. Restoration of Franchise Area and Decommissioning of Facilities

10.1 PSE shall promptly restore the Franchise Area, at its sole cost and expense, after any installation, construction, relocation, maintenance, or repair of its Facilities within the Franchise Area. PSE shall restore the Franchise Area to the same condition existing immediately prior to PSE's work in the Franchise Area in accordance with the City's adopted Public Works Standards and as may be determined by the City Manager or designee, in each case as reasonably necessary to restore the integrity of the paving disturbed by PSE's work.

All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The City Manager or designee shall have final approval of the condition of the Franchise Area after restoration.

10.2 If it is determined that PSE has failed to restore the Franchise Area in accordance with Section 10, the City shall provide PSE with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, may restore the Franchise Area. PSE shall be responsible for and pay all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this section. PSE shall pay said costs and expenses within thirty (30) days of receipt of the City's billing for such work, including City overhead (provided that in no event shall such overhead exceed 10% of the total costs, fees and expenses). The remedy granted to the City under this section shall be in addition to those otherwise provided by this Franchise.

10.3 In the event PSE permanently ceases use of any above-ground Facilities within the Franchise Area, PSE shall within ninety days (90) after such permanent cessation of use, or such additional time as is agreed to by the parties, remove such above-ground Facilities at no cost to the City.

10.4 In the event PSE permanently discontinues use of and decommissions any of its underground Facilities within the Franchise Area, PSE may leave such underground Facilities in place subject to the conditions set forth in Sections 10.4 – 10.7. PSE shall notify the City when it permanently discontinues use of and decommissions any of its underground Facilities within the Franchise Area. PSE's written notification to permanently decommission underground Facilities within the Franchise Area shall include a mitigation plan for either removing or leaving in place the decommissioned underground Facilities. The mitigation plan shall address how and when the Facilities will be removed and shall include any mitigation measures PSE proposes to address impacts of the decommissioned underground Facilities to the Franchise Area. The mitigation plan shall require that any underground Facilities to be left in place shall be made inert by purging all natural gas from such underground Facilities (including displacement of natural gas with an appropriate inert gas) and disconnecting and sealing such underground Facilities, in compliance with applicable regulation and industry standards. Unless otherwise approved by the City, removal and mitigation should be accomplished within one hundred and eighty (180) calendar days after the Facilities are permanently decommissioned.

10.5 Within thirty (30) calendar days of receiving a mitigation plan submitted by PSE pursuant to Section 10.4, the City will review the mitigation plan and either approve or require changes and resubmittal. The City will not unreasonably withhold approval of PSE's proposed plan, but may require changes if it determines, in its reasonable discretion, that said plan fails to adequately mitigate the impacts of PSE's permanently decommissioned underground Facilities. If PSE's mitigation plan proposes leaving permanently decommissioned underground Facilities in place and the City determines, after consultation with PSE, that the impacts of leaving the Facilities in place cannot be adequately mitigated to the City's reasonable satisfaction, the City may require removal of the underground Facilities. If the City approves leaving permanently decommissioned underground Facilities in place, it may condition such approval upon PSE's agreement to remove the underground Facilities at a later time, such as in conjunction with a subsequent City Project (as defined below) or other project that includes excavation in the area or as reasonably required to

ensure the health and safety of the public. Following the City's approval of a mitigation plan, PSE shall promptly and in good faith implement the plan and obtain all required permits for its work in the Franchise Area.

10.6 If the Parties fail to agree upon a mitigation plan, PSE fails to comply with an approved plan, or circumstances require City action prior to approval of a plan, the City may, but is not required to, take such steps as it deems necessary to remove and/or mitigate for the impacts of the permanently decommissioned underground Facilities. Any costs incurred by the City as a result of PSE's failure to comply with its obligations under this Section with respect to permanently decommissioned underground Facilities shall be reimbursed by PSE within thirty (30) calendar days of the City invoicing PSE for such costs.

10.7 All work by PSE pursuant to this Section 10 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington and, subject to Section 28 Kenmore Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

10.8 The Parties expressly agree that the provisions of this section shall survive the termination, expiration, or revocation of this Franchise

Section 11. Bonding Requirement

11.1 Pursuant to RCW 35A.47.040, PSE shall, within thirty (30) days after its acceptance of this Franchise, file with the City, and at all times thereafter, maintain in full force and effect for the term of this Franchise, a bond executed by PSE and a corporate surety authorized to do surety business in the State of Washington, with an AM Best rating of A XII. The amount shall be as provided in Section 11.3, and shall secure performance of PSE's obligations under Sections 7.1, 7.2, 8.4, 9.1, 9.2, 9.3, 9.4, 10.1, 10.2, 10.3, 10.4 and 13.1 (the "Bonded Obligations"). The bond shall be in a manner and form reasonably acceptable to the City and secure PSE's faithful performance of the Bonded Obligations and provide recovery on the bond in case of PSE's failure to perform the Bonded Obligations. PSE may meet the obligations of this section with one (1) or more bonds reasonably acceptable to the City. In the event that a bond furnished pursuant to this section is canceled by the surety, after proper notice and pursuant to the terms of said bond, PSE shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this section.

11.2 In the event PSE shall fail to perform any Bonded Obligations in undertaking any work or other activities within the Franchise Area authorized by this Franchise, and further fails to cure its deficiency within the time period identified in the City's written notice of such deficiency (which may not be less than a reasonable period of time), then the City may recover jointly and severally from PSE and the surety of such bond to ensure performance of the Bonded Obligations. This section shall be a continuing obligation for the duration of this Franchise and thereafter until PSE has discharged all of its Bonded Obligations under this Franchise.

11.3 The bond filed in accordance with the requirements of this Section 11 shall be in the amount of Twenty Thousand Dollars and No/100 (\$20,000.00), but may be increased from time to time by mutual agreement of the parties if the volume of work being undertaken by PSE within the Franchise Area under this Franchise at any given point in time materially increases such that an

increase in the bond amount is reasonably necessary to provide adequate protection to the City for the Bonded Obligations covered by such work.

11.4 In the event the City intends to execute on or seek recovery under any bond(s) furnished by PSE pursuant to this Section 11, the City shall promptly provide written notice of same to PSE. If the City successfully executes on any such bond, PSE shall promptly obtain a replacement bond in like amount and/or take such other action as is reasonably necessary to ensure that the bond(s) required by this Section 11 are maintained in full force and effect for the term of this Franchise.

11.5 The rights reserved to the City by this Section 11 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 11 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 12. Underground Installation of Facilities

12.1 PSE acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area. The City acknowledges that PSE provides electrical and natural gas service on a non-preferential basis subject to and in accordance with applicable Tariffs on file with the WUTC. Subject to such Tariffs, PSE agrees to cooperate with the City in the formulation of policy and development regulations concerning underground installation of PSE's Facilities within the Franchise Area.

12.2 New extensions of electric Facilities that operate at 15,000 volts (15kV) or less constructed by PSE within the Franchise Area during the term of this Franchise shall be located underground subject to and in accordance with applicable Tariffs on file with the WUTC. Provided, however, that extensions of existing overhead Facilities of up to five spans or 500 feet (whichever is less) may, subject to the City's prior written consent which shall not be unreasonably withheld, be installed overhead in locations having other existing overhead utilities.

12.3 If, during the term of this Franchise, the City shall direct PSE to replace (convert) its overhead electric distribution Facilities (15kV or less) then existing within the Franchise Area with underground Facilities, such underground conversion shall be arranged and accomplished subject to and in accordance with applicable Tariffs on file with the WUTC. All requests by the City for conversion of overhead Facilities to underground shall comply with applicable law.

12.4 This Section 12 shall govern all matters related to underground installation of PSE Facilities within the Franchise Area.

Section 13. Relocation of Facilities

13.1 Whenever the City undertakes any City-funded (either directly with its own funds or with other public monies obtained by the City) improvement, repair, maintenance or other work within the Franchise Area ("City Project"), or if PSE's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian, bicycle and/or vehicular traffic pursuant to Section 7 above, and such City Project or interference necessitates the relocation of PSE's Facilities then existing within the Franchise Area, the City shall:

- A. provide PSE, within a reasonable time prior to the commencement of such City Project, written notice requesting such relocation; and
- B. provide PSE with copies of relevant portions of the City's plans and specifications for such City Project.

No later than one hundred and twenty (120) calendar days (or such shorter or longer period of time as the parties may mutually agree in writing for a given City Project) following receipt of such notice and such plans and specifications (the "Relocation Deadline"), PSE shall relocate its Facilities within the Franchise Area at no charge to the City; provided, however, the Relocation Deadline may be extended as reasonably necessary for an additional one hundred twenty (120) calendar days, for a total of two hundred and forty (240) calendar days (or such shorter or longer period of time as the parties may mutually agree in writing for a given City Project), if it would be impossible or impracticable for PSE to complete the relocation work by the original Relocation Deadline due to factors and/or circumstances beyond PSE's reasonable control, including PSE's actual inability (despite using best efforts) to obtain materials in a timely manner or PSE's relocation work being dependent on the performance of other work by the City or any third party. PSE shall notify the City of any need to extend the Relocation Deadline within thirty (30) calendar days after PSE's receipt of the City's notice to relocate referenced in Section 13.1.A and the plans and specifications referenced in Section 13.1.B (which are complete to at least 60% of final design) for the City Project. If PSE notifies the City of a need for such extension, the City may object to PSE's notice by giving PSE prompt written notice of and reasons for the objection, in which event PSE and the City shall work together in good faith to resolve the dispute in an expeditious manner. PSE shall also notify any third parties that are known by PSE to have equipment located on the PSE Facilities being relocated that they need to remove or relocate the third party's equipment by the Relocation Deadline. If PSE or the City subsequently learn of any third parties having equipment located on the PSE Facilities being relocated that were not previously known to PSE, PSE and the City shall work together in good faith to identify the third parties, notify the third parties and resolve the issue in an expeditious manner. If, during the construction of any City Project, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of PSE's Facilities within the Franchise Area, the City shall give PSE notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, PSE shall relocate as soon as reasonably feasible the affected Facilities, at no charge to the City.

13.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated Facilities. PSE shall act in good faith and shall use its best efforts to install relocated Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and PSE are unable to agree that there is or will be sufficient space for the relocated Facilities in the existing Franchise Area, or PSE reasonably determines that locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice, then the City and PSE will proceed in accordance with Section 13.3.

13.3 In order to accommodate a City Project undertaken by the City under this Section 13, PSE may install relocated Facilities on property outside of the Franchise Area, the rights for which shall be obtained by PSE at no expense to the City, if:

- A. Notwithstanding the use of best efforts by the City and PSE as outlined above, the City and PSE are unable to agree that there is or will be sufficient space within the Franchise Area for the relocated

Facilities, or

B. locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice.

Nothing in this Section 13 shall limit the rights of the City or PSE with respect to acquisition or use of property rights outside of the Franchise Area.

13.4 If the City requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of the same Facilities pursuant to this Section 13, the City shall reimburse PSE for all costs incurred by PSE in connection such subsequent relocation.

13.5 PSE shall have the right as a condition of any relocation described in this Section 13.5 to require such person or entity other than the City to make payment to PSE, at a time and upon terms acceptable to PSE, for any and all costs and expenses incurred by PSE in the relocation of PSE's Facilities whenever:

A. any person or entity, other than the City, requires the relocation of PSE's Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or

B. the City requires any person or entity to undertake work (other than a City Project undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of PSE's Facilities within the Franchise Area.

13.6 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of PSE's Facilities within the Franchise Area shall be a condition or requirement causing relocation of PSE's Facilities to occur subject to the provisions of Section 13.5 above; provided, however:

A. in the event the City reasonably determines and notifies PSE that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the construction of a City Project within a segment of the Franchise Area on the City's behalf, and

B. such City Project is a funded project that is otherwise reflected in the City's adopted Six-Year Capital Improvement Program; Capital Facilities Plan; Transportation Improvement Program; Transportation Facilities Program or Budget;

Then only those costs and expenses incurred by PSE in connecting such relocated Facilities with PSE's other Facilities shall be paid to PSE by such person or entity, and PSE shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1 through 13.3.

13.7 As to any relocation of PSE's Facilities whereby the cost and expense thereof is to be borne by PSE in accordance with Sections 13.1 through 13.3, PSE may, after receipt of written notice requesting such

relocation, submit in writing within thirty (30) days to the City, alternatives to relocation of its Facilities. Upon the City's receipt from PSE of such written alternatives, the City shall evaluate such alternatives and shall advise PSE in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of PSE's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by PSE full and fair consideration with due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by PSE shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, PSE shall relocate its Facilities as otherwise provided in Sections 13.1 through 13.3. Nothing in this section shall be construed to be a waiver of any right of either PSE or the City to contest any claim or assertion by the other of responsibility to pay such costs or expense.

13.8 Subject to the exclusions and requirements set forth below in this Section 13.8, and to the maximum extent provided by law, if PSE breaches its obligations under Section 13.1 with respect to relocating its Facilities within the Franchise Area by the applicable Relocation Deadline in order to accommodate a City Project, and to the extent such breach causes a delay in the work being undertaken by the City's third party contractor(s) on a City Project that results in a claim by the third party contractor(s) for costs, expenses and/or damages that are directly caused by such delay and are legally required to be paid by the City (each, a "Contractor Delay Claim"), the City may at its sole option:

13.8.1 tender the Contractor Delay Claim to PSE for defense and indemnification in accordance with Section 20; or

13.8.2 require that PSE reimburse the City for any such costs, expenses, and/or damages that are legally required to be paid by the City to its third party contractor(s) as a direct result of the Contractor Delay Claim; provided that, if the City requires reimbursement by PSE under this Section 13.8.2, the City shall first give PSE written notice of the Contractor Delay Claim and give PSE the opportunity to work with the third party contractor(s) to resolve the Contractor Delay Claim for a period of not less than thirty (30) days (or such shorter period of time as the City may have to respond to the Contractor Delay Claim without prejudicing its right to respond, but in no event less than twenty (20) days) prior to the City's payment of the Contractor Delay Claim.

Nothing in this Section 13.8 or otherwise will require PSE to bear or be responsible for any cost, expense or damage, or to defend or indemnify the City against any claim, that results from a delay in meeting the Relocation Deadline for a City Project, to the extent the delay is caused by the City, any third party that is not an agent, subcontractor or vendor of PSE, or any Force Majeure Event. Provided, however, if such a delay is caused by a third party that is not an agent, subcontractor or vendor of PSE, or any Force Majeure Event, then PSE's performance shall only be excused for the time period equal to such delay. Therefore, if this Franchise specifies a time period for performance of an obligation by PSE, the time period during which PSE is excused from performance shall only be for the period of any delay in such performance caused by said third party or Force Majeure Event. PSE shall immediately communicate the circumstance of the event to the City and take all commercially reasonable steps within its control to satisfy its duties and obligations under this Franchise and mitigate the effects of the delay.

13.9 Nothing in this Section 13 shall require PSE to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or other property ownership or lease rights, regardless of whether such easement or other property ownership or lease rights is on public or private property and regardless of whether this Franchise co-exists with such easement or other property ownership or lease rights. Nothing in this Section 13.9 is intended to preclude the City from properly exercising its powers of eminent domain in accordance with applicable law.

13.10 The provisions of this Section 13 shall survive the expiration or termination of this Franchise during such time as PSE continues to operate and maintain Facilities in the Franchise Area. Additionally, the provisions of this Section 13 are applicable only so long as the Franchise Area is owned and/or controlled by the City.

Section 14. Coordination/Shared Excavations

14.1 PSE and the City shall each exercise best reasonable efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to inform the other party and other utilities within the Franchise Area of its intent to undertake such construction work. PSE and the City shall further exercise best reasonable efforts to minimize delay or hindrance to construction work undertaken by themselves and other utilities within the Franchise Area.

14.2 PSE shall maintain adequate staffing levels and provide the City with one constant point of contact during construction of a City Project to provide responsive customer service. To initiate such construction coordination, the City shall contact PSE's customer construction services hotline department (as may be amended) to obtain a project number and be added to PSE's construction services system.

14.3 If, at any time or from time to time, either PSE or the City shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation, provided that: (1) such joint use shall not unreasonably delay the work of the party causing the excavation to be made; and (2) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties.

Section 15. City Use of Facilities

15.1 During the term of this Franchise, and with respect to poles which are Facilities and which are (a) wholly owned by PSE and (b) within the Franchise Area, the City, subject to PSE's prior written consent which shall not be unreasonably withheld, may install and maintain City-owned overhead cables, routers, antennas, wires and other PSE-approved equipment upon such poles for police, fire, traffic control, WiFi/Internet, weather and air quality monitoring and other noncommercial municipal communications purposes. The foregoing rights of the City to install and maintain such facilities are further subject to the following:

A. Such installation and maintenance shall be done by the City at its sole risk and expense, in accordance with all applicable laws, and subject to such reasonable requirements as PSE may specify from time to time (including, without limitation, requirements accommodating PSE's Facilities or the facilities of other parties having the right to use PSE's Facilities);

B. PSE shall have no obligation arising under the indemnity and insurance provisions of this Franchise as to any circumstances directly or indirectly caused by or related to such City-owned wires or the installation or maintenance thereof; and the City shall indemnify, defend and hold harmless PSE in connection with the City's use of PSE's Facilities; and

C. PSE shall not charge the City a fee for the use of such poles in accordance with this Section 15 as a mean of deriving revenue therefrom (such as a rental or lease fee); provided, however, nothing herein shall require PSE to bear any cost or expense in connection with such installation and maintenance by the City.

Section 16. Moving Buildings Within the Franchise Area.

If any person or entity other than the City obtains permission in the form of a permit from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall endeavor, prior to granting such permission, to require such person or entity to make any necessary arrangements with PSE for the temporary adjustment of PSE's wires to accommodate the moving or removal of such building or other object to allow PSE and other party to make necessary arrangements.

Section 17. Records of Installation and Planning

17.1 Upon the City's request, PSE shall promptly provide to the City copies of available maps and plans of imminent planned improvements, relocations and conversions to its Facilities within the Franchise Area; provided, however, any such maps or plans so submitted shall be for informational purposes only and shall not obligate PSE to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.

17.2 Upon the City's reasonable request, PSE shall provide to the City copies of available drawings in use by PSE showing the approximate location of PSE's Facilities at specific locations within the Franchise Area. Further, PSE shall, upon the City's reasonable request, discuss and explore ways in which PSE and the City may cooperate and coordinate activities with respect to the development of drawing file layers compatible with the City's Geographic Information System ("GIS") which show PSE's Facilities at specific locations in the Franchise Area. Notwithstanding the foregoing, PSE does not warrant the accuracy or sufficiency of any such drawings, drawing file layers or other information provided by PSE, and PSE shall not be liable to the City or others for any errors or defects in the same.

17.3 PSE shall further provide, upon the City's reasonable request in connection with the design of a City Project, field marking of PSE's underground Facilities within the Franchise Area at the location of the City Project, if such Facilities can be so field marked with reasonable accuracy using devices designed to respond to the presence of PSE's underground Facilities. In addition, PSE shall, upon the reasonable request of the City in connection with the design of any City Project, verify the actual location of its underground Facilities within the Franchise Area at the location of a City Project by excavating, including pot holing, at no expense to the City.

17.4 Within sixty (60) days of the City's adoption of this Franchise, or such longer period of time as may be agreed upon by the parties, PSE shall provide to the City a list of all known third party occupants that have any facilities attached to PSE Facilities in the Franchise Area. Upon the City's request made between

thirty (30) days and sixty (60) days prior to January 1 of each year of the term of this Franchise, PSE shall update such list on an annual basis within sixty (60) days after the start of such year.

17.5 Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining and disclosing the location of utility facilities.

Section 18. Vegetation Management

18.1 PSE shall on an annual basis perform vegetation review throughout the City and identify areas that need vegetation management for the reliable and safe operation of PSE Facilities. PSE shall notify the City within ten (10) calendar days of when such review will occur, and the City may accompany PSE or its consultants, in the review of vegetation in the Franchise Area, at its discretion. PSE shall on an annual basis identify those areas targeted for accelerated, or "hot spot," tree trimming and vegetation management and provide the City a written list and maps of locations within the Franchise Area at which PSE anticipates performing vegetation management activities for that year; provided that such list shall not limit PSE's right under this Franchise to cut, trim or otherwise remove vegetation at any time within the Franchise Area which, due to proximity to PSE's facilities, pose an imminent threat to public safety or the reliable operation of PSE's facilities. The City shall alert PSE of any trimming needs of the City that are within those portions of the Franchise Area designated by PSE for its vegetation management activities for that year and can be readily incorporated and combined with such vegetation management activities of PSE within the Franchise Area, and PSE shall endeavor to incorporate such trimming needs of the City into PSE's vegetation management activities for that year. PSE shall perform general trimming and vegetation management in the Franchise Area at least every 4 years.

18.2 PSE shall, in coordination with the City, identify vegetation species appropriate for location in proximity to PSE's facilities and shall cooperatively act with the City to promote use of such identified species within and adjacent to the Franchise Area.

18.3 PSE shall apply for and obtain a franchise utility right-of-way permit, with traffic control plan, for all vegetation management within the City. PSE shall not commence non-emergency vegetation management work without notice to abutting private property owners or occupants at least ten (10) working days in advance of the work to be performed, including the location and description of the work to be performed, the date work is planned to commence, and a contact name and telephone number at PSE. In performing vegetation management work, PSE shall comply with ANSI 300 pruning standards. PSE shall notify the City at least ten (10) calendar days prior to any vegetation management work being conducted within City limits; except that emergency work can be done the same day providing the City is contacted either by phone or email as soon as feasible. A knowledgeable PSE representative will stay in close communication with the City while vegetation management work is performed within the City. PSE shall conduct periodic performance reviews at the request of the City.

18.4 At the request of an abutting private property owner, PSE shall employ or consult with a certified arborist to assess the type of pruning proposed to be done and/or shall provide the abutting owner with alternatives to the type of pruning proposed to be done. PSE will reasonably consider alternatives proposed by the abutting property owner and any certified arborist hired by the property owner.

18.5 Nothing in this Franchise is intended to absolve PSE from any liability resulting from damage caused by trees that are severely pruned or topped by PSE and subsequently fall as a result of such pruning or topping.

18.6 PSE or its contractors should trim trees according to species growth habits. Crew foremen will be educated of different tree species and understand their corresponding growth habits.

18.7 In the event trees need to be trimmed within and/or adjacent to the Franchise Area, PSE shall notify the City in writing ten (10) days ahead of time. The City shall have final determination of whether a tree needs to be removed in the Franchise Area, and replacement trees shall be negotiated between the City and PSE of their contractor on a case by case basis.

18.8 All debris associated with line clearance tree trimming and/or removal work within or adjacent to the Franchise Area will be chipped and removed by PSE or its contractor from the site at no cost to the City. "Drop and Scatter" practices will require prior written approval from the City.

18.9 When trees are heavily trimmed or removed from or adjacent to the Franchise Area, PSE shall perform the work in such a way as to avoid damage to other trees within that area. If additional trees are accidentally damaged during such work, PSE, or its contractor, will use its best efforts to appropriately prune any such damaged trees. The City is to be contacted immediately in the event of any unplanned damage to City owned trees.

18.10 Climbing trees with gaffs or spikes is strongly discouraged on any deciduous, hardwood or thin bark tree species unless the tree is to be removed.

18.11 PSE shall commit to providing a 24 hour response time when a customer contacts PSE about vegetation management on or near their residence.

18.12 The parties shall endeavor to resolve disputes arising under this section in good faith.

Section 19. Condemnation.

The existence of this Franchise shall not preclude the City from acquiring by condemnation, in accordance with applicable law, all or a portion of PSE's Facilities within the Franchise Area.

Section 20. Indemnification

20.1 PSE shall indemnify, defend and hold harmless the City, its officials, officers, employees agents and representatives, from any and all third party claims or suits, and any damages, costs, judgments, awards or liability resulting from such claims or suits, (a) for injury or death of any person or damage to property to the extent the same is caused by the actual or alleged negligent acts or omissions, or willful misconduct, of PSE, its agents, servants, officers or employees in the performance of this Franchise and any rights granted hereunder, or (b) to the extent such claim or demand is caused by PSE's unlawful release of Hazardous Substances into the Franchise Area in violation of any Environmental Laws in its operation of the Facilities within the Franchise Area and exercise of any rights granted hereunder. The indemnity under Section 20.1(b) includes each of the following to the extent the same is caused by PSE's unlawful release of Hazardous Substances into the Franchise Area in violation of applicable Environmental Laws: (i) liability for a governmental agency's costs of removal or remedial

action for such release by PSE of Hazardous Substances; (ii) damages to natural resources caused by such release by PSE of Hazardous Substances, including the reasonable costs of assessing such damages; (iii) liability for any other person's costs of responding to such release by PSE of Hazardous Substances; and (iv) liability for any costs of investigation, abatement, correction, cleanup, fines, penalties, or other damages arising under any Environmental Laws that are caused by such release by PSE of Hazardous Substances. Provided, however, such indemnification shall not extend to any portion of any claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees caused by the willfully tortious, or negligent acts or omissions of the City, its agents, employees, officials officers, contractors or subcontractors. The indemnity under Section 20.1(a) includes, but is not limited to any Contractor Delay Claim that the City properly elects to tender to PSE pursuant and in accordance with Section 13.8.1 of the Franchise.

20.2 Inspection or acceptance by the City of any work performed by PSE at the time of completion of construction shall not be grounds for avoidance by PSE of any of its obligations under this Section 20. Said indemnification obligations shall extend to claims which are not reduced to a suit and any claims which may be compromised, with PSE's prior written consent, prior to the culmination of any litigation or the institution of any litigation.

20.3 Solely to the extent required to enforce the indemnification provisions of this Section 20, PSE waives its immunity under Title 51 RCW, Industrial Insurance; provided, however, the foregoing waiver shall not in any way preclude PSE from raising such immunity as a defense against any claim brought against PSE by any of its employees. The foregoing waiver under this Section 20.3 has been mutually negotiated by the parties hereto, and PSE acknowledges that the City would not enter into this Franchise without PSE's waiver thereof.

20.4 In the event any matter (for which the City intends to assert its rights under this Section 20) is presented to or filed with the City, the City shall promptly notify PSE thereof and PSE shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter as it pertains to PSE's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees. In the event any suit or action be started against the City based upon any such matter, the City shall likewise promptly notify PSE thereof, and PSE shall have the right, at its election and at its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election, as it pertains to PSE's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees.

20.5 The provisions of this Section shall survive the expiration and termination of this Franchise.

Section 21. Insurance

21.1 PSE shall procure and maintain for the duration of the Franchise, insurance, or in lieu thereof provide self-insurance, against all claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to PSE, its agents, representatives or employees. Coverage shall include the City, its officers, elected officials, agents, employees, representatives, and volunteers as additional insureds. PSE shall provide a certificate of insurance and/or evidence of self-insurance to the City for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance and/or evidence of self-insurance shall evidence the following minimum coverages:

A. Commercial general liability insurance or excess liability insurance, including coverage for premises-operations, explosion, collapse and underground hazards (XCU), pollution liability, and products-completed operations, with limits not less than:

- (i) \$5,000,000 per occurrence; and
- (ii) \$5,000,000 in the aggregate.

B. Automobile liability for owned, non-owned and hired vehicles with a \$2,000,000 combined single limit.

C. Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.

If coverage is purchased on a "claims made" basis, then PSE shall warrant continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of termination of this Franchise, and/or conversion from a "claims made" form to an "occurrence" coverage form.

PSE's maintenance of insurance as required by this Franchise shall not be construed to limit the liability of PSE to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy to which the City is otherwise entitled at law or in equity.

21.2 PSE shall maintain the liability insurance policies required by this Section 21 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of PSE. The insurance certificate required by this Section 21 shall contain a clause stating that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

21.3 PSE's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of PSE's insurance and shall not contribute with it.

21.4 Should any of the required insurance policies be cancelled or limits reduced below the limits described herein, PSE shall provide the City notice 30-days prior to such cancellation or reduction.

21.5 In the event any of the insurance required by this Section 21 is canceled or otherwise not renewed during the term of this Franchise, PSE shall promptly acquire replacement insurance or shall utilize self-insurance to restore and maintain the amount of coverage required by this Section 21 and shall promptly provide to the City certificate(s) of insurance or evidence of self-insurance as provided in this Section 21 as may be applicable.

Section 22. Default

22.1 If PSE shall fail to materially comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon PSE a written order to so comply within thirty (30) days from

the date such order is received by PSE. If PSE is not in material compliance with this Franchise after expiration of said thirty (30) day period, the City may declare an immediate forfeiture of this Franchise, provided, however, if any failure to materially comply with this Franchise by PSE cannot be corrected with due diligence within said thirty (30) day period then the time within which PSE may so comply may be extended for a period of time as may be reasonably necessary and as agreed upon by the parties, so long as PSE commences promptly and diligently to effect such material compliance.

22.2 Notwithstanding PSE's obligation to comply and to proceed with due diligence to correct any default, the City recognizes that unavoidable delays and events beyond PSE's control may occur. In such event the parties agree that PSE shall make a good faith effort to expeditiously remedy the default. In the event of a declaration of forfeiture, should either party commence litigation against the other to appeal (in the case of PSE) or enforce (in the case of the City) such declaration of forfeiture, each party in any such litigation shall be responsible for their own costs and attorneys' fees.

Section 23. Reimbursement of Administrative Costs

23.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon PSE.

23.2 As provided in RCW 35.21.860, PSE shall reimburse and pay to the City's administrative expenses and costs incurred by the City that are directly related to: (a) receiving and approving a permit, license or this Franchise, (b) inspecting plans and construction, or (c) preparing a detailed statement, as may be required by Chapter 43.21C RCW. PSE acknowledges and agrees that it shall pay \$37,139.75 in reimbursement for the City's administrative expenses relating to the receipt, review and approval of this Franchise under Subsection 23.2(a).

23.3 As such expenses are incurred by the City, the City shall invoice PSE for all administrative expenses and costs to be reimbursed by PSE hereunder including an itemized statement showing such expenses and costs. PSE shall promptly remit payment to the City within thirty (30) days of receipt of such invoice. Notwithstanding any other provision of this Franchise, no acceptance by PSE of this Franchise shall be effective if PSE fails to pay the City's initial invoice for administrative expenses and costs properly reimbursable under Section 23.2(a) that are incurred by the City in receiving and approving this Franchise.

23.4 If PSE disputes any expense or cost included on the City's invoice, PSE shall promptly notify the City thereof and shall otherwise promptly remit payment for any and all undisputed expense and costs included on the City's invoice. As to any expense or cost disputed by PSE, PSE shall promptly provide written identification of such disputed amount(s) together with its written justification for such dispute to the City for the City's consideration. PSE and the City shall work together in good faith to resolve any disputed amount(s), including provision by either or both parties of such further information and documentation supporting or refuting such disputed amount(s) as may reasonably and practically be provided. Until any such dispute is resolved by the Parties the City may, at its sole discretion, suspend work being performed by the City or Puget and/or withhold City issued permits or City approvals related to such disputed amount(s). Except as set forth in this Section 23, such dispute will not otherwise effect any other obligation of the parties under this Franchise.

Section 24. Utility Tax

PSE acknowledges that the City is authorized under the laws of Washington State to impose certain taxes upon PSE. Nothing in this Franchise shall exempt (nor shall be construed to exempt) PSE from payment of any and all such taxes lawfully imposed by Kenmore Municipal Code, as may hereafter be lawfully amended or superseded, and due from PSE; provided, nothing in this Section 25 shall be construed in any way as a waiver of PSE's rights to contest the validity of any such tax or the amount of any tax due. If payment of such taxes is not made by PSE in a timely manner, the City reserves the right, at its sole option, to inter alia suspend the rights granted to PSE by this Franchise until such time that PSE pays such taxes or PSE and the City otherwise resolve any matter concerning payment thereof.

Section 25. Emergency Management

Annually, upon the request of the City, PSE will meet with the City Fire/Emergency Preparedness personnel to coordinate emergency management operations and, at least twice a year, at the request of the City, PSE personnel will actively participate with either the Northshore Emergency Management Coalition or City Emergency Personnel in emergency preparedness drills or planning sessions.

Section 26. Assignment of Franchise

All of the provisions, conditions and requirements herein contained shall be binding upon PSE and the City. PSE may not assign or otherwise transfer its rights, privileges, authority and franchise herein conferred without the prior written authorization and approval of the City, which such authorization and approval shall not be unreasonably withheld. The City hereby authorizes and approves PSE to mortgage its rights, privileges, authority and franchise in and under this Franchise to the Trustee for its bondholders.

Section 27. Severability and Survival

27.1 If any term, provision, condition or portion of this Franchise shall be held to be invalid such invalidity shall not affect the validity of the remaining portions of this Franchise which shall continue in full force and effect. The headings of the sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

27.2 All provisions, conditions and requirements of this Franchise that may be reasonably construed to survive the termination or expiration of this Franchise shall survive the termination or expiration of the Franchise. Subject to Section 6 above, the parties' respective rights and interests under this Franchise shall inure to the benefit of their respective successors and assigns.

Section 28. Amendments to Franchise.

28.1 This Franchise may be amended only by mutual agreement thereto, set forth in writing in the form of a City ordinance, signed by both parties, which specifically states that it is an amendment to this Franchise. In the event of any direct conflict or inconsistency between the provisions of this Franchise and the provisions of any code, regulation or standard of the City, whether now existing or hereafter adopted by the City, the provisions of this Franchise will govern and control. Without limiting the generality of the

foregoing, this Franchise (including, without limitation the Sections addressing indemnification and insurance) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by PSE of any and all of its rights, benefits, privileges, obligations or duties in and under this Franchise, unless such permit, approval, license, agreement or other document specifically:

- A. references this Franchise; and
- B. states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.

In the event of a direct conflict or inconsistency between the provisions of this Franchise and the provisions of any such permit, approval, license, agreement or other document, the provisions of this Franchise shall control.

28.2 This Franchise is subject to the provisions of applicable Tariffs on file with and accepted by the WUTC. In the event of any conflict or any inconsistency between the provisions of this Franchise and any such Tariff, the provisions of such Tariff shall control. Nothing in this Franchise shall be deemed to waive, prejudice, or otherwise limit any right or authority of the City to challenge or contest the validity of the Tariff or its application to the City before a court or regulatory agency having subject matter jurisdiction, and nothing in this Franchise will be deemed or construed as a contractual commitment or agreement by the City to accept the application of a Tariff if the City is successful in such challenge or contest of the validity of the Tariff.

28.3 The parties agree to renegotiate the terms of this Franchise, if, during the term of this Franchise there becomes effective any change in federal or state law which:

- A. Affords either party the opportunity to negotiate in good faith a term or condition of this Franchise which term or condition would not, prior to such change, have been consistent with federal or state law; or
- B. Pre-empts or otherwise renders null and void any term or condition of this Franchise which has been negotiated in good faith;

Then, in such event, either party may, within one hundred eighty (180) days of the effective date of such change in federal or state law request in writing to commence negotiations to amend this Franchise. Such negotiations shall encompass only the specific term or condition affected by such change in federal or state law and neither party shall be obligated to re-open negotiations on any other term or condition of this Franchise. Within thirty (30) days from and after receipt of such written request, the parties shall, at a mutually agreeable time and place, commence such negotiations. Pending completion of such negotiations resulting in mutually agreeable amendment of this Franchise, adoption of such amendment by Ordinance by the City and acceptance of such Ordinance by PSE, and except as to any portion thereof which has been pre-empted or otherwise rendered null and void by such change in federal or state law, this Franchise shall remain in full force and effect.

Section 29. No Third Party Beneficiary

Nothing in this Franchise shall be construed to create any rights in or duties to any third party, nor any liability to or standard of care with reference to any third party. This Franchise shall not confer any right or remedy upon any person other than the parties. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Franchise. This Franchise shall not release or discharge any obligation or liability of any third party to either party.

Section 30. Notice of Tariff Changes

PSE shall, when making application for any changes in Tariffs affecting the provisions of the Franchise, notify the City in writing of the application and provide the City Manager with a copy of the submitted application within thirty (30) days of filing with the WUTC. PSE shall further provide the City Manager or designee with a copy of any approved Tariff change affecting the provisions of this Franchise.

Section 31. Force Majeure

Any prevention, delay or inability to perform the duties and obligations under this Franchise due to a Force Majeure Event shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Franchise specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure Event. Provided, however, that the party has communicated the circumstance of the Force Majeure Event to the other party and has taken all commercially reasonable steps within its control to satisfy its duties and obligations under this Franchise and mitigate the effects of the Force Majeure Event.

Section 32. Memorandum of Understanding

The parties have separately entered into, and shall maintain in effect for the term of this Franchise, a Memorandum of Understanding ("MOU") that details their respective expectations and obligations for the reporting of certain performance and reliability measures regarding electrical service to PSE customers within the City. The parties agree that the MOU is an integral part of this Franchise, and may be enforced under the terms and conditions set forth in this Franchise.

CITY OF KENMORE

PUGET SOUND ENERGY, INC.

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

ACCEPTANCE OF FRANCHISE

The provisions of this franchise ordinance are agreed to and hereby accepted. By accepting this franchise ordinance, PSE covenants and agrees to perform and be bound by each and every term and condition of this franchise ordinance. PSE agrees to send to the City PSE's written acceptance of this Franchise via certified mail, unless otherwise hand-delivered to an employee of the City at City Hall during regular working hours.

Dated: _____

PUGET SOUND ENERGY, INC.

By: _____
Printed Name: _____
Its: _____

ATTEST
PUGET SOUND ENERGY, INC.

By: _____
Printed Name: _____
Its: _____

City of Kenmore Contract No. 18-C1820

**Memorandum of Understanding
Performance and Reliability Reporting**

This Memorandum of Understanding (this "**MOU**") is entered into by and between the City of Kenmore (the "**City**") and Puget Sound Energy, Inc. ("**PSE**"), also referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the City and PSE recognize the value of enhancing their working relationship through cooperation, planning, communication and coordination; and

WHEREAS, the reliability of electrical services provided by PSE in the City was presented as a serious concern by the community and City leadership in 2015; and

WHEREAS, a 2016 independent technical analysis commissioned by the City stated that nine of the of the ten electrical circuits serving the City were in the lowest 40% of electrical circuits within PSE's entire system with respect to reliability and seven of those nine performed in the lowest 25% of all circuits in the PSE system with respect to reliability; and

WHEREAS, the City and PSE have been working together to improve electrical reliability within the City as a whole, and PSE initiated improvements for certain electrical circuits serving the City in 2016 and 2017 that are designed to improve reliability; and

WHEREAS, the City and PSE desire to establish mutually agreed provisions for the reporting of certain performance and reliability measures for PSE's electric service;

NOW, THEREFORE, it is hereby agreed between the Parties as follows:

1. This MOU may be amended from time to time only by mutual written agreement of the Parties. Any amendments must be set forth in writing, signed by both Parties, and specifically state that it is an amendment to this MOU.

2. This MOU, as from time to time amended, will remain in full force and effect for a period of _____ (____) years from the date of this MOU as set forth below, unless sooner terminated or extended by mutual agreement of the Parties.

3. The performance of the Parties under this MOU is subject to all applicable regulations of the Washington Utilities and Transportation Commission ("WUTC"), and any such regulation shall govern and control over any inconsistent provision of this MOU. As of the effective date of this MOU, the parties acknowledge that the provisions set forth in this MOU are consistent with existing WUTC regulations and tariffs.

4. PSE will use good faith efforts to maintain and improve the reliability of the electrical service provided by PSE to all of its electric customers in the City. In furtherance of this objective, PSE will undertake to do the following:

(a) On an annual basis, provide a written report to the City detailing the System Average Interruption Frequency Index ("**SAIFI**") and the System Average Interruption Duration Index ("**SAIDI**") for PSE's electric service within the City for a period that covers each of the previous five (5) years, including SAIFI and SAIDI information by individual PSE circuit serving the City that is calculated using the standard IEEE method; however, such reporting may use separate tables for transmission and substation outages and exclude outages without material customer impact (e.g., a substation being taken off-line for repair while maintaining electric service to customers within the City). PSE shall also provide an annual comparison of its service reliability within the City against its service reliability within cities that border the City and are within PSE's electric service territory, as well as a written comparison of its service reliability within the City against its service reliability across PSE's entire service area; and

(b) On an annual basis, identify and provide a written report to the City identifying any PSE circuits serving the City having a SAIFI and/or SAIDI, for the previous twelve (12) months, that is greater than the PSE system SAIFI and/or SAIDI for the same period and identify any corrective actions that may be taken by PSE to improve any such circuits. PSE shall include, in the report, annual outage data by circuit within the City, and each report shall be submitted by May 31st of each year with outage data for the immediately preceding calendar year; and

(c) On an annual basis, provide a written report to the City concerning all non-scheduled outages (and resulting service interruptions to customers) within the City during the previous twelve (12) months that involve electric service interruption to customers within the City (or such other threshold number of customers as the parties may agree upon from time to time), identifying the individual circuit, cause, equipment, duration and number of customers affected by the outage. Upon the City's reasonable request, PSE also will provide information regarding non-scheduled outages during the previous twelve (12) months that involved electric service interruption to any individual neighborhood within the City that lasted more than two (2) times the average community restoration time for other neighborhoods within the City.

(d) At a minimum annually, but more often as mutually agreed upon by the Parties, PSE shall present a report to the City Council at a public meeting, on a date mutually agreed upon by the Parties, summarizing the following:

(i) information contained in the written reports submitted by PSE pursuant to subsections (a) through (c) for the previous twelve (12) months;

(ii) PSE's processes and efforts for restoring electric service to its customers in the City during outages over the previous twelve (12) months, and identifying the steps necessary to expedite power restoration;

(iii) PSE's processes and methods for notifying and coordinating with the City during outage and storm, and emergency response, including designated PSE emergency contact information to report PSE equipment issues that compromise, or potentially could compromise, public safety or traffic movement in the right-of-way, and staff members designated by PSE to communicate with City leadership or designated staff when outages occur and to report on areas affected, remedies planned or underway and estimated restoration times;

(iv) system enhancements made by PSE over the previous twelve (12) months that show progress toward meeting system enhancement goals outlined by the City in its Kenmore Comprehensive Plan Utilities Element or other applicable system plans;

(v) projects that PSE anticipates undertaking during the next three (3) years to improve the reliability of its electric service in the City, including but not limited to smart grid alternatives or other innovative power measures; and

(vi) other matters mutually agreed upon by the Parties.

At the time PSE presents its report to the City, PSE also will give an update on PSE's plans and efforts for decreasing fossil fuel-generated electricity system wide, in addition to related information that is in PSE's reports to the WUTC or other government entities.

5. The information provided by PSE to the City under this MOU shall be provided to facilitate further inquiry by the City to PSE concerning the performance and reliability of PSE's electric service within the City. If the reports required by this MOU show that any individual circuit serving the City has a SAIFI and/or SAIDI for the preceding year that is greater than the PSE system SAIFI and/or SAIDI for the same period, then PSE will meet at the City's request and seek to resolve the issue in good faith. The provision of such information shall not otherwise create or imply any other commitment or obligation of PSE. The City will not provide such information to any third party without prior notice to PSE of the City's intention to do so.

6. As part of the parties' collaboration efforts under Sections 4 and 5 above, the City and PSE may give particular focus in their discussions to:

(a) measures for further improving the reliability of any individual electrical circuits serving the City that performed below PSE's system wide average reliability for the current and past three (3) years, such as accelerated vegetation management activities after a power outage, pole replacement, tree wire insulation, and/or sectionalizing switches at specific locations to minimize faulted regions and restore power to un-faulted regions of the electrical circuits serving the City; and

(b) measures to implement through PSE's improvement planning smart grid technology that provides smart, automated systems and switches to provide reliability, redundancy and resiliency in the electrical circuits serving the City, both as to existing circuits and those in new development areas.

-3-

137606750.1

7. Upon the City's reasonable request, but in no event more frequently than once each year, PSE will report to the City on the following:

(a) PSE's process and method (as made available) for providing its customers with information regarding filing claims for restitution for damages caused by power outages and/or obtaining available rebates relating to non-storm power outage events exceeding the duration of neighboring areas;

(b) PSE's efforts to establish a mechanism for communicating with property owners who have PSE Facilities located on or near their property that PSE may need to access for maintenance or service restoration of such PSE Facilities; and

(c) PSE's process and method (as made available) for allowing residential and commercial customers within the City to install grid-tie technology, which allows the customer to net meter their electricity based on power generated on site via solar, wind, or other renewable source.

8. PSE and the City will work together and collaborate in good faith on Comprehensive Plan Utilities Element updates and service planning to help facilitate meeting planned development projections.

9. The parties will discuss in good faith the means and terms on which an electric charging station may be installed and operated at or near City Hall.

10. The City acknowledges that it will consider proposing issues of mutual interest to be added to the state or federal legislative agenda.

Agreed and Accepted this ____ day of _____, 2018.

CITY OF KENMORE

PUGET SOUND ENERGY, INC.

City Manager

(Title)

Approved as to form:

City Attorney

ORDINANCE NO. 05-0233

AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON, GRANTING PUGET SOUND ENERGY, INC., A WASHINGTON CORPORATION, THE RIGHT, PRIVILEGE AND AUTHORITY AND FRANCHISE TO SET, ERECT, CONSTRUCT, SUPPORT, ATTACH, CONNECT AND STRETCH FACILITIES BETWEEN, MAINTAIN, REPAIR, REPLACE, ENLARGE, OPERATE AND USE FACILITIES IN, UPON, UNDER, ALONG AND ACROSS THE FRANCHISE AREA FOR PURPOSES OF TRANSMISSION, DISTRIBUTION AND SALE OF ELECTRICAL ENERGY AND NATURAL GAS FOR POWER, HEAT, LIGHT AND ANY OTHER PURPOSE FOR WHICH ELECTRICAL ENERGY AND NATURAL GAS MAY BE USED.

WHEREAS, RCW 35A.11.020 grants the City authority to regulate the use of the public right-of-way; and

WHEREAS, RCW 35.47.040 authorizes the City to "grant nonexclusive franchises for the use of public streets, bridges or other public ways, structures or places above or below the surface of the ground for...poles, conduits, tunnels, towers and structures, pipes and wires and appurtenances thereof for transmission and distribution of electrical energy,...for gas...", and

WHEREAS, Puget Sound Energy has requested a franchise for purposes of transmission, distribution, and sale of electrical energy and natural gas for power, heat, light, and any other purpose for which electrical energy and natural gas may be used, and

WHEREAS, the City Council adopted Ordinance No. 98-0030, granting an extension of the King County franchises under the same terms and conditions as Washington Natural Gas and Puget Power and Light Company, now collectively known as Puget Sound Energy, and

WHEREAS, the franchise agreements with Puget Sound Energy expired or will expire on October 13, 2004 for electrical light and power and August 31, 2005 for natural gas, and

WHEREAS, the City of Kenmore and Puget Sound Energy have negotiated a mutually acceptable franchise agreement, and

WHEREAS, the City Council finds that it is in the best interest of the health, safety and welfare of residents of Kenmore to grant a non-exclusive franchise to Puget Sound Energy for the operation of electric distribution, electric transmission, and natural gas distribution systems within the City right-of-way; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions

Where used in this franchise (the "Franchise") the following terms shall mean:

- 1.1 "Puget" means Puget Sound Energy, Inc., a Washington corporation, and its respective successors and assigns.
- 1.2 "City" means the City of Kenmore, a municipal corporation of the State of Washington, and its respective successors and assigns. Specifically, the City includes all areas incorporated therein as of the effective date of this Ordinance and any other areas later added thereto by annexation or other means.
- 1.3 "Days" means calendar days.
- 1.4 "Franchise" means the grant of rights, privileges and authority embodied in this Ordinance.
- 1.5 "Franchise Area" means all public rights-of-way including the surface of and space along, above, and below any street, road, highway, freeway, lane, sidewalk, alley, court, boulevard, parkway and drive within the City as now and as may hereafter be laid out, platted, dedicated, acquired or improved within the present limits of the City and as such limits may be hereafter extended; and all City owned easements used for such rights-of-way and/or dedicated for the placement and location of utilities, provided such easements would allow Puget to fully exercise the rights granted under this Franchise within the area covered by such easements.
- 1.6 "Facilities" means collectively, any and all:
 - 1.6.1 natural gas distribution systems, including but not limited to, gas pipes, pipelines, mains, laterals, conduits, feeders, regulators, valves, meters, meter-reading devices, fixtures, and communications systems and all necessary facilities and appurtenances thereto, whether the same be located over or under ground;
 - 1.6.2 electrical transmission and distribution systems, including but not limited to poles (with or without cross arms), including Puget-owned street lighting poles and luminaires, wires, lines, conduits, cables, communication and signal lines, braces, guys, anchors, switches, transformers, ducts, vaults and all necessary facilities and appurtenances thereto, whether the same be located over or under ground.
- 1.7 "Ordinance" means this Ordinance No. 05-0233, which sets forth the terms and conditions of this Franchise.
- 1.8 "Permitting Authority" means the head of the City department authorized to process and grant permits required to perform work in the Franchise Area, or the head of any agency authorized to perform this function on the City's behalf. Unless otherwise indicated, all references to Permitting Authority shall include the designee of the department or agency head.
- 1.9 "Public Works Director" means the head of the Public Works Department of his or her designee.
- 1.10 "Tariff" means "tariff" as that term is defined in WAC 480-80-030(3), or such similar definition describing rate schedules, rules and regulations relating to charges and service as may hereinafter be adopted by the regulatory authority with jurisdiction, under the laws of the State of Washington, over public service companies.

- 1.11 "WUTC" means the Washington Utilities and Transportation Commission or such successor regulatory agency having jurisdiction over public service companies.

Section 2. Facilities within the Franchise Area

- 2.1 Pursuant to RCW 35A.47.040, the City hereby grants to Puget the right, privilege, authority and franchise subject to the terms and conditions hereinafter set forth, to install, construct, operate, maintain, repair, replace, and use Facilities for electric distribution, electric transmission and natural gas distribution systems, in, under, on across, over, through, along or below the Franchise Area, for the transmission, distribution and sale of electrical energy and natural gas power, heat and light, and any other purposes for which electrical energy and natural gas may be used, as approved under City permits issued by the Permitting Authority pursuant to this Franchise and City ordinances.
- 2.2 This Franchise specifically does not authorize Puget to install or use Facilities to provide telecommunications, cable television, point-to-point data communications, or similar services either via wire or wireless technologies regardless of whether these services are provided to any person outside Puget's organization. This section does not restrict Puget's ability to utilize telemetric devices to monitor and operate its electric distribution, electric transmission and natural gas distribution systems or to monitor and control the usage of electrical energy and/or natural gas.
- 2.3 Puget acknowledges the City's desire and intent that City rights-of-way be free of encumbrance by rights held by others, including Puget, and that the City requires that rights-of-way dedicated by property owners to the City be free of such encumbrances. All rights-of-way so dedicated during the term of this Franchise shall be Franchise Area and Facilities thereafter installed by Puget therein shall be subject to the terms and conditions of this Franchise.
- 2.4 In the event Puget has within the Franchise Area an prior existing easement or other right not derived from this Franchise or from a prior franchise granted by the City, and Puget desires to install Facilities within and using such prior right, then Puget will provide notice of same to the City prior to such installation. The City may request that Puget instead install its Facilities within the Franchise Area pursuant to rights granted by this Franchise. Puget will consider the facts and conditions that bear upon such request and will respond to the City, including meeting with the City to discuss such request, prior to installation of Puget's Facilities. When reasonably determined by Puget to be consistent with prudent utility practice, Puget will install its Facilities as so requested by the City.

Section 3. Nonexclusive Franchise

This Franchise is granted upon the express condition that it shall not in any manner prevent the City from granting other or further franchises in, along, over, through, under, below or across any portion of the Franchise Area. Such Franchise shall in no way prevent or prohibit the City from using any portion of the Franchise Area or other City property or affect its jurisdiction over them or any part of them, and the City shall retain the authority to make necessary changes, relocations, repairs, maintenance, establishment, and improvement of the same as the City may deem fit, including the dedication, establishment, maintenance, and improvement of new rights-of-way or other public properties of every type and description.

Section 4. Term of Franchise/Acceptance

- 4.1 This Franchise is and shall remain in full force and effect for a period of ten (10) years from the effective date of the Ordinance. This Franchise is granted upon the express condition that Puget, within sixty (60) days after the adoption of this Ordinance, shall file with the clerk of the City a written acceptance of the same, and when so accepted by Puget, shall constitute a contract between the City and Puget for all the purposes herein set forth. If Puget fails to provide its written acceptance as provided above, this Ordinance and Franchise shall be null and void.

Section 5. Non-Franchise Area City Property

- 5.1 This Franchise shall not convey any right to Puget to install Facilities on or to otherwise use City-owned or leased properties outside the Franchise Area.
- 5.2 Existing Facilities installed or maintained by Puget on public grounds and places within the City in accordance with prior franchise agreements, but which are not within the Franchise Area as defined by this Franchise, may be maintained, operated, repaired and/or replaced in like kind by Puget at the location where such Facilities exist as of the effective date of this Franchise for the term of this Franchise; provided, however, that no such Facilities may be enlarged, improved or expanded without the prior review and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures.

Section 6. Compliance with State and Local Regulations

- 6.1 Puget shall comply with all federal, state, and local laws or regulations applicable to the exercise of Puget's rights and obligations under this Franchise. Upon written inquiry, Puget shall provide a specific reference to either the federal, state, or local law or the WUTC order or action establishing a basis for Puget's actions related to the exercise of such rights and obligations.
- 6.2 In granting this Franchise the City hereby reserves all lawful powers and franchise authority available to it under its general police authority; provided, however, such authority shall be exercised in a manner consistent with and so as not to impair the rights, privileges, authority and franchise conferred to Puget by this Franchise.

Section 7. Noninterference of Facilities

- 7.1 Puget's Facilities shall be located and maintained, within the Franchise Area so as not to interfere with the free and safe passage of pedestrian and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto. Puget's

Facilities shall be maintained in accordance with the laws of the State of Washington, Kenmore Municipal Code, and applicable regulations and standards of the City.

- 7.2 In the event that the Public Works Director reasonably determines, after providing written notice to Puget and a reasonable opportunity for Puget to respond to the Public Works Director's concerns, that any one or more of Puget's Facilities within the Franchise Area interfere with the free and safe passage of pedestrian and vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto, then Puget shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall fully cooperate with Puget, including, without limitation, allowing changes to or modifications of the Franchise Area (and other City property), at Puget's expense, if such changes or modifications provide the most effective or economical means of eliminating such interference.
- 7.3 In the event such interference requires relocation of Puget's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 13 below (any such interference resulting from new development ingress or egress to properties abutting the Franchise Area in proximity to Puget's Facilities existing within the Franchise Area prior to the development shall be subject to Section 13.6).

Section 8. Dangerous Conditions, Authority for the City to Abate

- 8.1 In the event that Puget's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of the Franchise Area or public or private property adjacent thereto, the Public Works Director may direct Puget, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.
- 8.2 In the event PSE fails to promptly take action as directed by the City pursuant to Section 8.1, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent imminent injury or damages to persons or property, the City may take actions as it reasonably believes are necessary with respect to Puget's Facilities or operations to protect persons or property and in such event Puget shall be responsible to reimburse the City for its costs incurred in so doing. With respect to Puget's gas facilities, the City's authority to act upon Puget's Facilities hereunder is specifically limited to actions, taken by trained emergency response personnel, to stop the flow of natural gas actively contributing to a dangerous condition by closing the natural gas supply valve at a meter or appliance.

Section 9. Permit Required

- 9.1 Whenever Puget excavates in the Franchise Area for purposes of installation, construction, repair, maintenance or relocation of its Facilities, it shall apply to the City for a permit to do so in accordance with all ordinances and regulations of the City. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise.
- 9.2 Puget shall at all times post and maintain proper barricades and comply with all applicable safety regulations during any period of construction or maintenance

activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems.

- 9.3 In the event of any emergency where any Facility located in the Franchise Area are broken or damaged, or if Puget's work area within the Franchise Area is in such a condition as to endanger any person or property, Puget shall immediately take any necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for and obtaining a permit as required by Section 9.1. This provision shall not relieve Puget from later obtaining any necessary permit for the emergency work. Puget shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical.
- 9.4 **Pavement Disturbance.** In the event Puget proposes to cut or disturb pavement within the Franchise Area for any purpose (except as provided in Section 9.3) within three years of the surfacing or resurfacing of such pavement, Puget shall apply to the City for a permit to make such disturbance in accordance with Section 9. In its application Puget shall identify the specific paving proposed to be disturbed, describe the scope and extent of the proposed disturbance and explain the necessity for such disturbance. Puget shall minimize the extent of such pavement disturbance to that reasonably necessary to perform its work. Puget acknowledges the City's authority and discretion to approve (or not approve) disturbance of such pavement and to condition such approval in accordance with Section 10 to include such pavement restoration requirements as may be determined by the Public Works Director to be reasonably necessary to restore the integrity of the paving disturbed by Puget's work. Puget shall not cut or disturb such pavement (except as provided in Section 9.3) without written authorization from the Public Works Director.

Section 10. Restoration

- 10.1 Puget shall, after any installation, construction, relocation, maintenance, or repair of Facilities within the Franchise Area, promptly restore the Franchise Area to at least the same condition as existed immediately prior to any such installation, construction, relocation, maintenance or repair in accordance with City standards at its sole cost and expense. All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The Public Works Director shall have final approval of the condition of the Franchise Area after restoration.
- 10.2 If it is determined that Puget has failed to restore the Franchise Area in accordance with Section 10, the City shall provide Puget with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, may restore the Franchise Area. PSE shall be responsible for all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this section. The remedy granted to the City under this section shall be in addition to those otherwise provided by this Franchise.
- 10.3 All work by Puget pursuant to this Section 10 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington, Kenmore Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

Section 11. Bonding Requirement

- 11.1 Before undertaking any of the work authorized by this Franchise, Puget shall furnish a bond executed by Puget and a corporate surety authorized to do surety business in the State of Washington, in a sum to be set and approved by the Public Works Director as reasonably sufficient to ensure performance of Puget's obligations under this Franchise. The bond shall be conditioned so that Puget shall observe all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to restore or replace any defective work or materials discovered in the restoration of the Franchise Area within a period of two (2) years from the final City inspection date of any such restoration. Puget may meet the obligations of this section with one (1) or more bonds acceptable to the City. In the event that a bond furnished pursuant to this section is canceled by the surety, after proper notice and pursuant to the terms of said bond, Puget shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this section.
- 11.2 With respect to undertaking any of the work authorized by this Franchise, in the event Puget fails to perform its obligations under this Franchise and further fails to cure its deficiency within a reasonable period of time after receipt of written notice of such deficiency by the City, then the City may use any bond(s) furnished by Puget pursuant to Section 11.1 to cure such deficiency. Neither the amount of such bond(s) nor the City's use thereof shall limit the City's full recovery from Puget of costs incurred by the City to cure such deficiency.
- 11.3 In the event the City makes use of such bond(s) furnished by Puget pursuant to Section 11.2, the City shall promptly provide written notice of same to Puget. Within thirty (30) days of receipt of such notice, Puget shall replenish or replace such bond(s) as provided in Section 11.1.
- 11.4 The rights reserved to the City by this Section 11 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 11 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 12. Underground Installation of Facilities

- 12.1 Puget acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area. The City acknowledges that Puget provides electrical and gas service on a non-preferential basis subject to and in accordance with applicable Tariffs on file with the WUTC. Subject to and in accordance with such Tariffs, Puget will cooperate with the City in the formulation of policy and development regulations concerning underground installation of Puget's Facilities within the Franchise Area.
- 12.2 New extensions of electric Facilities that operate at 15,000 volts (15kV) or less constructed by Puget within the Franchise Area during the term of this Franchise shall be located underground subject to and in accordance with applicable Tariffs on file with the WUTC; provided that extensions of existing overhead Facilities of up to five spans or 500 feet (whichever is less) may, subject to the City's prior written consent which shall not be unreasonably withheld, be installed overhead in locations having other existing overhead utilities.

- 12.3 If, during the term of this Franchise, the City shall direct Puget to replace (convert) its overhead electric distribution Facilities (15kV or less) then existing within the Franchise Area with underground Facilities, such underground conversion shall be arranged and accomplished subject to and in accordance with applicable Tariffs on file with the WUTC.
- 12.4 This Section 12 shall govern all matters related to underground installation of Puget's Facilities within the Franchise Area.

Section 13. Relocation of Facilities

- 13.1 Whenever the City undertakes (or causes to be undertaken at City expense) the construction of any public works improvement within the Franchise Area, or the Public Works Director reasonably determines that Puget's Facilities interfere with the free and safe passage of pedestrian and/or vehicular traffic pursuant to Section 7 above, and such public works improvement or interference necessitates the relocation of Puget's Facilities then existing within the Franchise Area, the City shall:

- (i) provide Puget, within a reasonable time prior to the City's commencement of activities requiring such public works improvement, written notice requesting such relocation; and
- (ii) provide Puget with copies of relevant portions of the City's plans and specifications for such public works improvement.

After receipt of such notice and such plans and specifications, Puget shall relocate such Facilities within the Franchise Area at no charge to the City. If, during the construction of any such public works improvement, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of Puget's Facilities within the Franchise Area, the City shall give Puget notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, Puget shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities at no charge to the City.

- 13.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated Facilities. Puget shall act in good faith and shall use its best efforts to install relocated Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and Puget agree that there is not sufficient space for the relocated Facilities in the existing Franchise Area, then, unless otherwise mutually agreed by the City and Puget, the City shall provide sufficient space for the relocated Facilities by obtaining additional right-of-way or other equivalent rights mutually agreeable to the City and Puget, which shall be Franchise Area, title of which shall be in the City's name.
- 13.3 Puget may install relocated Facilities on property outside of the Franchise Area, the rights for which shall be obtained by Puget at no expense to the City, if:
 - (i) notwithstanding the use of best efforts by the City and Puget as outlined above, the City and Puget do not agree whether there is or will be sufficient space within the Franchise Area for the relocated Facilities, or
 - (ii) locating such relocated Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice.

The City and Puget shall each act in good faith and use their respective best efforts to mutually agree on the location of such relocated Facilities outside of the Franchise Area. Absent such mutual agreement, nothing in this Section 13 shall limit the rights of the City or Puget with respect to acquisition or use of property rights outside of the Franchise Area.

- 13.4 If the City requires the subsequent relocation of any Facilities within five (5) years from the date of relocation of such Facilities pursuant to Sections 13.1-13.3, the City shall reimburse Puget for all costs incurred by Puget in connection such subsequent relocation.
- 13.5 Puget shall have the right as a condition of any relocation described in this Section 13.5 to require such person or entity other than the City to make payment to Puget, at a time and upon terms acceptable to Puget, for any and all costs and expenses incurred by Puget in the relocation of Puget's Facilities whenever:
 - (i) any person or entity, other than the City, requires the relocation of Puget's Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or
 - (ii) the City requires any person or entity to undertake work (other than work undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of Puget's Facilities within the Franchise Area.
- 13.6 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of Puget's Facilities within the Franchise Area shall be a condition or requirement causing relocation of Puget's Facilities to occur subject to the provisions of Section 13.5 above; provided, however:
 - (i) in the event the City reasonably determines and notifies Puget that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the construction of a public works improvement within a segment of the Franchise Area on the City's behalf, and
 - (ii) such public works improvement is otherwise reflected in the City's adopted Six-Year Capital Improvement Program; Transportation Improvement Program; or Transportation Facilities Program;

Then only those costs and expenses incurred by Puget in connecting such relocated Facilities with Puget's other Facilities shall be paid to Puget by such person or entity, and Puget shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 13.1-13.3.

- 13.7 As to any relocation of Puget's Facilities whereby the cost and expense thereof is to be borne by Puget in accordance with Sections 13.1-13.3, Puget may, after receipt of written notice requesting such relocation, submit in writing to the City alternatives to relocation of its Facilities. Upon the City's receipt from Puget of such written alternatives, the City shall evaluate such alternatives and shall advise Puget in writing if one or more of such alternatives is suitable to accommodate the work which would otherwise necessitate relocation of Puget's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by Puget full and fair consideration with

due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by Puget shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, Puget shall relocate its Facilities as otherwise provided in Sections 13.1-13.3.

- 13.8 Nothing in this Section 13 shall require Puget to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or, except for the rights described in Section 5.2, other prior rights.

Section 14. Coordination/ Shared Excavations

- 14.1 Puget and the City shall each exercise best reasonable efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to inform the other party and other utilities within the Franchise Area of its intent to undertake such construction work. Puget and the City shall further exercise best reasonable efforts to minimize delay or hindrance to construction work undertaken by themselves and other utilities within the Franchise Area.
- 14.2 If, at any time or from time to time, either Puget or the City shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other, upon receipt of a written request to do so, an opportunity to use such excavation, provided that:
- (i) such joint use shall not unreasonably delay the work of the party causing the excavation to be made; and
 - (ii) such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties.

Section 15. City Use of Facilities

- 15.1 During the term of this Franchise, and with respect to poles which are Facilities and which are (a) wholly owned by Puget and (b) within the Franchise Area, the City, subject to Puget's prior written consent which shall not be unreasonably withheld, may install and maintain City-owned overhead wires upon such poles for police, fire, traffic control and other noncommercial municipal communications purposes. The foregoing rights of the City to install and maintain such wires and cable are further subject to the following:
- (i) Such installation and maintenance shall be done by the City at its sole risk and expense, in accordance with all applicable laws, and subject to such reasonable requirements as Puget may specify from time to time (including, without limitation, requirements accommodating Puget's Facilities or the facilities of other parties having the right to use Puget's Facilities);
 - (ii) Puget shall have no obligation arising under the indemnity and insurance provisions of this Franchise as to any circumstances directly or indirectly caused by or related to such City-owned wires or the installation or maintenance thereof; and

- (iii) The City shall indemnify, defend and hold harmless Puget in connection with the City's use of Puget's Facilities; and
- (iv) Puget shall not charge the City a fee for the use of such poles in accordance with this Section 15 as a mean of deriving revenue therefrom (such as a rental or lease fee); provided, however, nothing herein shall require Puget to bear any cost or expense in connection with such installation and maintenance by the City.

Section 16. Moving Buildings Within the Franchise Area

- 16.1 If any person or entity other than the City obtains permission in the form of a permit from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall, prior to granting such permission, require such person or entity to make any necessary arrangements with Puget for the temporary adjustment of Puget's wires to accommodate the moving or removal of such building or other object. Such necessary arrangements with Puget shall be made, to Puget's satisfaction, not less than fourteen (14) days prior to the moving or removal of said building or other object. In such event, Puget shall, at the expense of the person or entity desiring to move or remove such building or other object, adjust any of its wires which may obstruct the moving or removal of such building or other object, provided that:
- (i) the moving or removal of such building or other object which necessitates the adjustment of wires shall be done at a reasonable time and in a reasonable manner so as not to unreasonably interfere with Puget's business; and
 - (ii) the person or entity other than the City obtaining such permission from the City to move or remove such building or other object shall be required to indemnify and hold Puget harmless from any and all claims and demands made against it on account of injury or damage to the person or property of another arising out of or in conjunction with the moving or removal of such building or other object, to the extent such injury or damage is caused by the negligence of the person or entity moving or removing such building or other object or the negligence of the agents, servants or employees of the person or entity moving or removing such building or other object.

Section 17. Records of Installation and Planning

- 17.1 Upon the City's reasonable request, Puget shall promptly provide to the City copies of available plans of improvements, relocations and conversions to its Facilities within the Franchise Area; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate Puget to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.
- 17.2 Upon the City's reasonable request, Puget shall provide to the City copies of available drawings in use by Puget showing the approximate location of Puget's Facilities at specified locations within the Franchise Area. Puget shall further provide, upon the City's reasonable request in connection with the City's design of new streets and intersections and major renovations of existing streets and intersections, field marking of Puget's underground Facilities within the Franchise Area, if such Facilities can be so

field marked with reasonable accuracy using devices designed to respond to the presence of Puget's underground Facilities. Notwithstanding the foregoing, however, Puget does not warrant the accuracy or sufficiency of any such drawings or field markings or other information provided by Puget, and Puget shall not be liable to the City or others for any errors or defects in the same.

- 17.3 In addition, whenever Puget and the City agree that it is mutually beneficial to both parties in connection with the design of new streets and intersections and major renovations of existing streets and intersections, Puget shall verify the actual location of its underground Facilities within the Franchise Area by excavating, including pot holing, at no expense to the City.
- 17.4 Notwithstanding the foregoing, nothing in this Section 17 is intended (nor shall be construed) to relieve either party of their respective obligations arising under applicable law with respect to determining the location of utility facilities.

Section 18. Vegetation Management

- 18.1 Puget shall, on an annual basis, provide the City a list of locations within the Franchise Area at which Puget anticipates performing vegetation management activities; provided that such list shall not limit Puget's right under this Franchise to cut, trim or otherwise remove vegetation at any time within the Franchise Area which, due to proximity to Puget's facilities, pose an imminent threat to public safety or the reliable operation of Puget's facilities.
- 18.2 Puget shall, in coordination with the City, identify vegetation species appropriate for location in proximity to Puget's facilities and shall cooperatively act with the City to promote use of such identified species within and adjacent to the Franchise Area.
- 18.3 Puget shall not commence non-emergency vegetation management work without notice to abutting private property owners or occupants at least ten (10) working days in advance of the work to be performed, including the location and description of the work to be performed, the date work is planned to commence, and a contact name and telephone number at Puget. In performing vegetation management work, Puget shall comply with ANSI 300 pruning standards.
- 18.4 At the request of an abutting private property owner, Puget shall employ or consult with a certified arborist to assess the type of pruning proposed to be done and/or shall provide the abutting owner with alternatives to the type of pruning proposed to be done. Puget will reasonably consider alternatives proposed by the abutting property owner and any arborist hired by the property owner.
- 18.5 Nothing in this Franchise is intended to absolve Puget from any liability resulting from damage caused by trees that are severely pruned or topped by Puget and subsequently fall as a result of such pruning or topping.

Section 19 Condemnation.

The existence of this Franchise shall not preclude the City from acquiring by condemnation, in accordance with applicable law, all or a portion of Puget's Facilities within the Franchise Area.

Section 20 Indemnification

- 20.1 Puget shall indemnify, defend and hold the City, its agents, officers or employees harmless from and against any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees, made against the City, its agents, officers or employees on account of injury, harm, death or damage to persons or property which is caused by, in whole or in part to the extent of, the willfully tortious, or negligent acts, or negligent omissions of Puget or its agents, servants, employees, contractors, or subcontractors in the exercise of the rights granted to Puget by this Franchise. Provided, however, such indemnification shall not extend to any and all claims, demands, liability, loss, cost, damage or expense of any nature whatsoever including all costs and attorneys' fees caused by the negligence of the City, its agents, employees, officers, contractors or subcontractors.
- 20.2 Puget's indemnification obligations pursuant to Subsection 20.1 shall include assuming potential liability for actions brought by Puget's own employees and the employees of Puget's agents, representatives, contractors, and subcontractors even though Puget might be immune under Title 51 RCW from direct suit brought by such employees. It is expressly agreed and understood that this assumption of potential liability for actions brought by the aforementioned employees is limited solely to claims against the City arising by virtue of Puget's exercise of the rights set forth in this Franchise. The obligations of Puget under this Subsection 20.2 have been mutually negotiated by the parties hereto, and Puget acknowledges that the City would not enter into this Franchise without Puget's waiver thereof. To the extent required to provide this indemnification and this indemnification only, Puget waives its immunity under Title 51 RCW as provided in RCW 4.24.115.
- 20.3 In the event any matter (for which the City intends to assert its rights under this Section 20) is presented to or filed with the City, the City shall promptly notify Puget thereof and Puget shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter as it pertains to Puget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees. In the event any suit or action be started against the City based upon any such matter, the City shall likewise promptly notify Puget thereof, and Puget shall have the right, at its election and at its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election, as it pertains to Puget's responsibility to indemnify, defend and hold harmless the City, its agents, officers or employees.

Section 21. Insurance

- 21.1 Puget shall procure and maintain for the duration of the Franchise, insurance, or in lieu thereof provide self-insurance, against all claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the rights, privileges and authority granted hereunder to Puget, its agents, representatives or employees. Puget shall provide certificate(s) of insurance (Form CG2010 ISO or equivalent) and/or evidence of self-insurance, together with an endorsement naming the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds, to the City for its inspection prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance and/or evidence of self-insurance shall evidence the following minimum coverages:

- (i) Commercial general liability insurance or excess liability insurance, including coverage for premises-operations, explosions and collapse hazard, underground hazard and products completed hazard, written on an occurrence basis, with limits not less than:
 - A. \$2,000,000 for bodily injury or death to each person; and
 - B. \$2,000,000 for property damage resulting from any one accident.
 - (ii) Automobile liability for owned, non-owned and hired vehicles with a limit of \$2,000,000 for each person and \$2,000,000 for each accident.
 - (iii) Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.
- 21.2 Puget shall maintain the liability insurance policies required by this Section 21 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of Puget.
- 21.3 Puget's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of Puget's insurance and shall not contribute with it.
- 21.4 The cancellation clause of any certificate(s) of insurance (ACORD Form 25 or equivalent) provided to the City pursuant to Section 21.1 shall include the following provision:

"Should any of the policies described by this certificate be canceled before the expiration date thereof, the issuing company will provide at least thirty (30) days written notice thereof to the certificate holder."
- 21.5 In the event any of the insurance required by this Section 21 is canceled or otherwise not renewed during the term of this Franchise, Puget shall promptly acquire replacement insurance or shall utilize self insurance to restore and maintain the amount of coverage required by this Section 21 and shall promptly provide to the City certificate(s) of insurance or evidence of self insurance as provided in this Section 21 as may be applicable.

Section 22. Default

- 22.1 If Puget shall fail to materially comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon Puget a written order to so comply within thirty (30) days from the date such order is received by Puget. If Puget is not in material compliance with this Franchise after expiration of said thirty (30) day period, the City may declare an immediate forfeiture of this Franchise, provided, however, if any failure to materially comply with this Franchise by Puget cannot be corrected with due diligence within said thirty (30) day period then the time within which Puget may so comply may be extended for a period of time as may be reasonably necessary and as agreed upon by the parties, so long as Puget commences promptly and diligently to effect such material compliance.
- 22.2 Notwithstanding Puget's obligation to comply and to proceed with due diligence to correct any default, the City recognizes that unavoidable delays and events beyond

Puget's control may occur. In such event the parties agree that Puget shall make a good faith effort to expeditiously remedy the default. In the event of a declaration of forfeiture, should either party commence litigation against the other to appeal (in the case of Puget) or enforce (in the case of the City) such declaration of forfeiture, the prevailing party in any such litigation shall be entitled to recover its costs, including reasonable attorneys fees.

Section 23. Reimbursement of Administrative Costs

- 23.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon Puget, except, as provided in RCW 35.21.860,
- 23.2 Puget shall reimburse the City for all actual administrative expenses and costs incurred by the City that are directly related to negotiating, reviewing and approving this Franchise, to reviewing and approving a permit or license pursuant to this Franchise, to inspecting plans and construction pursuant to this Franchise, and to preparing a detailed statement, as may be required by Chapter 43.21C RCW.
- 23.3 The City shall invoice Puget for all administrative expenses and costs to be reimbursed by Puget hereunder including an itemized statement showing such expenses and costs. Puget shall promptly remit payment therefore as provided in applicable adopted City codes, regulations and rules. Notwithstanding any other provision of this Franchise, no acceptance by Puget of this Franchise shall be effective in the absence of reimbursement for negotiating, reviewing and approving this Franchise.
- 23.4 If Puget disputes any expense or cost included on the City's invoice, Puget shall promptly notify the City thereof and shall otherwise promptly remit payment for any and all undisputed expense and costs included on the City's invoice. As to any expense or cost disputed by Puget, Puget shall promptly provide written identification of such disputed amount(s) together with its written justification for such dispute to the City for the City's consideration. Puget and the City shall work together in good faith to resolve any disputed amount(s), including provision by either or both parties of such further information and documentation supporting or refuting such disputed amount(s) as may reasonably and practically be provided. In the event such dispute is not resolved through discussion of the parties, the dispute shall be resolved as otherwise provided for or prescribed by adopted City codes, regulations and rules. Until any such dispute is resolved by the Parties the City may, at its sole discretion, suspend work being performed by the City or Puget and/or withhold City issued permits or City approvals related to such disputed amount(s). Such dispute will not otherwise effect any other obligation of the parties under this Franchise or under any applicable City code, regulation or rule.

Section 24. Utility Tax

Puget acknowledges that the City is authorized under the laws of Washington State to impose certain taxes upon Puget. Nothing in this Franchise shall exempt (nor shall be construed to exempt) Puget from payment of any and all such taxes lawfully imposed by Kenmore Municipal Code, as may hereafter be lawfully amended or superseded, and due from Puget; provided, nothing in this Section 24 shall be construed in any way as a waiver of Puget's rights to contest the validity of any such tax or the amount of any tax due. If payment of such taxes is not made by Puget in a timely manner, the City reserves the right, at its sole option, to

inter alia suspend the rights granted to Puget by this Franchise until such time that Puget pays such taxes or Puget and the City otherwise resolve any matter concerning payment thereof.

Section 25. Assignment of Franchise

All of the provisions, conditions and requirements herein contained shall be binding upon Puget and the City. Puget may not assign or otherwise transfer its rights, privileges, authority and franchise herein conferred without the prior written authorization and approval of the City, which such authorization and approval shall not be unreasonably withheld. The City hereby authorizes and approves Puget to mortgage its rights, privileges, authority and franchise in and under this Franchise to the Trustee for its bondholders.

Section 26. Severability and Survival

- 26.1 If any term, provision, condition or portion of this Franchise shall be held to be invalid such invalidity shall not affect the validity of the remaining portions of this Franchise which shall continue in full force and effect. The headings of the sections and paragraphs of this Franchise are for convenience of reference only and are not intended to restrict, affect or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.
- 26.2 All provisions, conditions and requirements of this Franchise that may be reasonably construed to survive the termination or expiration of this Franchise shall survive the termination or expiration of the Franchise. Subject to Section 6 above, the parties' respective rights and interests under this Franchise shall inure to the benefit of their respective successors and assigns.

Section 27. Amendments to Franchise

- 27.1 This Franchise may be amended only by mutual agreement thereto, set forth in writing in the form of a City ordinance, signed by both parties, which specifically states that it is an amendment to this Franchise and is approved and executed in accordance with the laws of the State of Washington and the City of Kenmore. Without limiting the generality of the foregoing, this Franchise (including, without limitation the Sections addressing indemnification and insurance) shall govern and supersede and shall not be changed, modified, deleted, added to, supplemented or otherwise amended by any permit, approval, license, agreement or other document required by or obtained from the City in conjunction with the exercise (or failure to exercise) by Puget of any and all of its rights, benefits, privileges, obligations or duties in and under this Franchise, unless such permit, approval, license, agreement or other document specifically:
 - (i) references this Franchise; and
 - (ii) states that it supersedes this Franchise to the extent it contains terms and conditions which change, modify, delete, add to, supplement or otherwise amend the terms and conditions of this Franchise.
- 27.2 This Franchise is subject to the provisions of any applicable Tariff on file with and accepted by the WUTC. In the event of any conflict or any inconsistency between the provisions of this Franchise and such Tariff, the provisions of such Tariff shall control.

27.3 The parties agree to renegotiate the terms of this Franchise, if, during the term of this Franchise there becomes effective any change in federal or state law which:

(a) Affords either party the opportunity to negotiate in good faith a term or condition of this Franchise which term or condition would not, prior to such change, have been consistent with federal or state law; or

(b) Pre-empts or otherwise renders null and void any term or condition of this Franchise which has been negotiated in good faith;

then, in such event, either party may, within one hundred eighty (180) days of the effective date of such change in federal or state law request in writing to commence negotiations to amend this Franchise. Such negotiations shall encompass only the specific term or condition affected by such change in federal or state law and neither party shall be obligated to re-open negotiations on any other term or condition of this Franchise. Within thirty (30) days from and after receipt of such written request, the parties shall, at a mutually agreeable time and place, commence such negotiations. Pending completion of such negotiations resulting in mutually agreeable amendment of this Franchise, adoption of such amendment by Ordinance by the City and acceptance of such Ordinance by Puget, and except as to any portion thereof which has been pre-empted or otherwise rendered null and void by such change in federal or state law, this Franchise shall remain in full force and effect.

Section 28. No Third Party Beneficiary

Nothing in this Franchise shall be construed to create any rights in or duties to any third party, nor any liability to or standard of care with reference to any third party. This Franchise shall not confer any right or remedy upon any person other than the parties. No action may be commenced or prosecuted against any party by any third party claiming as a third party beneficiary of this Franchise. This Franchise shall not release or discharge any obligation or liability of any third party to either party.

Section 29. Notice of Tariff Changes

Puget shall, when making application for any changes in Tariffs affecting the provisions of the Franchise, notify the City in writing of the application and provide the Public Works Director with a copy of the submitted application within five (5) days of filing with the WUTC. Puget shall further provide the Public Works Director with a copy of any approved Tariff change affecting the provisions of this Franchise.

Section 30. Repealer

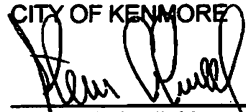
Upon the effective date of this Ordinance and acceptance of such Ordinance and Franchise by Puget, City ordinance 98-0030 shall be deemed repealed.

Section 31. Effective Date

This Ordinance, being an exercise of a power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 25th of July, 2005.

CITY OF KENMORE


Steven Colwell, Mayor

ATTEST/AUTHENTICATED:


Lynn Batchelor, City Clerk

Approved as to form:


Rod Kaseguma, City Attorney

Filed with the City Clerk:	July 15, 2005
Passed by the City Council:	July 25, 2005
Ordinance No.:	05-0233
Date of Publication:	July 29, 2005
Effective Date:	August 3, 2005

HONORABLE MAYOR AND CITY COUNCIL
CITY OF KENMORE, WASHINGTON

In the matter of the application :
of Puget Sound Energy, Inc., a : Franchise Ordinance No. 05-0233
Washington corporation, for a :
franchise to construct, operate :
and maintain facilities in, upon, :
over under, along, across and :
through the franchise area of the : ACCEPTANCE
City of Kenmore, Washington :

WHEREAS, the City Council of the City of Kenmore, Washington, has granted a franchise to Puget Sound Energy, Inc., a Washington corporation, its successors and assigns, by enacting Ordinance No. 05-0233, bearing the date of July 25, 2005; and

WHEREAS, a copy of said Ordinance granting said franchise was received by the Puget Sound Energy, Inc. on August 29, 2005, from said City of Kenmore, King County, Washington.

NOW, THEREFORE, Puget Sound Energy, Inc., a Washington corporation, for itself, its successors and assigns, hereby accepts said Ordinance and all the terms and conditions thereof, and files this, its written acceptance, with the City of Kenmore, King County, Washington.

IN TESTIMONY WHEREOF said Puget Sound Energy, Inc. has caused this written Acceptance to be executed in its name by its undersigned Director of Community Services thereunto duly authorized on this 3rd day of September, 2005.

ATTEST:

PUGET SOUND ENERGY, INC.

By: Jason VanThorst

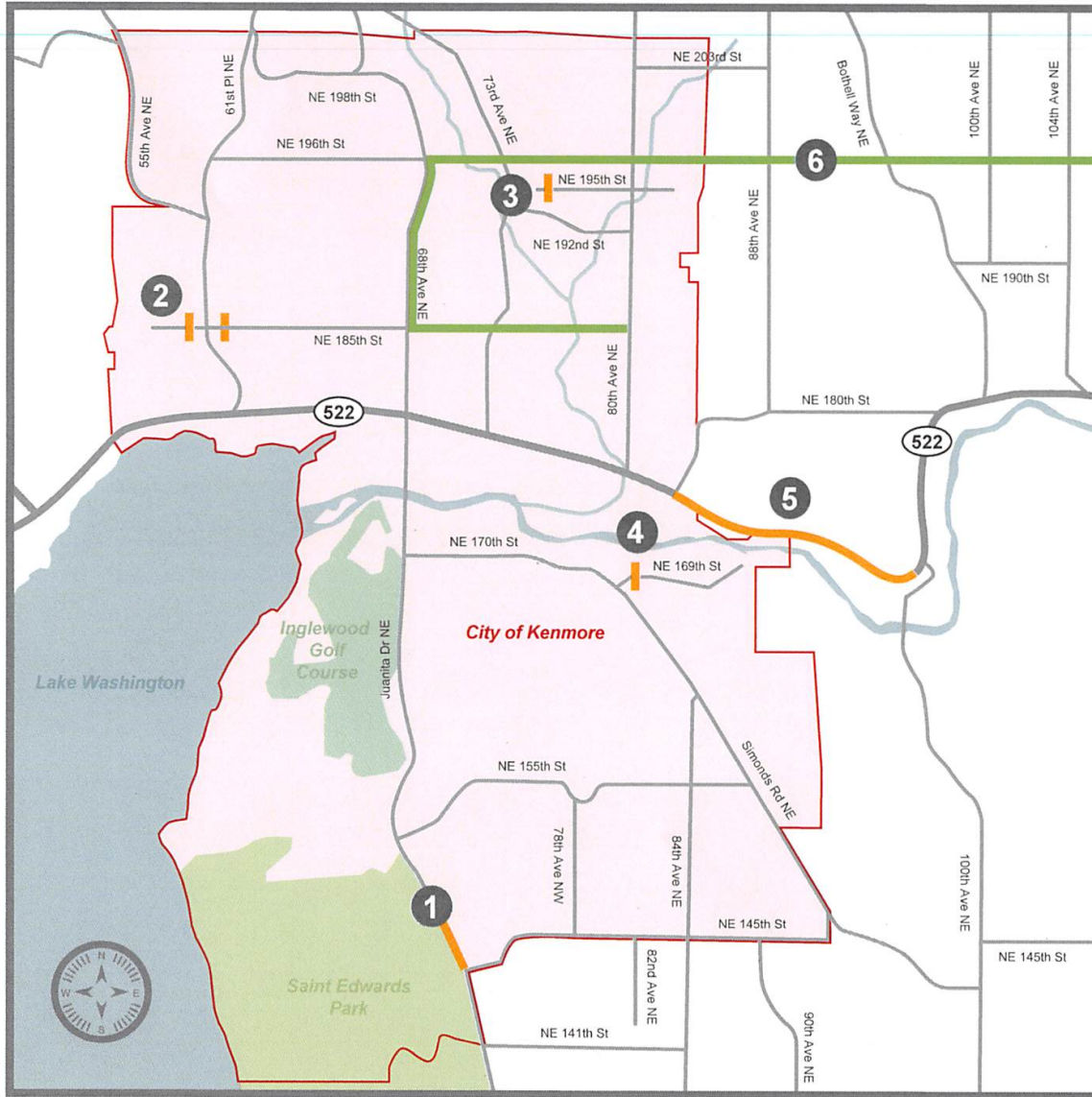
By: Mark Bowman

Copy received for City of Kenmore
on Sept. 14, 2005

By: Anna Batchelor

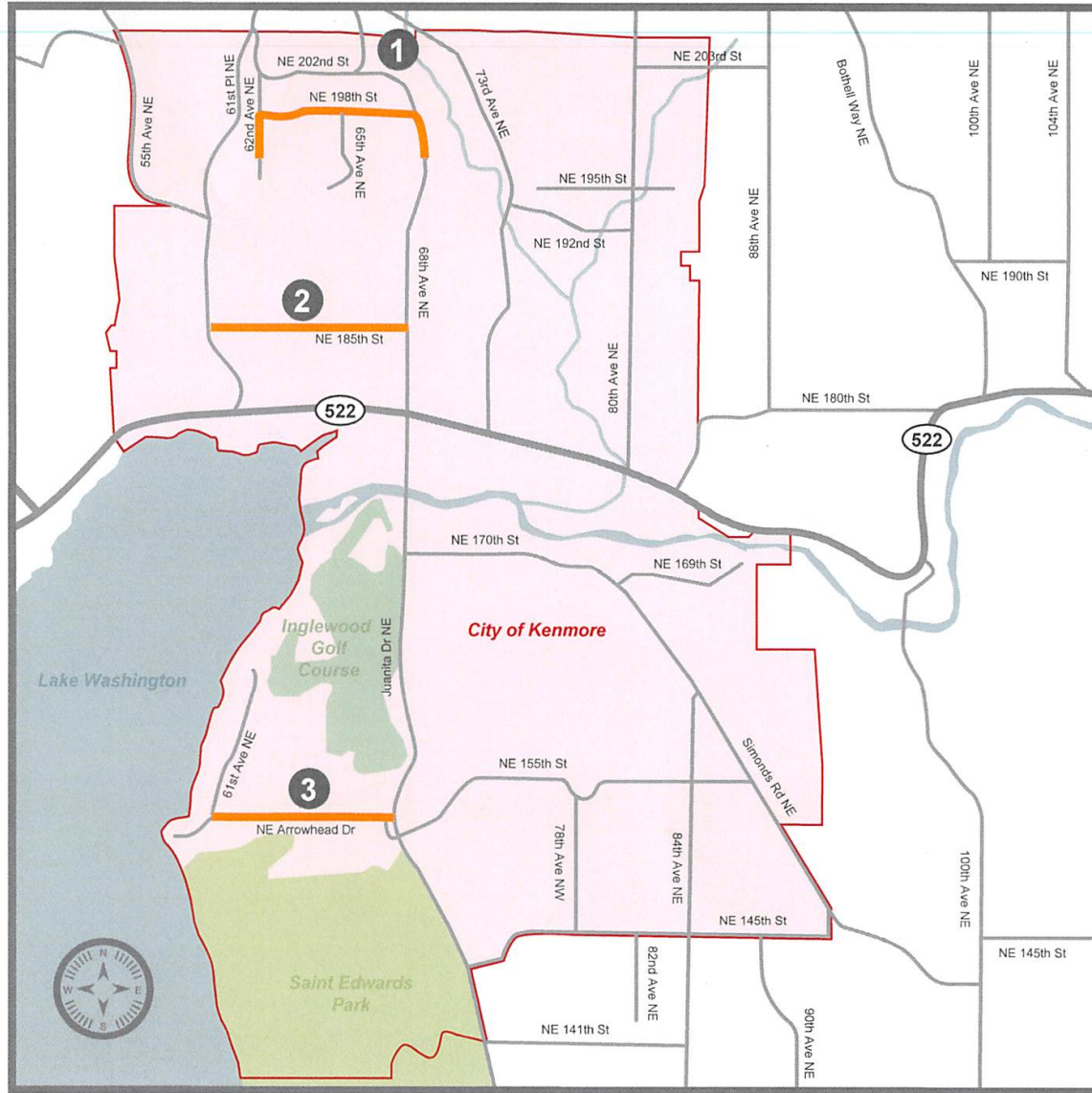
City Clerk

Reliability investments completed in 2016 Kenmore



- 1 Distribution automation project**
 - PSE Test Project
 - Automatically detect damage and restore customers within seconds
- 2 New overhead switches on NE 185th St**
 - Allow servicemen to reconfigure a distribution circuit to restore customers faster
- 3 New Recloser on NE 195th St**
 - Prevents some customers from experiencing an outage
 - Tests circuit automatically to quickly restore power if there isn't permanent damage
 - Sectionalizes circuit to reduce restoration time
- 4 New Recloser on NE 169th St**
- 5 Underground conversion east of 83rd Ave NE**
 - Joint project with the City of Bothell that will improve reliability for Kenmore residents living downstream of our lines along Bothell Way (mainly near Simonds Rd)
- 6 Moorlands-Vitulli transmission line upgrade**
 - Rebuild existing 5 mile line between Moorlands substation in Kenmore and Vitulli substation in Bothell
 - Provide more reliable electric service to Kenmore/Bothell area

Reliability investments in 2017 Kenmore



- 1 **Feeder reroute and reconductor with tree wire (2017-2018)**
 - Reroute due to access issues
 - Tree wire is insulated conductor that is less likely to go out from tree branches
- 2 **Feeder reconductor with tree wire (2017-2018)**
 - Tree wire is insulated conductor that is less likely to go out from tree branches
- 3 **Feeder reconductor with tree wire (2017-2018)**
 - Tree wire is insulated conductor that is less likely to go out from tree branches
- 4 **Stillwater-Cottage Brook 115 kV transmission line upgrade (2017-2018)**
 - Rebuild existing line between Stillwater and Cottage Brook substations
 - Provide more reliable service to the Woodinville/Bothell/Kenmore area
 - Project is not indicated on map

Failure Analysis Associates

The logo for Exponent, featuring the word "Exponent" in a white serif font with a registered trademark symbol, set against a dark green background. A large, faint, stylized "Ex" is visible in the background of the green area.

Exponent®

Revised

**Electric System Reliability
Assessment**

City of Kenmore



Revised

Electric System Reliability Assessment

City of Kenmore

Prepared for

Ms. Nancy Ousley
Assistant City Manager
18120 68th Ave NE
Kenmore, WA 98028

Prepared by

Exponent Failure Analysis Associates, Inc.
149 Commonwealth Drive
Menlo Park, CA 94025

November 17, 2016

© Exponent, Inc.

1602773.000 - 0666

Contents

	<u>Page</u>
List of Figures	v
List of Tables	vi
List of Abbreviations	vii
Limitations	viii
Executive Summary	1
Objectives and Scope of Work	1
Conclusions	1
Key Recommendations	3
Introduction	5
Objective	5
Scope of Work	5
Background	7
Electric System Operation	7
Impacts on Reliability	8
Reliability Measures	10
Reliability Drivers	11
Electric Infrastructure	14
Bulk Power Supplies for the City of Kenmore	14
Distribution System in the City of Kenmore	22
Electric System Reliability	27
PSE System Reliability	27
State of Washington Utility Comparison	29
IEEE Survey Comparison	30
Kenmore Circuit Reliability	30
Kenmore – Overall PSE System Comparison	30

Kenmore Circuit Review	32
Customer Complaints	36
Capital Projects	37
System Maintenance	39
Future Power Demands	40
The Growth Forecast by the City of Kenmore	40
PSE's Integrated Resource Plan Review	42
Adoption of New Technologies by PSE	49
Conclusions and Recommendations	52

List of Figures

	<u>Page</u>
Figure 1 Electric Power System	7
Figure 2. High voltage transmission lines serving Kenmore	15
Figure 3. Google Earth view of the Kenmore substation	16
Figure 4. Moorlands switching station at NE 185 street and 80 th avenue NE	17
Figure 5. Inglewood substation at NE 155 th street and 84 th avenue NE	18
Figure 6. Wayne substation along 96 th avenue NE close to the Red Brick Road intersection	19
Figure 7. The North Bothell substation.	20
Figure 8. Sammamish bulk power substation along Willows Rd in Redmond	21
Figure 8. BPA's 500 kV (Yellow) and 230/345 kV (red) lines West of the Cascades.	22
Figure 9. Feeder circuit Kenmore 26; red color is overhead lines and yellow color is underground cables	23
Figure 10. Example of a 12 kV distribution circuit right-of-ways; second circuit appears to be overbuilt on top of the lower circuit	25
Figure 11. Example of a 12 kV line with tree limbs approaching the conductors	26
Figure 12 PSE System SAIFI	27
Figure 13 PSE System SAIDI ¹⁰	28
Figure 14 SAIFI / SAIDI Comparison	29
Figure 15 Kenmore SAIFI / SAIDI Results	31
Figure 16 Kenmore – PSE SAIFI / SAIDI Comparison (excl. major storms)	31
Figure 17 Kenmore – PSE SAIFI / SAIDI Comparison (all outages)	32
Figure 18 Kenmore Circuit Ranking	33
Figure 19 Kenmore Circuit Reliability Performance	35
Figure 20. Copy of City of Kenmore map showing existing land use	41
Figure 21. Copy of Figure 1-4 on page 1-14 of PSE's IRP	45
Figure 22. PSE's load forecasts aggregated to an annual basis.	46
Figure 23 Electricity Prices	48

List of Tables

	<u>Page</u>
Table 1 IEEE Benchmark Results	30
Table 2 Reliability and Power Quality Complaints	36
Table 3 Kenmore Circuit Complaints	37
Table 4 Copy of Table DE-F from the City's comprehensive plan.	40

List of Abbreviations

A	amperes
ACSR	Aluminum conductor steel reinforced
aMW	annual megawatts (unit represents a constant load of one MW for a full year)
CCR	Coal combustion residuals
CO ₂	Carbon dioxide
EMS	Energy Management Systems
EUE	Expected unserved energy
IRP	Integrated resource plan
kV	kilo Volt
kVA	kilo volt-amperes
LOLP	Loss of load probability
mcm	thousand circular mils
MVA	Mega volt-amperes
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCADA	supervisory control and data acquisition systems
WUTC	Washington utility transportation commission

Limitations

The scope of this report is intended for use by the City of Kenmore in reviewing their electric system reliability and capacity performance and may not be adequate for other purposes. Use of this report or the findings, conclusions, or recommendations presented herein for any other purpose is at the sole risk of the user.

The findings presented herein are made to a reasonable degree of scientific certainty based on information possessed by Exponent as of the end of date of this report. This report may be supplemented to expand or modify our findings based on additional work or review of additional information.

Executive Summary

Objectives and Scope of Work

Kenmore is undertaking a review of their electric system in preparation for renewal and renegotiation of their Franchise Agreement with Puget Sound Energy (PSE). Kenmore has requested an independent study of the electric system reliability, including infrastructure needs.

Exponent has performed the reliability assessment to address the following issues:

- Current power infrastructure, reliability and service levels in Kenmore.
- Complaints and actions related to service in Kenmore.
- PSE's recent and planned capital projects and programs to improve system reliability in Kenmore and recommended approaches that can result in reliability improvements.
- Current maintenance practices and vegetation management practices.
- Infrastructure and power supply improvements that are needed to meet future power needs.
- Smart-grid-related strategies or technology used in the US that could be adopted by PSE.

Exponent performed the reliability assessment by performing the following tasks:

- Review of pertinent reliability information obtained from PSE through public-availability submittals to Kenmore and the WUTC.
- Review of Integrated Resource Plan submitted by PSE to the WUTC which is publically available
- Drive and walk through observations of the electric system in Kenmore
- Interviews with selected members of the Kenmore Council and City Management
- Interviews with selected Kenmore residents and attendance at a PSE –Kenmore community meeting
- Interviews with General Manager of Bastyr University
- Interviews with members of PSE distribution and transmission planning
- Review of other industry available data through the public record

These tasks were performed to provide the current status of reliability issues in Kenmore and recommendations for potential improvements. The results of this assessment are included in this report.

Conclusions

Exponent found during its study that the electric power distribution circuits in the City of Kenmore are among the least reliable in Puget Sound Energy's (PSE) power distribution system. The reasons were readily apparent to Exponent after walk throughs and drive throughs of the City. The major reasons for low reliability are clearly that the distribution circuit are

generally older vintage and are placed in heavily forested right-of-ways. A secondary reason is the lack of animal guards placed on the distribution line poles.

Even though the distribution circuits are well placed in many of the newer parts of the City, portions of the circuits pass through narrow rights-of-ways with tree branches very close to the energized lines. In some line segments the right-of-ways are only five feet wide, which can easily be bridged by wind blowing tree branches into the line conductors. Any single, permanent tree branch contact will de-energize all or a substantial portion of the affected distribution circuit. Because in many instances, the tree induced line faults can be on a circuit routed through the backyards of homes, it is very difficult and time consuming to inspect the lines in order to find the fault location because such inspections have to be performed by walking the line. Furthermore, it will also be difficult if not impossible to bring equipment such as bucket trucks to the fault locations, which will make the repairs more labor intensive and time consuming. All of this leads to more frequent electric power system outages than in areas with less tree vegetation. These distribution system characteristics make the system highly susceptible to long duration outages in conjunction with severe storm events when tree branches might break, fall down and break the conductors.

The design of PSE's power distribution system in the City appears to be a legacy system with the basic configuration existing from a time before the City was incorporated. This means the system currently consists of older equipment that does not take advantage of modern technologies. It will be difficult to rebuild the system since:

- There may be a need to move lines from the back of properties to street locations. This effort will require the need for executing easements to enable the lines to be relocated.
- If lines are kept where they are that would require widening of the right-of-ways, clearing trees along the right-of-ways and removing easement encroachments to enable access by bucket trucks and truck mounted tree trimming equipment.
- Surface mounted service transformers and switches would have to be placed along the circuit if the overhead distribution lines were replaced by underground cables. .

Considering that one reason for the attractiveness of the City is the beautiful tree lined streets, it will not be easy to reach a consensus for major modifications of the power distribution circuits in the city. Therefore, the best remedy appears to be the completion of circuit rebuilds to modernize and improve reliability on circuits with aging equipment and limited accessibility; installation of tree wires that will reduce the probability for tree related faults; plus installation of modern so called reclosing switches that can be remotely controlled and interrogated to obtain fault information. If in addition, power can be fed into the circuits from the remote ends of the lines, it should be possible to minimize the areas affected by any distribution line fault and to relatively quickly identify the fault location, which will speed up the repair of the lines. Some of this is already imbedded in PSE's 2017 and future year budget plans. In addition, shortening the vegetation inspection patrols and reducing the tree trimming schedule (from the present 4 year schedule) would reduce the probability for tree rated faults.

Exponent also reviewed the cost of residential power available in the areas bordering Kenmore and found, based on publically available information that PSE presently appears to be competitive with the rates offered by Seattle City Light and only slightly higher than the rates offered by the Snohomish county PUD.

The presently PSE has the power supply resources to serve its customers. However, the region is experiencing growth so shortfalls might arise in the future. Therefore, as a part of Exponent's scope of work, PSE's integrated resource plan (IRP) was reviewed and evaluated to assess the probability that PSE will have the needed capacity to serve the region's expected growth, which is primarily expected to occur in the Interstate 405 corridor. One of the fundamental assumptions in the IRP is that the Northwestern states can be expected to have a significant electric power capacity shortfall during the 20 year planning horizon. However, there appears to be sufficient time to be prepared for this eventuality and to add power generation so that the expected future needs can be met.

Key Recommendations

Based on these observations, Exponent has identified several recommendations for potential improvement in electric reliability. These recommendations include:

1. Since the Kenmore circuits are looped radial circuits, the installation of reclosers and sectionalizing switches can make major improvements in outage restoration to reduce overall outage duration. It is recommended the installation of these devices be expedited for the Kenmore area.
2. PSE should implement its current plans for the rebuilding of Kenmore-26 (relocation of sections of the circuit), Kenmore-27 (feeder reconductoring) and Kenmore-23 circuits (feeder reconductoring). They should also implement improvements for other identified reliability issues on other circuits in Kenmore. [Note: there are on-going discussions between PSE and Kenmore regarding the scope of these upgrades.]
3. Kenmore is subject to significant storm impacts related to tree-related outages. The Kenmore area is on a four-year tree trimming cycle. It is recommended to perform more frequent patrols in Kenmore to identify potential emerging activities within the four-year period.
4. To further effect a turnaround in reliability, it is recommended that PSE install current modern technologies that it is utilizing in other parts of their system. It is recommended that Kenmore work with PSE to install other advanced technologies that are intended to improve electric reliability. These technologies may include various automation solutions, SCADA installations, and communications protocols for events and storm response.
5. Kenmore should request a reliability report from PSE that provides more details for evaluation of the Kenmore circuits. This report would highlight circuit outages, circuit projects, on-going maintenance activities, and performance related metrics. This report would provide for a better communication between Kenmore and PSE relative to

reliability and capacity issues. This reliability report can also form the basis for an annual meeting between PSE and Kenmore to review future plans and provide feedback on reliability issues.

6. Kenmore and PSE should have a more formal protocol for reviewing growth plans for Kenmore so that these plans are included in PSE's system planning activities.

These recommendations are intended to assist Kenmore in working with PSE to ensure appropriate levels of support for the Kenmore community.

Note that this Executive Summary does not contain all of Exponent's technical evaluations, analyses, conclusions, and recommendations. Hence, the main body of this report is at all times the controlling document.

Introduction

Objective

Kenmore is undertaking a review of their electric system in preparation for renewal and renegotiation of their Franchise Agreement with Puget Sound Energy (PSE). Kenmore has requested an independent study of the electric system reliability, including infrastructure needs.

Scope of Work

Exponent has performed the following tasks to assist the City of Kenmore in its review of its electric system performance:

- Exponent reviewed the current power infrastructure, reliability and service levels in Kenmore. Standard metrics System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) were used to provide a high level review of reliability. These metrics were obtained from the WUTC for PSE, Avista and PacifiCorp on a system level; from information provided by Kenmore for City-specific metrics; and publically available records for other municipal utilities.
- Exponent reviewed complaints and actions related to service in Kenmore. This information was obtained from the PSE Annual Reliability Report to the WUTC and discussions were held with the WUTC relative to the complaint process. The complaints were reviewed to determine causes affecting reliability. Exponent also conducted interviews with City personnel and citizens; and attended a local community meeting between PSE and Kenmore residents. Exponent also performed a general walk-through of Kenmore to visually observe the electric system.
- Exponent reviewed PSE's recent and planned capital projects and programs to improve system reliability in Kenmore and recommended approaches that can result in reliability improvements. Exponent met with PSE staff to understand the transmission and distribution system in Kenmore and to identify on-going reliability improvements.
- Exponent reviewed current maintenance practices and vegetation management practices to provide an assessment of how this compares with general industry practice. Discussions were held with PSE to determine their current practice and its impact on Kenmore.
- Exponent reviewed the infrastructure and power supply improvements that are needed to meet future power needs. This task included a review of information on Kenmore (2015 Comprehensive Plan Utilities Element) and information from the PSE Integrated Resource Plan. Discussions were also held with PSE to determine how they are planning to respond to the City and regional growth plans.

- Exponent recommended strategies or technology used in the US that could be adopted by PSE. This task generally involved a review of smart grid initiatives affecting reliability, outage management, and grid performance.

These tasks were performed to provide the current status of reliability issues in Kenmore and recommendations for potential future improvements. The results of this assessment are included in this report.

Background

Power system reliability encompasses the time an electric system is available to deliver electric power to a customer's meter in accordance with voltage and frequency requirements specified by PSE's agreement with WUTC.¹ A highly reliable system is one that has redundancy in the power system design; equipment that is designed, operated, and maintained to minimize the probability of failure; sufficient sensors installed to identify faults and their locations and to restore power to the affected customers or, if this is not possible, isolate the fault to minimize the number of affected customers. A reliable system should also have provisions for effective communication of outage status between all stakeholders.

A brief discussion of electric system operation and general electric system reliability is presented here prior to a discussion of reliability in the City of Kenmore.

Electric System Operation

The electric system consists of generation, transmission, and distribution systems that deliver power from generation stations to the end user. The overall electric system is depicted in the Figure 1 below.

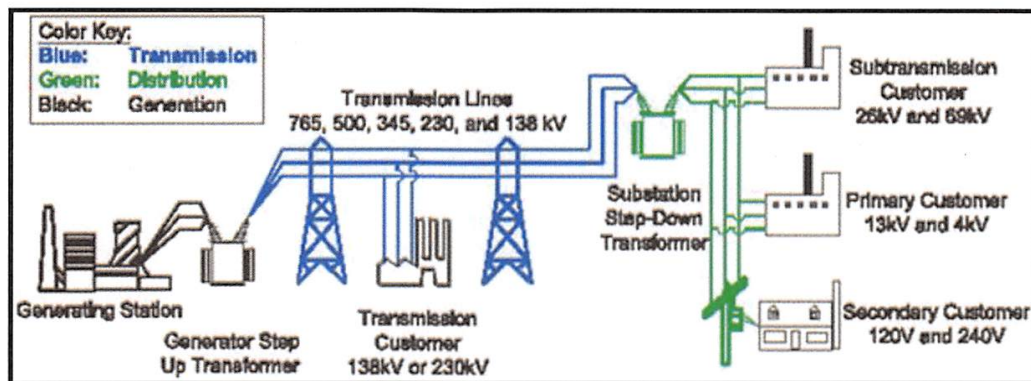


Figure 1 Electric Power System

The overall electric power system consists of the following major systems:

- **Generation:** The generation system is made up of large base-loaded power plants (natural gas, fossil, nuclear), renewable sources (hydro, wind, solar), and smaller distributed generation sources. Generation sources are obtained

¹ See WAC Sections 480-100-368 and 480-100-373.

from utility-owned assets as well as purchased from third parties. The third-party agreements consist of long-term power contracts, as well as short-term market-based power contracts to meet peak demands. Utilities are required to maintain generation assets with sufficient capacity to meet peak electric power demands and reserve margin requirements. Utilities provide long-term forecasts and plans for generation needs through their Integrated Resource Plans.

- **Transmission:** The transmission system delivers electricity from the generation stations at high voltages to the distribution system. Electricity is stepped up from power plant voltage at the generation station switchyards to transmission level voltages and carried to substations, in which voltages are stepped down (transformed) to distribution level voltages. The transmission system consists of high voltage lines that typically span long distances from the generation stations to the receiving substations. The high voltage transmission systems are the bulk power supply assets and the transmission system operations affect all utilities connected to the system. Therefore, these transmission systems are monitored and coordinated through regional transmission system operators. Transmission systems utilize SCADA systems and Energy Management Systems (EMS) to monitor and control the operations of the transmission system and the connected power sources. Also, since the transmission lines carry bulk power affecting large customer populations, they are designed with a high degree of redundancy so that there are typically multiple sources of power provided to transmission substations that in turn feed the distribution system.
- **Distribution:** The distribution system delivers electricity from the transmission substations to the end users. These might be industrial, commercial, or residential users and the utility distribution system typically ends at the last power pole or transformer right before the service drop used to connect to the end users facility. . The distribution system consists of distribution substations which are fed from the transmission substation that step down voltages to distribution level (typically 12.5kV). The distribution voltage is further stepped down to a suitable customer voltage through distribution transformers (pole top, surface mounted or underground), which are fed from the distribution lines.

These three major systems have varying impacts on the reliability of the electric power delivery.

Impacts on Reliability

Reliability to the end user is the availability and quality of electric power delivered to their meter. Reliability is impacted by outages on the system that result in a loss of electricity at the meter, as well as variations in voltage characteristics (power quality), which could be caused by the end users. While power quality issues are not outages, they may affect the performance of equipment and appliances that are sensitive to voltage fluctuations.

Outages are typically caused by:

- Equipment failures
- Weather-related events (typically wind and storm damage)
- Vegetation-induced faults (e.g., tree branches falling on wires)
- Animal-induced faults (e.g., animal or bird interaction with live components)
- Other types of accidents (e.g., car accidents affecting system assets).

Faults in the electric power system may interrupt delivery of electricity to the end users. A fault produces a disturbance in the electric delivery system that may require the system to shut down for operational and safety reasons. When the fault is identified and corrected, then power delivery can be resumed. The fault identification, fault isolation and power restoration may be performed by automated systems or by manual intervention. Interruptions on the electric system are classified into several categories:

- Momentary interruptions: These are very short duration outages (industry typically uses less than 1 to 3 minutes). Power quality occurrences can be categorized as similar to momentary interruptions.
- Sustained interruptions: These are longer duration outages (industry uses greater than 1 to 3 minutes).
- Major interruptions: These are long duration and widespread outages resulting from storms, earthquakes, equipment failures, or other events. These interruptions typically affect a large percentage of the end users.

Relative to measuring reliability, the industry traditionally uses only sustained interruptions in the determination of reliability. However, reporting is often provided for major events or other interruptions as a secondary measure.

The electric system components affect reliability differently. Generation assets are required to be available with sufficient margins that the loss of any single power generating facility or transmission line does not result in outages to end users. For very significant events, such as the northeast outage in 2003, multiple plant shutdowns can result in widespread outages, although these are relatively rare occurrences.² Also, if peak electricity demand increases to levels above the generation capacity and reserve margins, then outages can occur. However, for purposes of electric system reliability, generation components do not have a major effect on industry-reported measures of reliability for normal operations.

The transmission system has a very large impact on power delivery and a major event on the transmission system can result in outages for a very large number of customers. However, while a fault or outage of a transmission line or substation has the ability to impact more end users, there are typically sufficient redundancies in transmission assets to minimize the impacts

² Final NERC Report: "Technical Analysis of August 14, 2003 Blackout"; July 13, 2004

of events on these systems. Additionally, the transmission lines are higher in elevation and usually have larger right-of-ways to reduce the impact of threats to the lines from sources such as trees, animals, and other interactions.³ Due to these features, transmission assets typically experience far fewer faults that cause outages to the end users than distribution lines; therefore, the transmission system has very little impact on measures of reliability. The ability of the generation and transmission assets to deliver the power demand is more of a longer-term planning concern than a day-to-day reliability concern.

The distribution system directly provides electrical power to customers and is subject to a higher number of faults than generation and transmission assets. Distribution systems are typically designed with less redundancy than the other systems and since this is the system delivering the power to the customers, faults or events on the distribution systems result in outages to customers. Therefore, the potential for local system issues to produce outages is greater than for other components in the system. Thus, reliability is primarily determined by the distribution system assets.

Reliability Measures

Reliability is typically measured based on the frequency and duration of outages relative to the number of customers. There are several measures for reporting and measuring electric reliability, such as IEEE Standard definitions⁴ or similar approaches to report reliability. These measures include SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index). These indices are calculated as:

- System Average Interruption Frequency Index (SAIFI)

SAIFI = (Sum of the number of customers affected by each outage)
divided by (Total number of customers served)

- System Average Interruption Duration Index (SAIDI)

SAIDI = (Sum of the number of customers interrupted times the
number of minutes of each interruption) divided by (Total number of
customers served)

These measures are based on the customer base served. SAIFI measures the likely number of outages that a customer experiences and SAIDI measures the likely outage duration (minutes) that a customer experiences. Therefore, these measures represent the average number and duration of outages experienced per customer per year. These measures provide a basis for tracking and trending overall performance and allow for comparison among utilities.

³ Because the towers are typically tall, the towers and the lines can attract lightning surges.

⁴ IEEE 2004 Standard 1366 Guide for Electric Power Distribution Reliability Indices.

Momentary interruptions (and power quality excursions) are typically not measured or monitored continuously at end user sites and are not included in the reliability calculations. Currently, most utilities do not actively track these momentary outages, but work with customers directly to address them when these issues are identified as problems. Customer sites that are very sensitive to momentary or power quality issues typically develop site-specific solutions to protect their assets and operations.

Additionally, major outages are typically not included in reliability measures since these major outages are not representative of how the electric system normally performs. However, utilities today are providing additional reliability measures that include major outage effects. While these reliability metrics allow for tracking and trending performance, they also provide a basis for how an electric utility responds to these measures.⁵ Utilities use these reliability statistics to identify problem areas and define actions to improve reliability.

Reliability Drivers

Since the reliability of the electric system is measured by metrics similar to SAIDI and SAIFI, a key to understanding reliability is defining what factors affect reliability. Electric system reliability relative to the frequency or occurrence of outages is impacted by the following:

- **System Design (Layout):** Distribution system designs vary in the extent of system redundancy (a high level of redundancy means that the system can withstand more contingencies without affecting the customers). In more urban areas, the distribution system may consist of a network that is a highly redundant and allows electricity to be provided from multiple sources (substations). Therefore, a fault on one line may not result in interruptions, since electricity is available from multiple sources. In more rural or less populated areas, the distribution system may be radial. A radial system has limited or little redundancy. A fault on the line will result in an outage of some type. There is only one source (substation) feeding a radial line. Additionally, there are system designs that lie somewhere in between a network and a radial system. Therefore, the overall system design impacts the response of the system to faults and has an impact on the number and duration of outages. System design solutions typically involve additions, modifications, or expansions to the existing system to improve reliability through design. These solutions affect both the occurrence and duration of outages.
- **System Design (Operations):** The degree of automation built into the system has a major impact on reliability. Devices that allow faults to be cleared automatically (fuses and circuit breakers) result in quick power restoration to those not affected by the fault. High impedance faults might not be detectable and might have to be

⁵ For example, restoration of power to most of the customers reduces the duration and number of customers affected by an outage more than a long duration outage to a few customers. Since there are financial penalties associated with not meeting the reliability targets to many utilities, restoring power to as many users as possible with a minimum of delay reduces the penalties.

reported and cleared manually. Automation comes into play when power is restored to customers not directly affected by the fault. Also, the automation equipment often provides for better knowledge of system status, faster identification of fault locations, and the ability to remotely restore power. Limited automation requires personnel to travel to the fault location and to take manual action to restore power to those who are affected by the fault. Therefore, system operations (and automation) have a significant impact on the number of sustained outages and the duration of outages.

- **Equipment Maintenance and Replacement Programs:** Many outages are produced by equipment failures. Typically, substation equipment failures result in outages which affect more end users since the substations feed multiple circuits. Substation equipment is typically subject to preventive or predictive maintenance to reduce the potential failure of components that impact substation performance. Also, key substation assets are being equipped with continuous monitoring technologies that allow for identification of problems prior to equipment failure. Distribution line equipment is most likely to include maintenance strategies that allow for run-to-failure. Distribution circuits affect a lower number of customers. The distribution assets are typically low-cost and easy to replace items and are traditionally replaced on a set time frame. However, utilities modify their maintenance strategies and programs to direct improvements into parts of the system experiencing higher levels (frequency and duration) of outages.
- **Capital Project Prioritization Programs:** The capital project program includes projects that are capacity expansions, system configuration changes, major equipment replacements, system upgrades, reliability programs, and technology upgrades. The priority of capital projects focusing on system reliability is a major factor in improving reliability. Utility planners review overall system impacts for new and existing infrastructure and projects are selected and budgeted. The ability to trend and analyze outages provides a basis for defining projects and programs and these capital programs have a direct impact on system reliability through minimizing outages.
- **Vegetation Management:** A significant number of faults (and outages) on overhead distribution lines are caused by tree-related events. Utilities conduct tree trimming and vegetation management programs to minimize the impact of faults due to vegetation impacts on power lines. Since this is a primary cause of faults, the effectiveness of the vegetation management program is a key to improved reliability.
- **Animal Abatement:** Similar to vegetation management, utilities conduct animal abatement programs to minimize the potential for outages produced by birds, squirrels, and other animals.
- **Outage Management Programs:** The ability to respond to an outage directly impacts the reliability of the system relative to duration of outages. Keys to effective outage management are the ability to quickly identify outages and to locate faults so that appropriate restoration actions can be taken. The outage management

program includes operational visibility into the system, the ability to dispatch crews to fault locations, and the ability to effectively communicate with customers. Overhead line faults might be cleared by automatic reclosing, but underground faults are typically permanent faults that require people to diagnose the problems. Also, many times the fault location has to be inspected before power can be restored.

These work processes are the primary activities that utilities perform to improve overall system reliability.

Electric Infrastructure

Exponent reviewed the current power infrastructure, reliability and service levels in Kenmore. Standard metrics SAIFI and SAIDI are used to provide a high level review of reliability.

Bulk Power Supplies for the City of Kenmore

The City of Kenmore is supplied power from ten 12 kV distributions circuits. These are:

- Inglewood 13, 15, 16 and 17
- North Bothell 26
- Wayne 15
- Kenmore 23, 25, 26 and 27

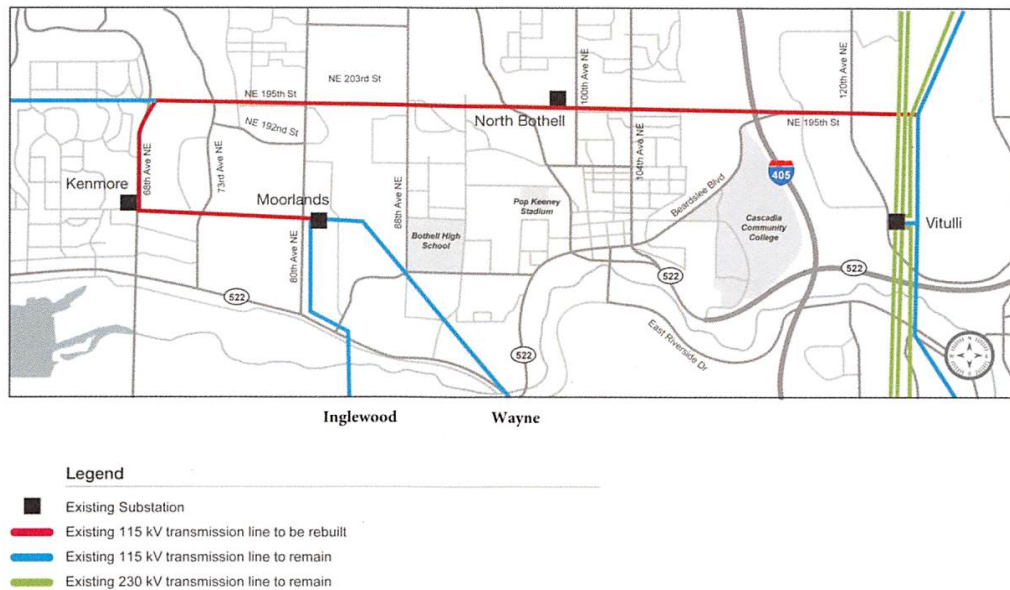
The distribution lines are fed from the Kenmore, Bothell, Wayne and Inglewood substations. That is, there are four substations inside the City of Kenmore or close to the City's boundaries. These are discussed below.

Figure 2 shows the 115 kV high voltage lines feeding the Kenmore substation. One line comes from the North Bothell substation and the other comes from the Moorlands switching station. The line from Kenmore via North Bothell to the Vitulli is being upgraded from a 4/0 copper conductor to a 272 thousand circular mil (mcm) Aluminum conductor steel reinforced (ACSR) conductor. The current limit for a 1272 mcm ACSR conductor is 1200 A , which enables the line to carry 240 megawatts (MW) but the winter rating in PSE's service territory is 320 MW.⁶ This compares to a current rating of about 490 A for a 4/0 copper cable.⁷ That is, this re-conductoring project will provide a substantial increase of the power carrying capacity into the Kenmore substation. As can be seen in Figure 2, the Kenmore and North Bothell substations, from which the power is distributed into the City, are fed from at least two 115 kV lines. This is also the case for the Wayne and Inglewood substations. Thus, if one of the two lines is lost, power will continue to be fed from the second line. Therefore, it requires a loss of at least two 115 kV lines feeding a substation to lose the power to the distribution lines fed from that substation. That is, the 115 kV system serving the city is a robust system.

⁶ See table 4-32 in the Standard Handbook for Electrical Engineers, 11th edition.

⁷ Ibid table 4-29.

Moorlands-Vitulli 115kV transmission line rebuild project



PSE PUGET SOUND ENERGY
5902 05/16

Figure 2. High voltage transmission lines serving Kenmore



Figure 3. Google Earth view of the Kenmore substation

Figure 3 is a view of the Kenmore substation. There are two 115 kV lines connected to this substation. One of these go to the Bothell substation and the other is routed to the Moorlands switching station. According to PSE, there is one 25 MVA transformer installed in the substation. As is readily apparent from the view shown in Figure 3, there is space for at least one additional 25 MVA transformer, which would increase the installed capacity to 50 MVA. A second transformer might also provide some redundant capacity in case one of the two transformers was to fail.

Figure 4 shows the Moorlands switching station. There are three 115 kV lines entering this station. Two of these lines are routed through other substations but eventually connect to the Sammamish substation in PSE's system. One of the lines goes to the Kenmore substation seen in Figure 2. However, there are no transformers installed in this station.



Figure 4. Moorlands switching station at NE 185 street and 80th avenue NE

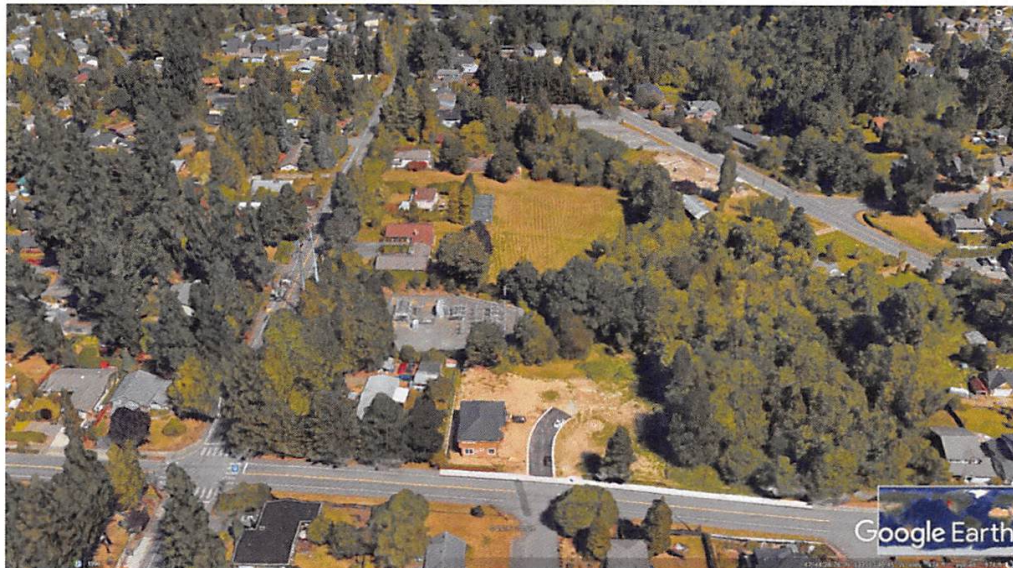


Figure 5. Inglewood substation at NE 155th street and 84th avenue NE

Figure 5 shows the Inglewood substation. There are two 115 kV lines connected to this substation, one of which goes to the Moorlands substation and the other is routed southward and eventually connects to the Sammamish substation. There appears to be one single transformer installed in this substation but there seems to be adequate space for more transformers.

Figure 6 shows the Wayne substation. There seems to be two 115 kV lines entering this substation. One of these is routed to the Moorlands switching station and the other should eventually reach the Sammamish substation. There appears to be sufficient room for another transformer to be installed in this substation.



Figure 6. Wayne substation along 96th avenue NE close to the Red Brick Road intersection

Figure 7 shows the North Bothell substation, which is located close to the intersection between the 195th street NE and 100 Ave NE in the City of Bothell. This substation is surrounded by tall trees that pose a risk for station outages in case of a severe storm. However, there appears to be ample room for expansion of the substation that would allow for the installation of one additional transformer if the need arises to serve more loads from this station.

All of the 115 kV system that feeds electric power to the City of Kenmore originate from the Sammamish substation, which is shown in Figure 8. This substation is a key power node in PSE's power system in the region east of Lake Washington. It receives power via 230 kV circuits from the Monroe substation to the north and the Covington substation to the south as is shown in Figure 9.⁸ That is power can be delivered to the substation both from a strong power node north of the Sammamish substation as well as power from the south. That is, the complete loss of power feeding the Sammamish substation although not impossible during a major storm is relatively unlikely.

⁸ Reproduced from Figure 31 of Exponent's City of Bellevue Electrical Reliability Study Phase 2 Report.



Figure 7. The North Bothell substation.



Figure 8. Sammamish bulk power substation along Willows Rd in Redmond

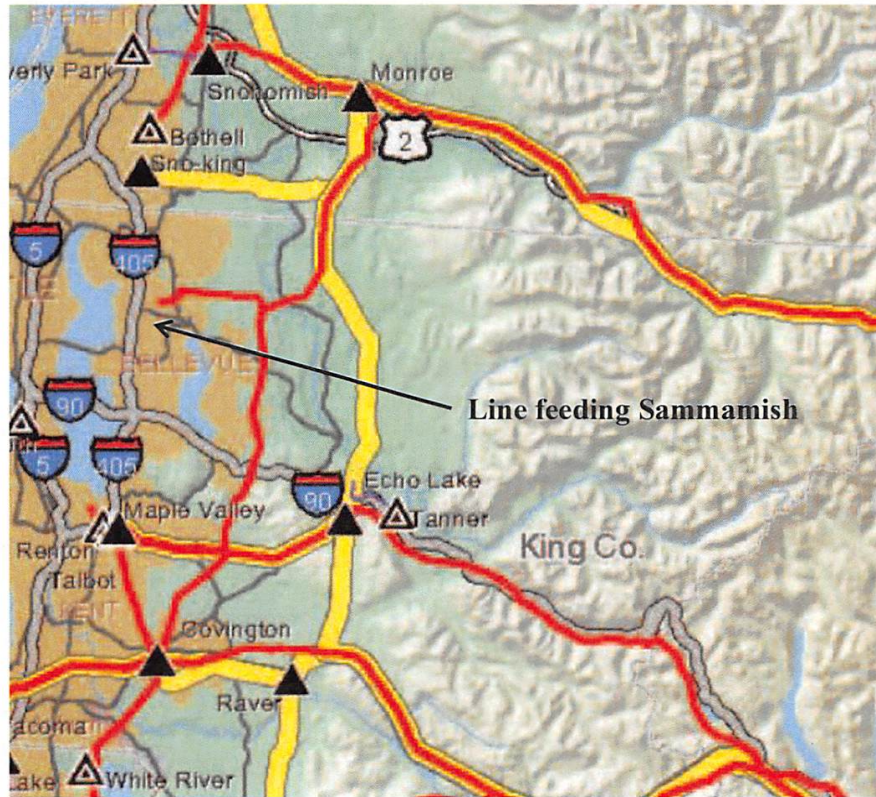


Figure 9. BPA's 500 kV (Yellow) and 230/345 kV (red) lines West of the Cascades.

Distribution System in the City of Kenmore

The power distribution in Kenmore is operated at about 12 kV. It is a three phase, 4-wire system, which enables the connected loads to be connected from the phase conductors to the neutral conductor. The voltage between a phase conductor and the neutral conductor is about 7 kV. In theory, the distribution lines go radially from a substation to an end point. This is referred to as a radial system. However, at an end point, there is an open manually operated switch, which would enable the circuit to be fed from an alternate source but only if the power from the normal source is opened. For example, if the source in the Kenmore substation is lost, power can be fed from one of the other substations or from another circuit originating in the Kenmore substation. This makes it a "radial – looped" system.

While the system characteristics are those of a radial system, as can be seen in Figure 10, the actual feeder is branched several times with each branch also branched many times. If a short circuit or a ground fault occurs in this system such that the breaker in the Kenmore substation

opens, all of circuit 26 loses power. Trouble shooting of the circuit 26 is therefore, extremely complex and time consuming because it is not just a matter of following a simple radial circuit until the fault location is found but might also be necessary to also inspect the line branches. Restoration of power to circuit 26 after a major storm will also be time consuming because the lines segments have to be inspected before the circuit can be re-energized since if a line is down and becomes re-energized, it represents a serious hazard to people in the vicinity of the down conductor.⁹

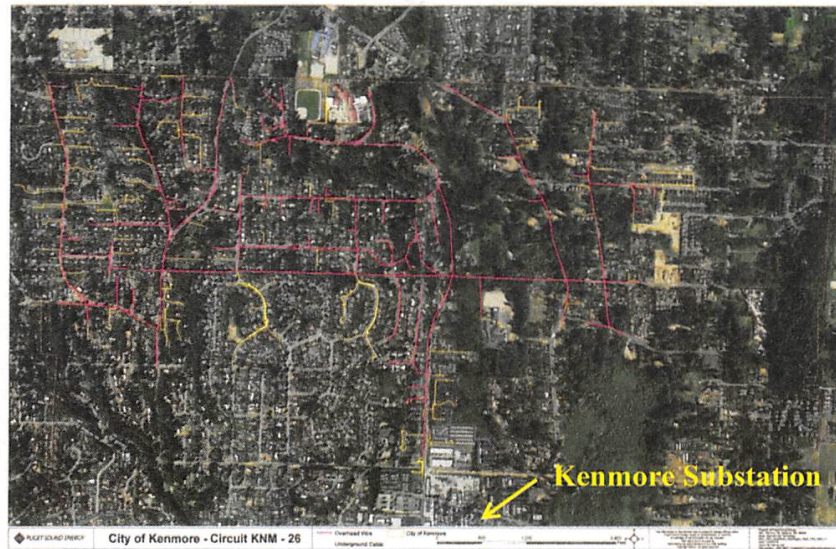


Figure 10. Feeder circuit Kenmore 26; red color is overhead lines and yellow color is underground cables

As can be seen in Figure 11, the distribution circuits are often placed in narrow corridors surrounded by trees or with fast growing trees under the conductors. PSE stated that the easements might in some locations only be 5 feet wide, which means that trees can only be pruned to a distance of 2.5 feet from the centerline where the conductors will be placed. Also, as can be seen in Figure 11, the tree branches at higher elevations appear to have grown over the line conductors.

Figure 12 shows tree branches that are drying out most likely as a result of capacitive current flows from the conductors to the tree branches, which results in heating and drying of the

⁹ Detection of a ground fault on a so-called tree wire is more difficult than from an uninsulated wire because the contact area between the bare, exposed ends of tree wires is small, which increases the fault resistance and reduced the fault current. This is well known in the industry. That is, tree-wires increase the reliability of the distribution circuits but at the cost of increasing the risk for electrocution. However, all downed conductors are dangerous and must be reported to PSE and the public safety authorities.

leaves. In this case, the tree has grown and is at the time this picture was taken (September 28, 2016) too close to the conductors.

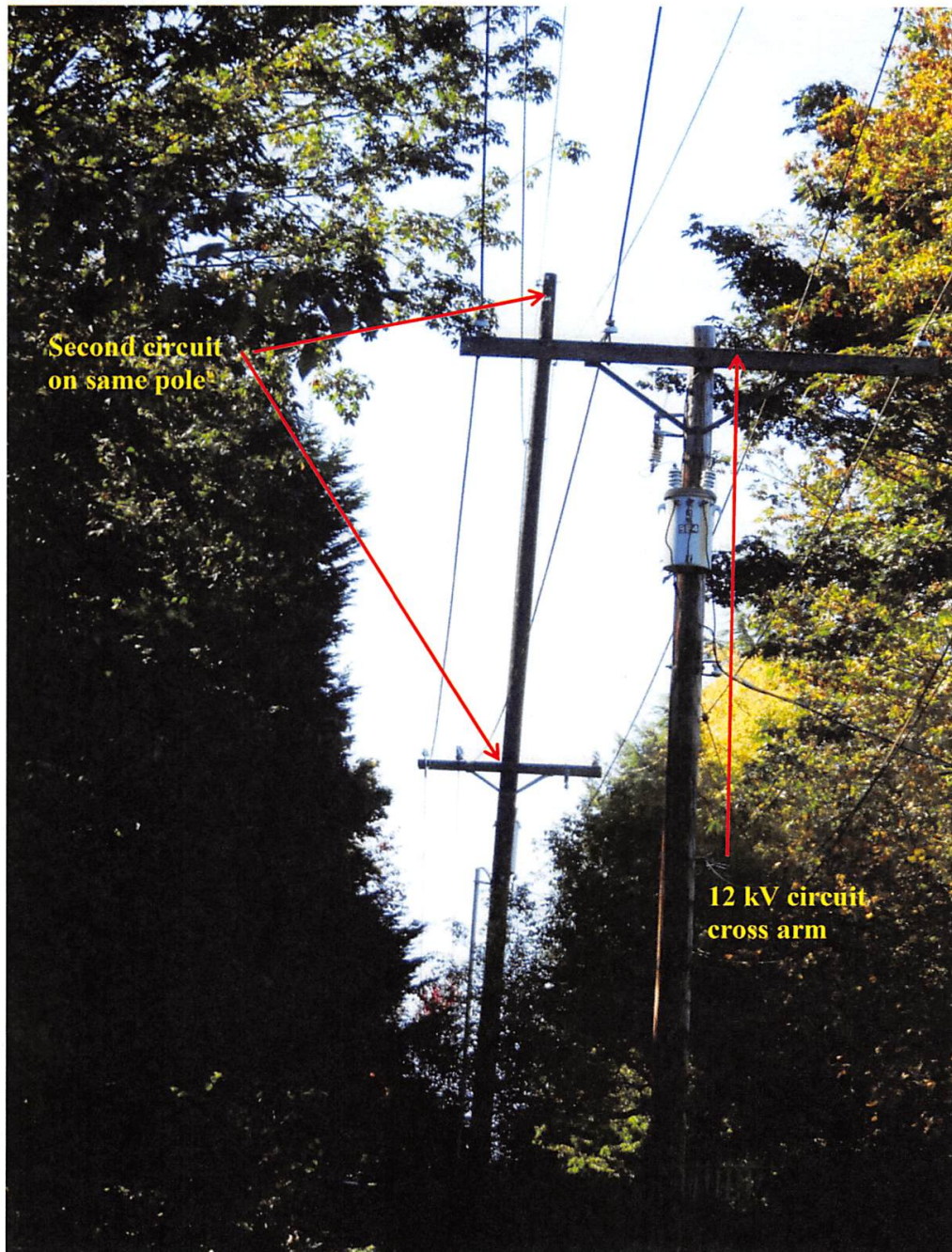


Figure 11. Example of a 12 kV distribution circuit right-of-ways; second circuit appears to be overbuilt on top of the lower circuit



Figure 12. Example of a 12 kV line with tree limbs approaching the conductors

The line conditions shown in Figure 12 and Figure 12 are found in older residential areas throughout the city. In newer developments, there are fewer tall trees and the power distribution circuits might even be underground. However, if the line between the newer developments and the substation goes through older areas of the city with narrow right-of-ways with tall trees, the reliability of the power to the newer developments is compromised.

Electric System Reliability

The electric reliability review for Kenmore includes the following items:

- Review of overall PSE system reliability
- Review of system reliability in Kenmore

These two perspectives provide for an assessment of how Kenmore reliability compares with the remainder of the PSE system and identifies areas for potential improvement.

PSE System Reliability

PSE reports on its overall system reliability through the Annual Reliability Reports that it issues to the WUTC. These reports provide information on overall reliability that includes metrics for SAIFI and SAIDI based on the IEEE definition (excluding major storm events) and also on total outages experienced by customers (including major storm events). The Annual Reliability Reports also provide information on the following:

- 50 least reliable circuits
- Discussion of customer complaints and resolutions
- Information on pending projects and reliability improvement activities

Based on information from the Annual Reliability Reports, the overall PSE reliability performance is shown in Figure 13 and Figure 14 for SAIFI and SAIDI, respectively.

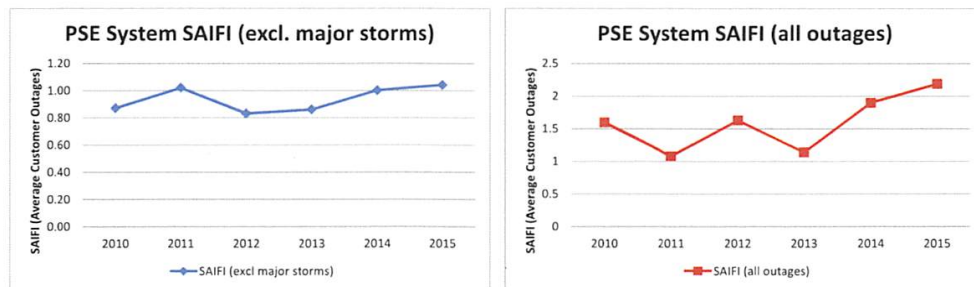


Figure 13 PSE System SAIFI¹⁰

¹⁰ Data obtained from Puget Sound Energy Service Quality and Electric Service Reliability Reports filed with the WUTC (Annual Reports)

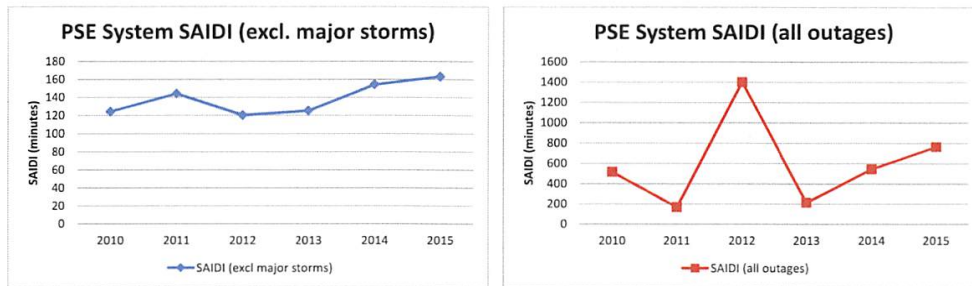


Figure 14 PSE System SAIDI¹⁰

PSE has maintained an overall system SAIFI of between 0.83 and 1.04 since 2010 if major storm events are excluded from the measure. There is an increasing trend to this value over the past three years. This SAIFI value means that each customer experiences about 1 outage per year on average. PSE has maintained an overall system SAIDI of between 120 minutes and 163 minutes since 2010 if major storm events are excluded from the measure. There is an increasing trend to this value over the past three years. This SAIFI value means that each customer experiences between 2-3 hours of electric outages per year on average. This measure (excluding major storms) provides an indication of system reliability from normal conditions and operations.

Major storm events are variable in that they may or may not occur during a given year and the intensity of the storms varies. However, major storms impact a large number of customers and as shown in the figures above, SAIFI and SAIDI increase significantly when major storm events are considered. As seen from the graphs above, the SAIDI value increases dramatically in storm events.

For 2015, PSE reported that SAIDI was high due to two large wind storms. PSE's 2015 Annual Reliability Report stated the following:

Throughout 2015, western Washington experienced abnormal to severe drought conditions due to record low snow pack and precipitation levels. As a result of these adverse conditions, trees were stressed and dying in very dry soil conditions. Trees are shallow rooted with the roots spreading wide rather than deep. When soil conditions are too dry to be a counter-balancing weight, strong winds can easily topple trees and loss of limbs occurs more quickly. On August 29, 2015, PSE's service territory was hit by the strongest summer storm in Northwest history. Winds gusts exceeded 45 mph at Sea-Tac Airport and gusts were much higher in other portions of PSE's service territory. Since it was summer, trees were still fully leafed, and combined with being stressed due to drought conditions, were very vulnerable to these high wind speeds. Trees were uprooted as the dry soil wasn't strong enough to support the trees. Fully leafed limbs were also torn from trees and sailed through the air. The result was an extraordinary storm where over 400,000 customers lost power and it took several days to restore power to everyone. On November 17th, a second intense storm occurred in our service territory. By late fall of 2015, precipitation was returning to normal levels and the region saw record level precipitation on the weekend preceding the storm and on the day of the

storm. When wind gusts, up to 67 MPH hit the region, the saturated soil could not support the trees' shallow root system causing widespread outages. In addition, some trees were still stressed from the drought earlier in the year and were not strong enough to withstand the high wind speeds.¹¹

State of Washington Utility Comparison

The use of these measures allows for some comparison of reliability performance between utilities. However, the calculation of SAIFI and SAIDI varies between utilities relative to the calculation of a sustained outage. WUTC defines that a sustained outage as an outage greater than 1 minute in duration so that PSE uses this definition in its calculations. Other states define sustained outages as greater than 3 or 5 minutes so that there is not a complete common basis of the SAIFI and SAIDI values. However, a review of utility performance does provide some measure of performance in a given area. Also, most reliability measures are determined based on the exclusion of major storms based on requirements from their regulatory agencies.

A comparison of Washington regulated utilities (PSE, Pacificorp WA, and Avista) as well as Seattle City Light is shown in Figure 15. Since the three regulated utilities report using the same criteria, there is a basis for comparison among these three.

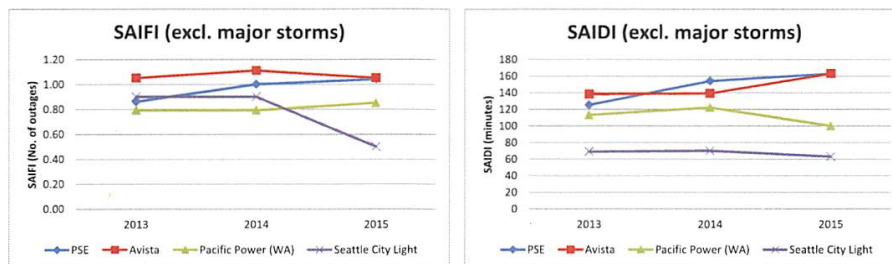


Figure 15 SAIFI / SAIDI Comparison

PSE's reliability performance is comparable to the other regulated utilities in the state of Washington. Seattle City Light has better performance than the three regulated utilities¹². Seattle City Light has several advantages over the three regulated utilities in that it operates mostly in an urban environment with a small geographic footprint. Typically, urban systems have more underground systems and more built-in system redundancy so that the number of outages is reduced; and the redundancy and small footprint allows for more rapid response to outages that reduces the outage time. The density and height of trees is also a major factor to consider when making comparisons between the various utilities.

¹¹ Puget Sound Energy 2015 Service Quality and Electric Service Reliability Reports filed with the WUTC

¹² Seattle City Light website for electric reliability.

IEEE Survey Comparison

Another comparison is from the annual IEEE surveys. IEEE obtains data from most utilities relative to the SAIFI and SAIDI metrics to provide some comparison. As indicated previously, these values may not always be the same, but the large population provides an indication of utility performance. The IEEE measures for 2013 and 2014 are shown in Table 1 below. Results from IEEE have not yet been published for 2015.

Table 1 IEEE Benchmark Results

Quartile	2013		2014	
	SAIFI	SAIDI	SAIFI	SAIDI
1 st /2 nd quartile break	0.90	85	0.86	86
2 nd /3 rd quartile break	1.10	115	1.07	115
3 rd /4 th quartile break	1.40	158	1.33	159

These values are based on outages excluding major storm events and the lower quartile (1st) represents the best reliability. PSE's SAIFI performance for 2013 and 2014 was in the 1st quartile and 2nd quartile, respectively. PSE's SAIDI performance for 2013 and 2014 was in the 3rd quartile for both years. Based on 2015 performance, it is expected that PSE will rank in similar quartiles for 2015. While this comparison shows a relative performance between utilities, there are variances in the way utilities calculate these measures and also variances in geography, topology and weather that affect the results.

Kenmore Circuit Reliability

Kenmore – Overall PSE System Comparison

Based on circuit information provided by Kenmore from PSE, City of Kenmore metrics were calculated for SAIFI and SAIDI.¹³ The results are presented in Figure 16 below. Based on these results, residents of Kenmore on average experienced about one outage per year and experienced approximately four hours of outages on average over the past six years. There have been major storms over the past three years which have increased the number of outages and the duration of outages.

¹³ These are approximate for trending purposes since specific outage information was not available.

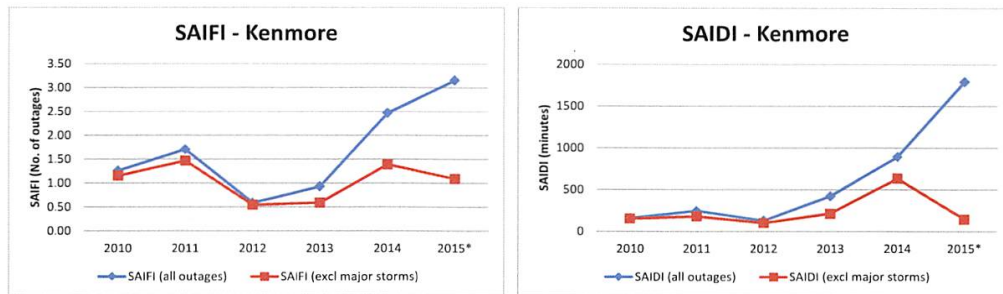


Figure 16 Kenmore SAIFI / SAIDI Results

A comparison of Kenmore results for outages excluding major storms is shown in Figure 17 below. While there are variances in SAIFI between the overall PSE system and Kenmore, over the past six years, on average SAIFI in Kenmore slightly higher than that of the overall PSE system. The outage duration is generally the same in Kenmore as the overall PSE system from 2010 to 2012 and 2015, but there were large variances in 2013 and 2014.

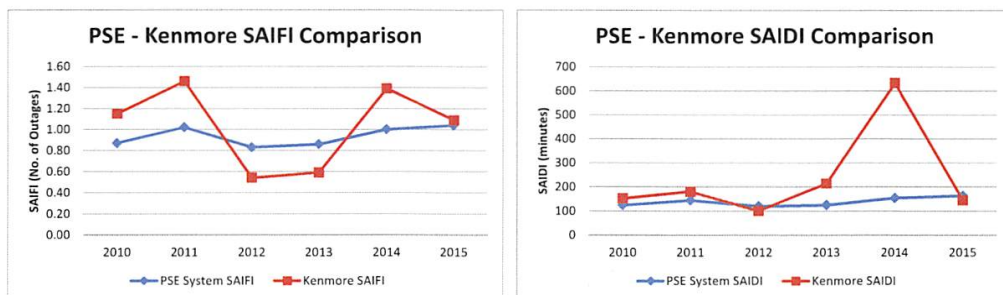


Figure 17 Kenmore – PSE SAIFI / SAIDI Comparison (excl. major storms)

A comparison of Kenmore results for all outages is shown in Figure 18. While there are variances in SAIFI between the overall PSE system and Kenmore, on average Kenmore was comparable to the PSE system except for the past two years where the frequency has increased more than the overall system. The outage duration over the past three years is higher in Kenmore than the overall system.

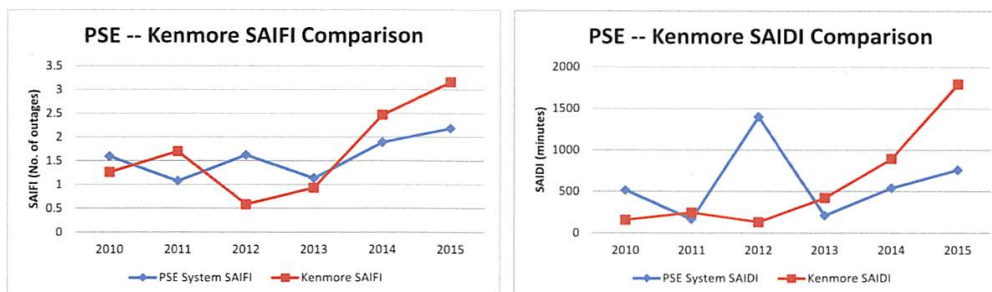


Figure 18 Kenmore – PSE SAIFI / SAIDI Comparison (all outages)

Relative to reliability performance in Kenmore, some of the following factors may explain the variance between Kenmore and the overall system:

- Kenmore is a wooded area with a large number of trees in the vicinity of the overhead distribution lines. This condition makes the overhead circuits more vulnerable to faults on the lines during high winds and storms, where tree branches hitting the lines will create reliability issues.
- The location of some of the distribution circuits are in areas that are difficult to access which prevents rapid restoration from an outage. The access issue makes locating the fault and taking appropriate action more time dependent and may result in higher restoration times.
- During storm restoration, utilities typically prioritize restoration activities on the following criteria:
 - Transmission lines and substations, if affected, are addressed first since these assets can affect a very large number of customers.
 - Circuits with critical facilities
 - Circuits with large number of customers

Therefore, locations with non-critical facilities and low circuit customer counts may receive a lower priority after large storm events; and therefore, these locations will experience longer outage durations.

Kenmore Circuit Review

PSE ranks its circuits based on reliability (five-year average outage duration). Based on a review of the annual reliability reports, circuits from Kenmore are not identified in the list of 50 problem circuits. However, based on the circuit information provided, the majority of Kenmore circuits are in the bottom quartile, which indicates that these circuits perform below average related to outage duration. Figure 19 shows the ranking of Kenmore circuits¹⁴. The percent

¹⁴ Information on circuit ranking based on circuit specific information provided by Kenmore.

number represents where the circuit rates against the approximately 1100 PSE circuits in the system.

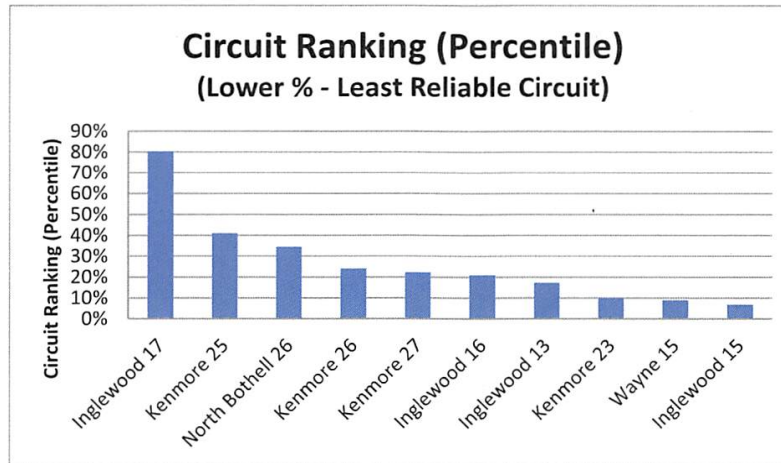
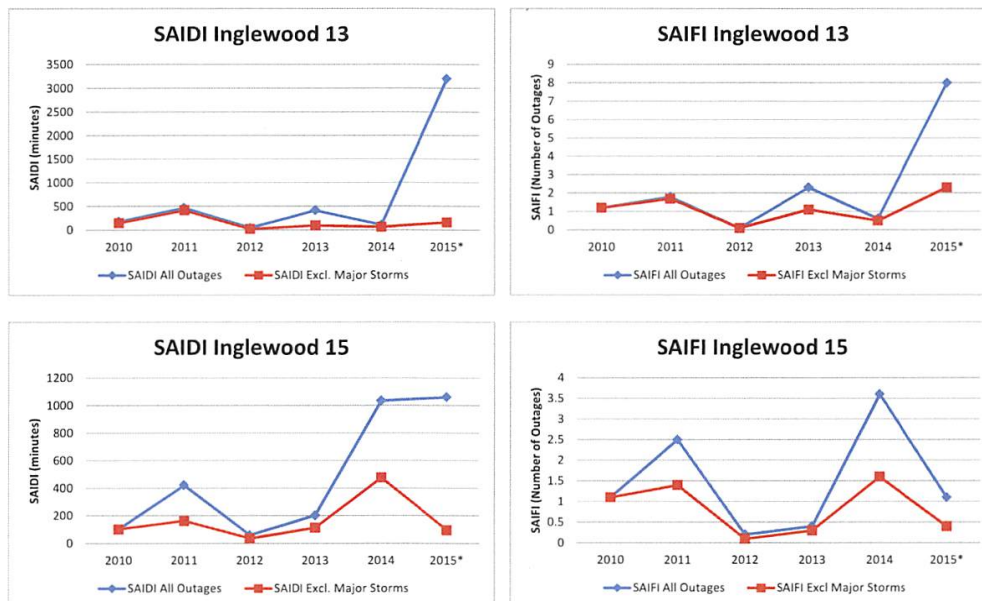
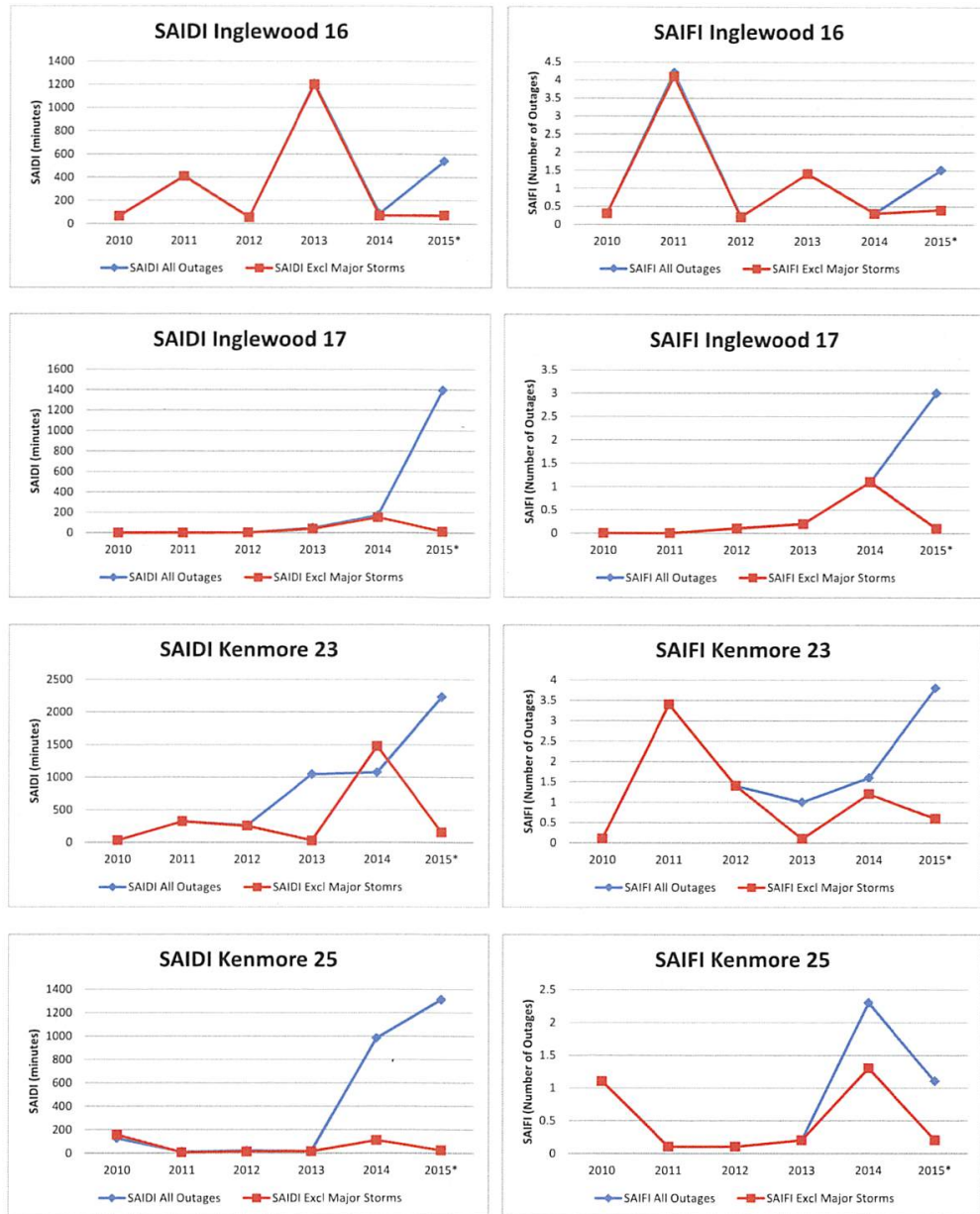


Figure 19 Kenmore Circuit Ranking

The following graphs in Figure 20 provide information on the specific circuits in Kenmore. These performance varies from year-to-year because of impacts of storms, equipment failures, and other outage causes. It is observed that the Kenmore circuits are vulnerable during storm events and therefore, long duration outages are experienced after these events.





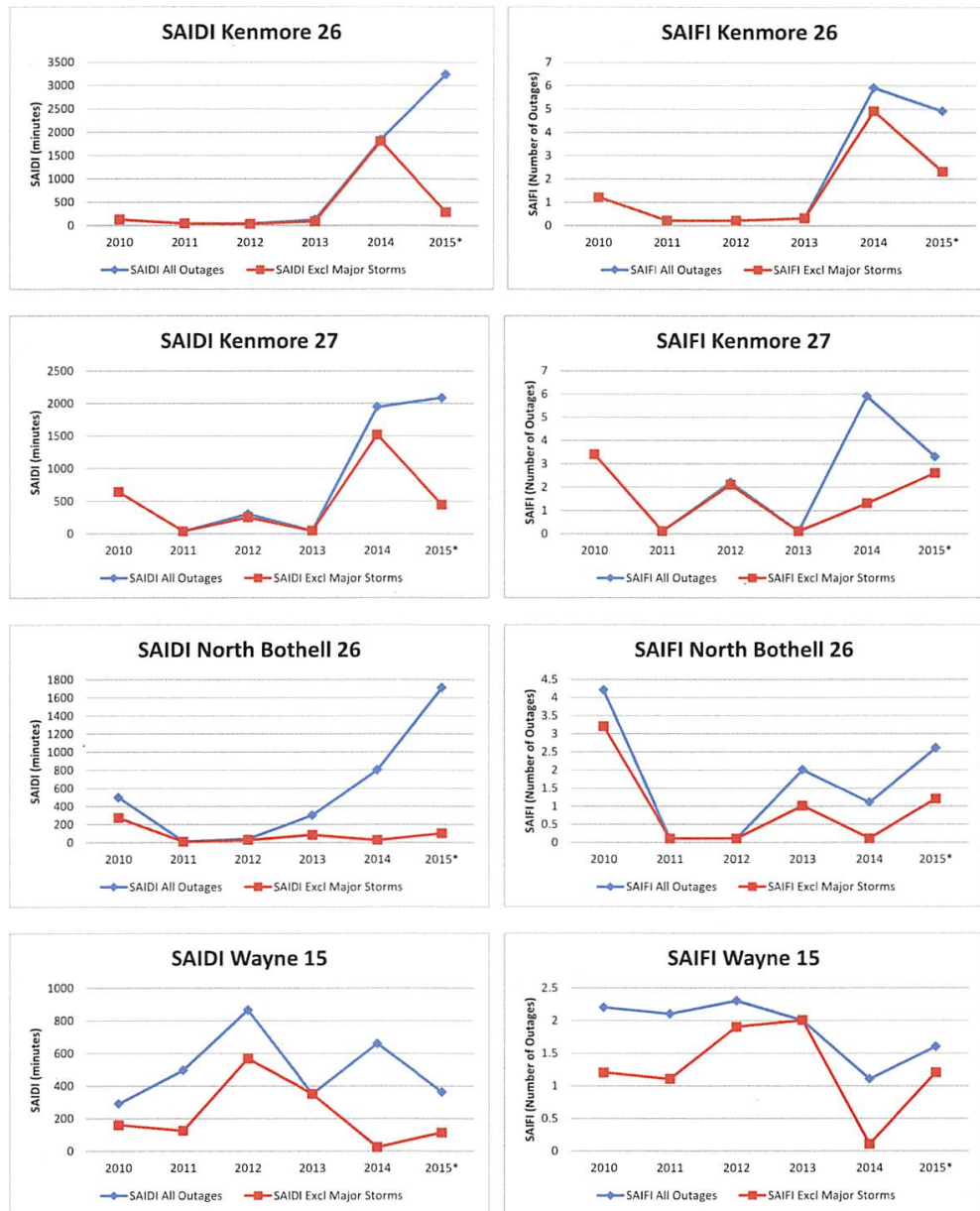


Figure 20 Kenmore Circuit Reliability Performance

Customer Complaints

PSE reports on customer complaints relative to reliability and power quality issues in its Annual Reliability Report to the WUTC¹⁵. PSE tracks customer complaints from two sources:

1. Complaints submitted to the WUTC and
2. Complaints received directly from customers.

PSE considers each individual inquiry to the WUTC as a complaint and considers two inquiries from an individual customer over a two year period as a single complaint. Based on these definitions, complaints were reported on a system, King County and Kenmore basis. The results are shown in Table 2.

Table 2 Reliability and Power Quality Complaints

Year	Number of Complaints - WUTC			Number of Complaints - PSE			Number of Complaints - Total		
	System	King Co.	Kenmore	System	King Co.	Kenmore	System	King Co.	Kenmore
2011	17	9	0	24	10	0	41	19	0
2012	12	3	0	28	14	0	40	17	0
2013	17	4	0	15	8	1	32	12	1
2014	18	14	0	35	26	0	53	40	0
2015	27	16	4	49	23	1	76	39	5

The number of customer complaints reported has risen in the past two years. There have been significant storm-related outages over the past two years which is a likely driver of customer complaints in the overall system. From a Kenmore perspective based on discussion with city officials and residents, there is increasing dissatisfaction with the current reliability of the system in Kenmore. Outages associated with storms and other events have created great concern. The currently tracked number of complaints from Kenmore does not reflect concerns, which have increased in 2016.

PSE also tracks actions against the complaints received. There were only six complaints from Kenmore residents over the past five years and these are indicated in Table 3.

¹⁵ Data obtained from Puget Sound Energy Service Quality and Electric Service Reliability Reports filed with the WUTC (Annual Reports)

Table 3 Kenmore Circuit Complaints

Year	Circuit	Type of Complaint	Resolution
2013	Wayne-15	Reliability	On-going circuit monitoring and maintenance
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Unknown	Reliability	
2015	Kenmore-27	Reliability	Two system projects with estimated completion in 2016. On-going circuit monitoring and maintenance.

Capital Projects

PSE performs work related to reliability improvements in two ways: (1) programs and projects that occur throughout its service territory and (2) reliability-specific projects for circuits that need additional attention. Relative to work being performed in Kenmore, the following are programmatic efforts to improve the power system reliability in the City:

- **Installation of tree wire:** PSE installs tree wire on selected circuits to reduce the impact of vegetation contact with wires. The use of insulated wires reduces the potential for faults due to tree branch contacts. The tree wire is also a stronger component than older installed conductors and provides some additional protection against falling branches. However, tree wire does not reduce outages when large branches or trees impact the lines and cause the conductors to break and fall.
- **Distribution sectionalizing devices:** PSE installs reclosers and sectionalizing switches throughout its system to provide for more rapid isolation of the faulted line segment and enables the unaffected portions of the lines to be returned to service. Reclosers are programmed to detect and isolate line faults and to automatically re-energize unfaulted line segments¹⁶. If the fault is longer, reclosers can isolate the section of the line with the fault and allow customers upstream of the reclosers to remain energized. Sectionalizing switches provide for the ability to isolate a smaller section of a line and allow return to service for more customers in a timely manner (not dependent on any subsequent repairs).

¹⁶ Many faults involving short circuits between conductors or short circuits to ground are temporary. This is especially true for lightning induced faults. Reclosers in overhead line systems are typically programmed to attempt to reenergize the circuit after a short time delay. If the fault was not permanent, the reclosing operation will restore power to the customers connected to the affected line.

- SCADA installations: PSE is making broader use of SCADA in its substations and switches. SCADA provides visibility into the system performance and allows for more rapid location of a fault and a quicker return to service response for those sections of the line isolated from the fault.
- Cable remediation: PSE replaces or remediates sections of underground cable that have aged and are vulnerable to failure. This program improves the performance of the underground cable systems.
- Aging overhead wire replacement: PSE replaces smaller diameter wire in vulnerable locations with larger ACSR wire to improve the loadability of the conductors and to reduce the probability of lines breaking by a falling tree branch.
- Substation asset management: PSE monitors its major substation equipment (transformers and circuit breakers) to identify components that are at end of life and to proactively replace these major components, as needed.

All of these system-wide programs provide reliability improvements, which over time will be beneficial to residents in Kenmore.

In addition, PSE has indicated that there are several programmatic projects and targeted reliability improvement projects being performed or scheduled for circuits in Kenmore. These projects include:

- Distribution automation project: Reclosers have been installed along with some automation to test the benefits of new technologies. Additional testing will occur prior to system wide implementation of the automation scheme.
- Two overhead switches will be installed on NE 185th ST for improved sectionalizing.
- Recloser on NE 195th St has been installed, but settings need to be applied to make the recloser functional.
- Recloser is planned for installation on NE 169th St.
- Overhead-to-underground conversion along NE Bothell Way (SR 522) is in the planning stages.
- Kenmore 26 circuit ("KNM-26") along NE 195th St is planned for rerouting and reconductoring to allow this portion of the circuit to be more assessable. This project will address a major vulnerability of a section of line that is difficult to access, which results in long outage times.

- A feeder reconductoring project with tree wire is being planned for KNM-27 along NE 185th St.
- A feeder reconductoring project with tree wire is being evaluated for KNM-23 along Arrowhead Dr.

These projects are consistent with PSE plans to improve the overall reliability of the power distribution system in Kenmore.

System Maintenance

Similar to capital projects, PSE conducts on-going maintenance and inspection activities that are focused on maintaining reliability of the system. These include the following programs:

- **Vegetation management:** PSE performs tree trimming at defined intervals: 4 years for overhead distribution circuits in areas like Kenmore and 3-years for overhead transmission circuits. Additionally, PSE conducts spot inspections when performing work throughout the system. Tree-trimming activities are limited to tree-trimming within the PSE right-of-ways. Therefore, the presence of tall trees adjacent to the right-of-ways is still serious reliability risks even if the tree branches are trimmed back to the edge of the right of ways.
- **Wood pole test and wood treatment programs:** PSE conducts wood pole test and treat the poles to extend the life of the wood poles and to minimize outages caused by falling poles. Poles identified as near failure are replaced.
- **Wildlife management:** PSE monitors wildlife activity that causes outages and utilizes specific products and designs to minimize wildlife impacts. Typically protection measures may include upgrading equipment poles with bushing covers, cutout covers and covered jumpers when maintenance activities are performed.

These maintenance practices are typical within the industry and are utilized to reduce the probability of outages.

Future Power Demands

The Growth Forecast by the City of Kenmore

The population of the City of Kenmore grew by 9.5% (from 18,678 to 20,460) between the year 2000 and 2010. It is estimated to have grown by 14% from the year 2000 and 2014. The number of housing units grew by 18% (from 7,488 to 8,835) over this same time period.¹⁷ The employment dropped during the years 2000 to 2010 by 21% but is expected to rise by 46% by the year 2035. The growth will be somewhat constrained by the lack of developable areas in the City. The available space available for development is estimated to be about 5%.¹⁸ Figure 21 shows the existing use of land in the City of Kenmore. It shows that the existing industrial/commercial areas are primarily found along route 522. The City envisions that this will remain the area for industrial and commercial developments. It is also expected that the existing more heavy industrial sites will over time be converted to more light industrial or commercial use.

Table 4 Copy of Table DE-F from the City's comprehensive plan.

Year	Population	Housing Units	Employment
2000	18,678	7,488	4,601
2010	20,460	8,569	3,625
2035	28,473	12,236	6,704

At present 4 out of the 10 distribution feeder lines are served from the Kenmore substation, in which there is a single 25 MVA transformer installed. According to PSE, this transformer is not heavily loaded. All of the substations from which power is routed into the City have room for at least one additional step-down (from 115 to 12 kV) transformer. Furthermore, the completed and on-going reconductoring of the 115 kV transmission lines have increased the ability of PSE to send more power into the substations that feed the City.

Because the expected realignment of the existing industrial areas in the City from more heavy industry to residential or commercial use, there might not be a substantial increased need for electric power around route 522. However, if this assumption turns out to be wrong, it should be relatively easy to install additional power distribution lines from the Kenmore substation to wherever more power is needed.

¹⁷ City of Kenmore Comprehensive Plan, June 2015, Chapter 3, Demographics and Economics. See <http://www.kenmorewa.gov/comprehensiveplan>

¹⁸ Ibid table LU-A on page 4A-7 shows 4.7% vacant land.

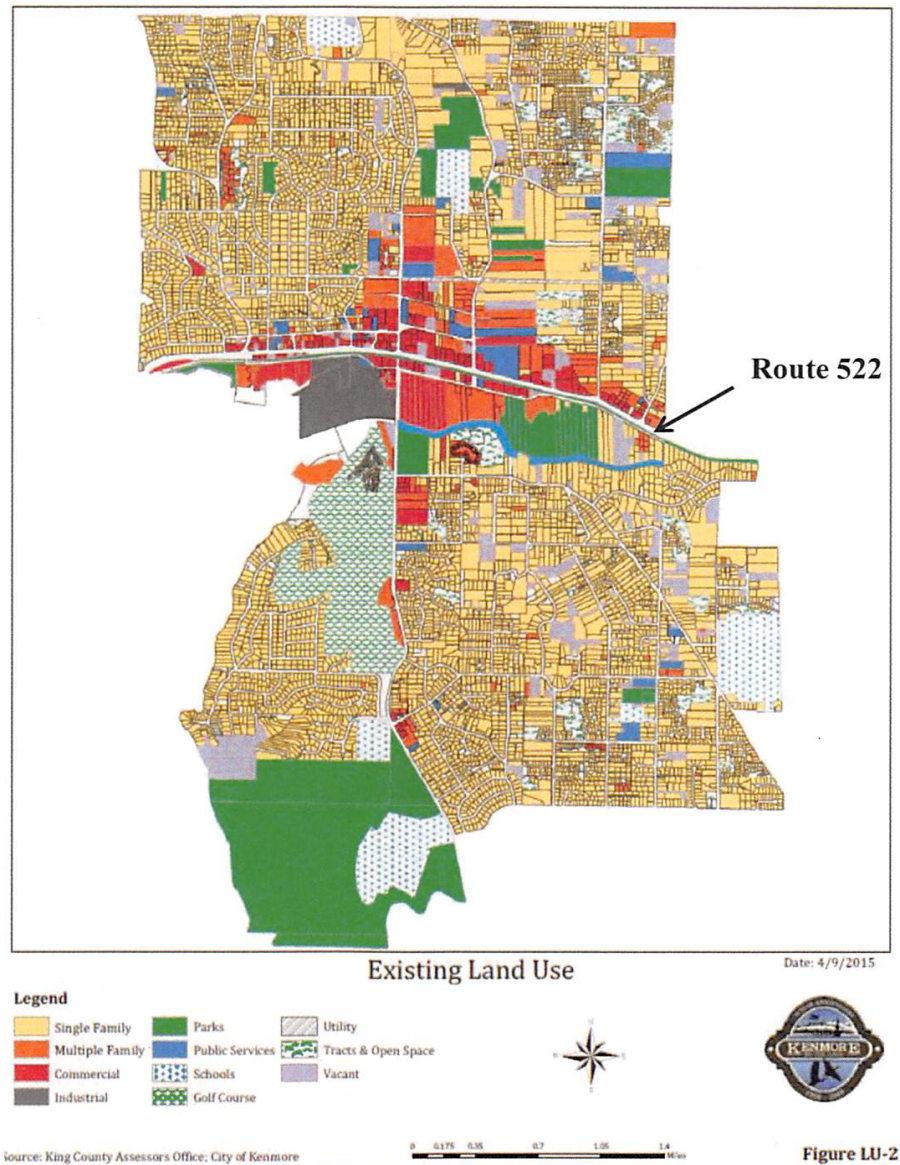


Figure 21. Copy of City of Kenmore map showing existing land use¹⁹

¹⁹ Figure LU-2 from the City's comprehensive plan.

PSE's Integrated Resource Plan Review

The latest available version of PSE's Integrated Resource Plan covers the year 2015 to 2035.²⁰ This plan is revised by PSE and submitted to the Washington Utilities and Transportation Commission (WUTC) every two years.

PSE reports that at the system level, demand growth has slowed significantly compared with the 2013 IRP Base Demand Forecast, but some areas continue to experience rapid growth – particularly the Eastside area of King County that includes downtown Bellevue. The 2015 plan changes the assumed average annual growth to 1.6% per year from 1.9% in the 2013 IRP. The growth is primarily found in the Eastside where the average annual peak demand growth rate is assumed to be about 2.5 percent from 2014 to 2031, which is significantly higher than the 1.6 percent growth rate in the overall system-level forecast.

In the 2015 IRP PSE states the following: “The surplus conditions the Pacific Northwest electric markets have experienced for a decade are forecast to change significantly with the scheduled retirement of two coal plants in 2020, Portland General Electric's 585 MW Boardman plant in Oregon and TransAlta's 730 MW Centralia Unit 1. According to studies of long-term resource adequacy from the region's energy organizations, regional market deficits are a possibility unless new resources are added in the region by 2021, and potential outages could affect more people and last longer than under previous conditions.”²¹

The power output from the Colstrip plant can also be constrained. PSE described the situation as follows: “During the next five years, the Colstrip units will become subject to several recently enacted regulations, changes in existing regulations and a rule governing coal combustion residuals (CCR) published in December 2014.”²² CCR includes fly ash, bottom ash and scrubber slurry from Colstrip. Based on the changes to the final rule, the final CO₂ [carbon dioxide] goal for Montana became 26 percent more stringent and the final CO₂ goal for Washington became 35 percent less stringent. By 2030 Montana must reduce CO₂ emissions from coal plants from 20.5 million tons of CO₂ to 11.3 million tons of CO₂ which is a 45 percent reduction in CO₂ emissions. How this will affect Colstrip cannot be determined until a state implementation plan for Montana is finalized and approved by EPA.”

The plan examines the many energy-resource options available to PSE, including the maximum amount of new electric and gas energy "supply" that can be acquired by PSE including the reduced energy demand that are assumed to be possible to achieve through improved energy efficiency. One significant change in the planning assumptions is a reduced loss of load (LOL) probability, which changed from 5% to 1%. Loss of load probability (LOLP) is a measure of the likelihood of a load curtailment occurring; expected unserved energy (EUE) is a measure of the

²⁰ See <https://www.pse.com/aboutpse/EnergySupply/Pages/Resource-Planning.aspx>

²¹ PSE's IRP dated 2015, page 1-2.

²² This is described in detail in Appendix K of the IRP.

magnitude of potential load curtailments, in other words, how much load and how many customers are likely to be impacted. The 2015 optimum planning standard utilized by PSE includes the effect of market risk, which is the risk associated with the ability or inability of PSE to acquire electric power in the open market. PSE is presently acquiring a significant amount of electric energy by purchasing surplus energy available in the region.

In earlier IRPs PSE assumed that wholesale market purchases were 100 percent reliable, but in view of the predicted electric power shortages, this is no longer a reasonable assumption if the surplus capacity in the region is shrinking. Therefore, PSE incorporated a wholesale market risk factor in its 2015 IRP. In fact, a significant portion of PSE's 2015 IRP is based on probabilistic modeling and reasoning. That is, the methods for forecasting the future electric power needs are complex and not intuitive.

The 2015 IRP indicates that PSE needs to acquire approximately 275 MW of firm, dispatchable generation (most likely natural gas plants) in the next 7 years.²³ This will be required to meet PSE customers' capacity needs as the regional capacity surplus – which PSE has relied on as a low cost/low risk resource – dwindles in the next few years. However, this assumes that PSE can achieve about 500 MW in demand side resources (DSR) that offsets the need for electric power generation capacity, which might be optimistic since that is only 5 years from now.

Demand side resources (DSR) covers:²⁴

- Electric energy efficiency measures such as retrofitting programs and new construction codes and standards, appliance upgrades, building envelope upgrades, heating and cooling systems and lighting changes.²⁵
- Demand-response, which are electric power loads that may be curtailed or interrupted during system emergencies or when wholesale market prices exceed the utility's supply cost.
- Distributed generation such as rooftop solar panels, which can generate electricity during daytime hours, located close to the source of the customer's load.
- Distributed efficiency measures, which are achieved by using load balancing and voltage reductions to reduce energy power consumption.²⁶
- Appliance and lighting efficiency might be relatively easy to achieve but building upgrades and retrofits might be more difficult to implement. Furthermore, this might lead to more use of natural gas unless the penetration of all electric homes is significant. Demand response could also be achieved relatively fast since it would only require

²³ Wind and solar power plants are not considered to be firm power generation sources since the output from these plants are zero when the sun is not shining on solar panels or when there is no wind. These types of plants are energy sources not under the control of the dispatchers.

²⁴ See Chapter 6 of the IRP.

²⁵ Increased electric efficiency in appliances and lighting will most likely increase the consumption of natural gas.

²⁶ The benefits of voltage reductions can be expected to be reduced if appliances and electric motor drives in the future are served by power electronic systems, which look like constant power loads relatively independent of the supplied voltage.

contract modifications with large electric power users.²⁷ The other dimensions of the DSR strategy might be more difficult to achieve. If DSR is not successfully implemented, there might be an electric power supply deficiency in PSE's system.

Figure 22 shows PSE's existing and projected peak hour needs and the effective capacity of the existing resources available to PSE.²⁸ The graph shows a power capacity deficit of about 275 MW in 2021. PSE assumes in the 2015 IRP that the impact on demand from electric vehicles would be insignificant, so electric vehicles are not included in PSE's 2015 demand forecast.

It must be understood that the electric power system has to provide not only sufficient electric energy for all of the electric energy users but it also has to have sufficient capacity to serve the connected loads when the demand for power is at a maximum. If the demand for electric power exceeds the supply, then blackouts will arise. By the year 2035 the plan assumes that about 1,000 MW can be had from DSR. This is 17% of the electric power demand. The forecast also shows that by 2035, close to 1,600 MW of new power sources must be obtained. Since the lead time for construction of new power plants can be long, this indicates that there is an urgent need for PSE to begin the process for new power plant construction in the next few years.

²⁷ However, a proposal to have pool pump with a timer set to run during off-peak times (starting after 8:00 p.m. and cycling off before 10:00 a.m.) does not make much sense if solar heating of the pools is installed. See Appendix B2, page 8.

²⁸ PSE's peak power demand is expected to arise during the winter months. The available electric power capacity is shown to be small (9% of capacity) because the probability of having electric power generated by PSE's 823 MW name-plate capacity wind turbines during the peak electric power window is small because the peak demand is most likely associated with cold temperatures and relatively calm wind conditions.

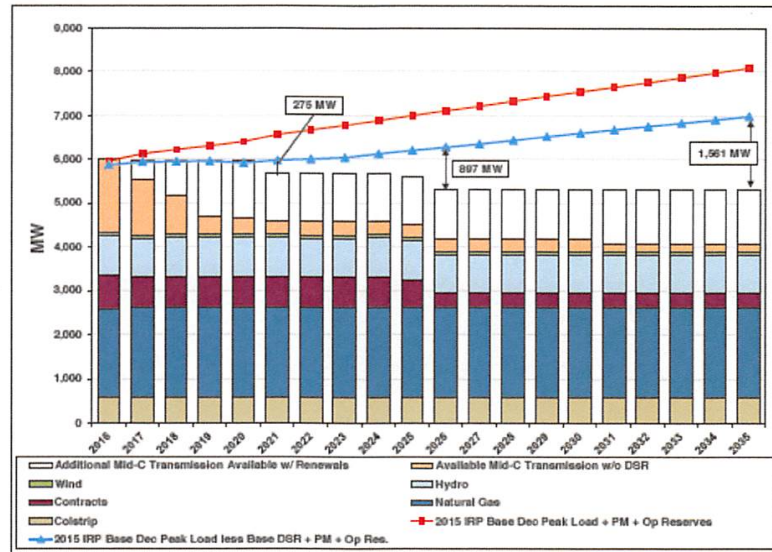


Figure 22. Copy of Figure 1-4 on page 1-14 of PSE's IRP

Peak hour capacity is an important aspect of PSE's ability to adequately meet the physical needs of its customers. The other dimension of the electric energy supply is the mix of generation sources where the electric energy is generated. This mix influences the price of the electric energy sold by PSE because if PSE can deliver power from inexpensive sources, PSE's energy cost per unit sold will be low and vice versa if the generation source produces expensive electric energy. Figure 23 shows PSE's annual forecast of energy sales to retail electric customers with expected generation for the year by resource type.²⁹ This "energy position" reflects PSE's most economical dispatch of its electric resource portfolio based on expected market conditions. PSE states that it is not a physical generation model because PSE asserts that it could generate significantly more energy than needed to meet its load on a monthly or annual basis. Instead, PSE plans to purchase energy in the wholesale market when it is more cost effective than running its thermal resources. The figure shows that PSE's market purchases increases from 806 annual megawatts (aMW) to about 1,650 aMW over the next 20 years. That is, PSE's strategy is to acquire much of its electric energy from the open market, which could benefit PSE's customers if there is a surplus of electric energy sources in the region.³⁰

²⁹ See IRP Chapter 1, page

³⁰ In theory, the marginal cost of a resource becomes infinitive if the availability of the resource is exhausted.

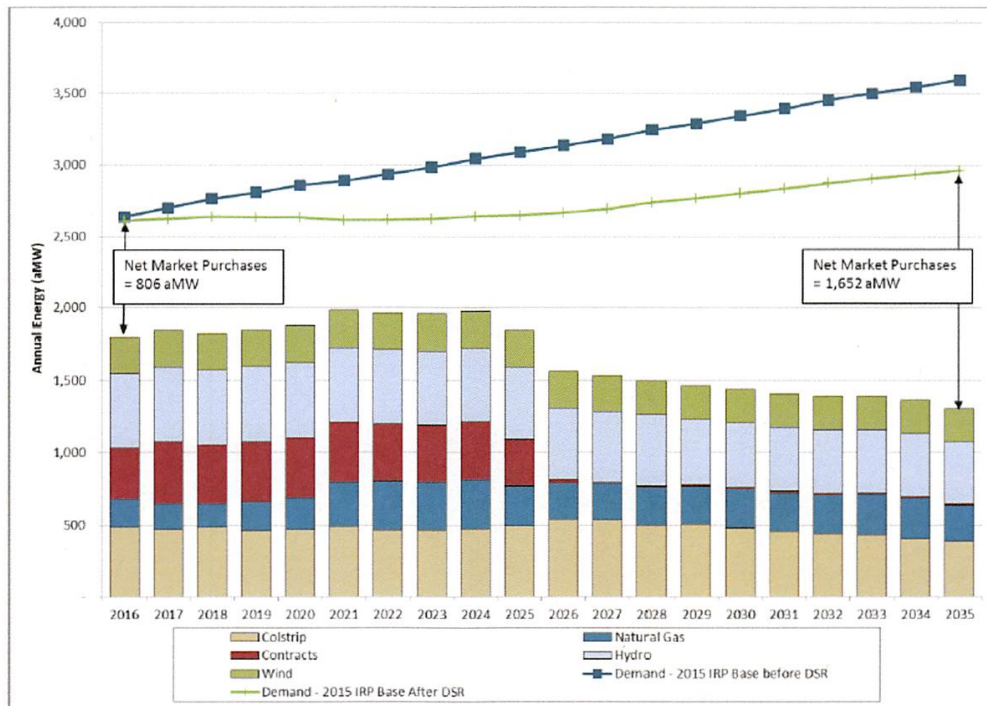


Figure 23. PSE's load forecasts aggregated to an annual basis.³¹

PSE projects that between 2016 and 2033, nominal retail electric rates will grow at an average annual rate of between 1.1 and 1.3 percent, depending on the customer class.³² Assuming an inflation rate of 2.5 percent per year, this means real electric retail rates are expected to decline by 1.2 to 1.4 percent.³³ This is much lower than the 3.1 percent rate increase modeled in the

³¹ See Figure 1-5 on page 1-15 of PSE's IRP

³² Residential electric service rates are at present 0.097543 \$/kWh for the first 600 kWh per month and 0.116365 \$/kWh thereafter. See https://pse.com/aboutpse/Rates/Documents/summ_elec_prices_2016_10_01.pdf

³³ Seattle City Light forecasts an annual rate increase over the next 6 years at 4.3% but does not expect a significant load growth. See Seattle City Light Strategic Plan Update 2017 – 2022. The 2016 residential rate is 0.0596 for the first block (less than 16 kWh per month) and 0.1257 \$/kWh thereafter. A demand change of \$4.51 per month is added. See <http://www.seattle.gov/light/rates/docs/2017/city%20light%202017-2018%20proposed%20retail%20rates.pdf>

2013 IRP.³⁴ Snohomish County PUD that serves the county north of the City has no similar plan available on its web site.³⁵

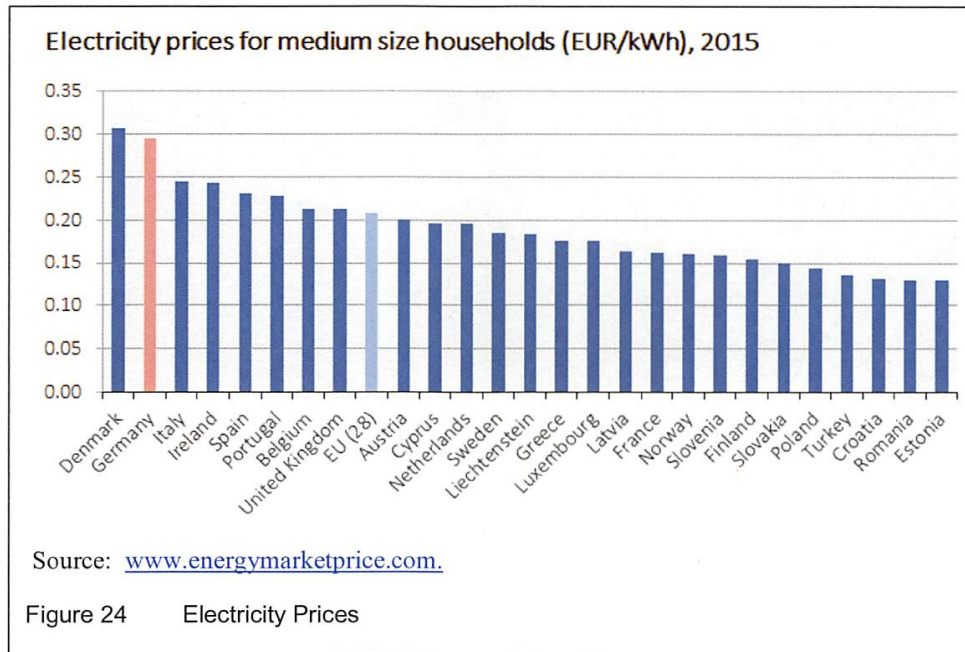
PSE is required according to the state of Washington's RCW 19.285, the Energy Independence Act, to reach certain targets for renewable resources and acquire all cost-effective achievable conservation. Furthermore, according to WAC 480-100-238, "Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation." These rules appear to be straightforward and easy to apply. However, alternative energy sources typically cost more than the conventional alternatives based on natural gas, fossil fuels and hydro, which is at odds with the least cost requirement.

The rates in countries with a heavy emphasis on so called Green Power illustrate the high cost of alternative energy sources. Figure 24 below shows typical electric power rates in European countries. The German electric power rate includes a 19% value added tax of 0.0685 EUR/k-Wh.³⁶ In Denmark, about 50% of the electric power is generated by wind power plants. The reason for the high cost of wind energy is that when the wind power is unavailable due to a lack of wind, other sources for electric power generation must be available. That is, the deficit must be made up by other plants that are idle when wind power is generated, which requires added investments in generation facilities. This is reflected in PSE's planning scenarios where the available electric power capacity from PSE's 823 MW of wind power plants is discounted by 91% (9% availability).

³⁴ IRP Chapter 5, page 5-19

³⁵ The power rate as of October 2015 is 0.09879 \$/kWh for an assumed energy consumption of 1,000 kWh per month. See <http://www.snopud.com/?p=1369>.

³⁶ The exchange rate on October 14, 2016 is 1 Euro equals 1.10 \$ US.



PSE and its customers are facing several uncertainties over the 20 year planning horizon. One of these is future policies or regulations associated with carbon emission reductions. Constraints on running generation systems that generate CO₂ could dramatically change the economics of electric power and electric energy. However, if inexpensive electric batteries were to become available, solar and wind power plants might become more reliable electric power sources, which could change the economics for the better of solar and wind power plants. PSE appears to closely monitor these developments.

As part of PSE's ongoing commitment to the exploration and evaluation of emerging resources, PSE's IRP includes analyses of rooftop solar generation (distributed solar)³⁷. In this study, the effect of a system wide installation of 300 MW of solar power plants was included. Electric energy storage technologies such as batteries or pumped hydro plants were also studied.³⁸

³⁷ Distributed solar generation has never been selected in PSE's portfolio analysis as a cost-effective resource for the PSE system, but federal tax credits and state production incentives have made it cost-effective for customers. Already, PSE has 2,800 net-metered customers who have installed rooftop solar panels totaling 17.4 megawatts of capacity and 17,360 megawatt hours of annual energy generation.

³⁸ IRP Chapter 1, page 1-5. See Appendix L for in depth analysis of the studied technologies.

Adoption of New Technologies by PSE

PSE's 2015 IRP is devoted to assessment and plans for adding power supply resources by PSE so it can meet the future, expected demands for electric power. The IRP does not address investments in distribution systems to improve the reliability of PSE's electric power customers. This seems to be appropriate because the key resource limit that PSE needs to address is the potential shortage of electric power generation resources in the northwestern states over the next 20 years. PSE addressed the so called smart grid technology acquisitions and implementation in a report entitled "2012 Smart Grid Technology Report" dated September 1, 2012.³⁹

"Smart grid" is only a marketing slogan, which does not describe a specific set of equipment or prescribe a certain power system architecture. The fundamental component of the smart grid concept is advanced data acquisition and communication infrastructure, which will enable timely and detailed information flow from the power system back to the system operators⁴⁰. To fully utilize the added features in the data acquisition systems, advanced sensors are typically required to be installed in the switches and breakers placed in the lines and substations. The information received from the sensors might make it possible automate some functions that will speed up system restoration after an outage or minimize the parts of the power system that is damaged.⁴¹

PSE's smart grid report describes significant investments from 1998 through 2012 by PSE in the communication and automation infrastructure for both the transmission and distribution systems. A number of "smart grid technologies" were put through testing to establish if the technologies would work and the potential cost benefits from using them. The plan discussed the following:

- Automated meters with two-way communication capability to collect energy usage information that enables customers to check and manage their daily energy usage via the Internet;
- Integration of customer owned grid-connected solar and wind systems allowing them to generate their own power and supply excess energy back to the grid;
- Implementation of conservation voltage reduction in several substations to manage electric power system capacity limitations;
- Automation of transmission and distribution (T&D) systems to improve service reliability; and

³⁹ Filed pursuant to WAC 480-100-505.

⁴⁰ This may also make the power system more susceptible to hackers.

⁴¹ After a major storm, it might be necessary to patrol the lines to make sure that there are no undetected downed conductors, which could reduce in electrocution of people coming in close contact with the conductors if they were to become energized.

- New or upgraded back-end systems such as energy management systems (EMS), outage management system (OMS), and a geospatial information system (GIS), which provide the foundational core for implementation of smart grid technologies.

The costs of fully implementing the systems that are described in the report are very high. Also, the technologies are not mature and the useful life of many of the technologies is short. This is in particular true for automation and communication infrastructure systems and equipment. That is, the annual cost of keeping the systems in operation, maintaining and upgrading the systems to keep up with technology changes will be high. This could have a significant impact on the electric power rates. The rollout of the technologies has, therefore, been slow but the EMS, OMS and GIS systems have been completed.

PSE has had an automated meter reading (AMR) installed for a long time. The step that is being taken now is to move to a two-way communication system using so called smart meters. PSE is migrating to this new technology at a slow pace since wholesale change out of the AMR system is very costly. The new systems might speed up outage reporting since the older system is has a limited capability to report outages. However, the most reliable outage information is derived from customer calls for loss of power. This is at least at present, the most reliable way to identify fallen or broken conductors along distribution lines. The calls made to report outages are fed into the OMS system and provide a map of the outage areas.

Like most utilities pursuing significant reliability improvements on the distribution system, PSE has installed three phase reclosers to reduce the impact of outages on the feeders to its customers. Reclosers interrupt faults and re-energize the line after a short waiting period. If the fault is temporary, this will restore power back to the customers. If the fault is permanent, the recloser will “lock out” and remain open after a preset number of operations. These devices dramatically reduce the impact of outages to customers on the feeder by not requiring the station circuit breaker to lock out and interrupt service to all the customers on the feeder. PSE is also evaluating and piloting the installation of line reclosers with communication used for remote monitoring and control of the device. This will help determine the challenges and benefits from using reclosers as a part of distribution automation systems.

To minimize the customers affected by a distribution line fault, additional, smart reclosers would have to be installed in the distribution feeder circuits serving the City. However, in order to take full advantage of distribution reclosers in the distribution system serving the City, the substation circuit breakers need to be connected to the distribution supervisory control and data acquisition system (DSCADA). This might require replacement of older circuit breakers. Remote control of the substation circuit breakers would be in addition to having remote control of the reclosers and fault data information transferred from the installed reclosers to the distribution system operators. If this were to be done, the number of customers affected by an outage could be significantly reduced. A further reduction of the number of affected customers would be possible if the radial, looped circuit could be remotely energized from the remote ends of the radial lines by the distribution system operators. This can now be done only by having roving operators manually open and tag out substation breakers and manually close the switches at the remote ends of the distribution feeders.

An example of how these new technologies are working can be found in a recent Wall Street Journal article covered the performance of the power systems affected by hurricane Mathews.⁴² In this article it was stated that the power systems survived the onslaught by the hurricane much better than during previous hurricanes such as hurricane Hugo on September 22, 1989, which devastated South and North Carolina.⁴³ This hurricane caused so much destruction of the power systems so a substantial portion of the system had to be completely rebuilt. The devastation resulting from hurricane Mathew was apparently significantly less. One other lesson learnt came out of significant flooding by the Mississippi and Missouri rivers at around the same time as for hurricane Hugo was the need to remove the station batteries from substations prior to the substations being flooded to avoid corroding electrical/electronic equipment by having corrosive electrolytes and corrosive direct current flows causing destruction of electrical connections. That is, the strategies for dealing with major storms or flooding events have evolved from lessons learnt from past events when such information is shared among utility operators.

⁴² <http://www.wsj.com/articles/hurricane-matthew-tests-electric-grids-new-storm-resistant-technology-1476125502>

⁴³ Around midnight on September 22, 1989 Hurricane Hugo roared ashore just north of Charleston, S.C. as a massive Category 4 storm with winds near 140 mph and a storm tide around 20 feet. The hurricane leveled beachfront properties and toppled trees, leaving much of the coastal areas in absolute ruin. Hugo remained strong as it moved into western North Carolina, producing hurricane-force wind gusts all the way to Charlotte.

Conclusions and Recommendations

Exponent has performed a reliability assessment of the electric system within Kenmore to identify the current status of the system reliability and to provide recommendations for improvement in system reliability. Key findings and observations include:

Reliability-related: observations related to electric system reliability

- Kenmore has experienced a lower level of electric power system reliability over the past several years relative to the overall PSE system. The majority of Kenmore's distribution circuits are in the lowest quartile of circuit rankings based on outage duration over the past five years.
- Kenmore is an area with many tall trees and several narrow corridors for the distribution lines and is therefore, susceptible to outages due to storms and wind events. During the past two years, Kenmore suffered long duration electric power outages due to storm events.
- One of the worst performing distribution circuits, the Kenmore-26 circuit, has a section of the circuit that passes through the back properties of homes and is therefore, very difficult to access in order to perform trouble-shooting and repair after outages with faults in that area.
- Kenmore is primarily served from four high voltage substations. These are Kenmore, Inglewood, North Bothell and Wayne substations. These substations have multiple feeds from the transmission system that provides redundancy making the system feeding power into or close to city robust and reliable. Normally two independent events are required for a substation to lose power and thereby lose its ability to serve the affected portions of the City.
- The Kenmore distribution circuits are looped radial circuits. That is, the circuits are normally fed from one end only, which leads to an electric power outage for the customers connected to the circuit. However, it is possible to feed the circuits from the remote ends by performing manual switching after the fault location or locations are isolated. This circuit design provides a good foundation to improve the reliability of the circuits through the use of sectionalizing devices to improve recovery from outages for the unfaulted portions of the circuits.
- There were observations of tree-related issues during a walkthrough of various neighborhoods performed by Exponent. That is, there are indications of the need for a shorter time interval between tree trimming activities.
- System-wide programs and projects as well as targeted projects currently being planned for Kenmore should provide reliability improvements. Additionally, two recent projects

(underground of line to the Bastyr University and upgrade of line from Moorlands to Vitulli stations) provide additional reinforcement that should enhance the reliability of the power system.

- The impartments include investments in what is typically referred to the smart grid concept, which fundamentally includes the addition of advanced data acquisition and communication infrastructure, which will enable timely and detailed information flow from the power system back to the system operators after a disturbance. As a first step, PSE has developed a program to evaluate and implement various technology improvements. A major improvement was the installation of the new outage management system. Additionally, the use of automation within the system will benefit reliability.

Capacity-related: observations related to long-term capacity

- There is the potential to add additional capacity in the substations feeding Kenmore to address future growth needs as an additional transformer can be added to existing substations.
- Relative to system demand: By the year 2035 the plan assumes that about 1,000 MW can be had from demand side resources (DSR). This is 17% of the electric power demand forecast. The forecast also shows that by 2035, close to 1,600 MW of new power sources must be obtained. Since the lead time for construction of new power plants can be long, this indicates that there is an urgent need for PSE to begin the process for new power plant construction in the next few years.
- The Energize Eastside project for upgrade of the 115kV to 230kV does not have a major impact on Kenmore. It can provide for additional redundancy, but the transmission line upgrade does not appear to affect power to Kenmore.

Based on these observations, Exponent has identified several recommendations for potential improvement in electric reliability. These recommendations include:

1. Since the Kenmore circuits are looped radial circuits, the installation of reclosers and sectionalizing switches can make major improvements in outage restoration to reduce overall outage duration. It is recommended the installation of these devices be expedited for the Kenmore area.
2. PSE should implement its current plans for the rebuilding of Kenmore-26 (relocation of sections of the circuit), Kenmore-27 (feeder reconductoring) and Kenmore-23 circuits (feeder reconductoring). They should also implement improvements for other identified reliability issues on other circuits in Kenmore. [Note: there are on-going discussions between PSE and Kenmore regarding the scope of these upgrades.]
3. Kenmore is subject to significant storm impacts related to tree-related outages. The Kenmore area is on a four-year tree trimming cycle. It is recommended to perform more

frequent patrols in Kenmore to identify potential emerging activities within the four-year period.

4. To further effect a turnaround in reliability, it is recommended that PSE install current modern technologies that it is utilizing in other parts of their system. It is recommended that Kenmore work with PSE to install other advanced technologies that are intended to improve electric reliability. These technologies may include various automation solutions, SCADA installations, and communications protocols for events and storm response.
5. Kenmore should request a reliability report from PSE that provides more details for evaluation of the Kenmore circuits. This report would highlight circuit outages, circuit projects, on-going maintenance activities, and performance related metrics. This report would provide for a better communication between Kenmore and PSE relative to reliability and capacity issues. This reliability report can also form the basis for an annual meeting between PSE and Kenmore to review future plans and provide feedback on reliability issues.
6. Kenmore and PSE should have a more formal protocol for reviewing growth plans for Kenmore so that these plans are included in PSE's system planning activities.

These recommendations are intended to assist Kenmore in working with PSE to ensure appropriate levels of support for the Kenmore community right-of-ways



Business of the City Council City of Kenmore, WA

Subject/Topic: 2018 Annual Docket for the Planning Commission

For Council Meeting Agenda of: 1/22/18

Department: Community Development

Prepared by: Debbie Bent, Director

Initial & Date

Approved by Department Head:

DA 1/22/18

Approved by City Attorney:

Approved by Finance Director: ✓

Jmg 1/19/18
PDK

Approved by City Manager:

Proposed Council Action/Motion: Council authorization of the Planning Commission's 2018 docket.

Exhibits/Attachments:

- 1: Staff Analysis and Recommendations for the 2018 Docket
- 2: Draft Docket/Work Program Prioritization List

At the January 22, 2018 City Council meeting, staff will review the proposed 2018 annual Planning Commission docket for Council action. Staff recommends that Council assign four projects to the Planning Commission for review:

- Housing Strategy Plan: Finish work on mobile home park policy recommendations
- Critical area rules update
- Rewrite/consolidate floodplain rules
- Shoreline Master Program (SMP) update.

The Planning Commission has been working since last fall on land use strategies related to preservation of existing affordable housing in the mobile home parks. It is anticipated that they will complete their work on the project this spring and forward a recommendation to the City Council.

The critical area, floodplain and SMP updates would be combined into a single project in front of the Planning Commission to be taken up upon completion of the mobile home park project. The City is required by State law to update the SMP by June 30, 2019. The critical area and floodplain rules updates are closely tied to the SMP update.

See Attachment 1 for an analysis of these projects against the docket criteria.

INFORMATION/BACKGROUND:

The annual docket review process, outlined in Chapter 19.20 of the KMC, determines which amendments to the City's Comprehensive Plan and related development regulations will be forwarded to the Planning Commission for their review and recommendation during the year. Private applicants have the opportunity to submit requests for amendments during an open docket application period, which, for 2018, occurred in November of 2017. The City received no private requests for docket amendments during this period.

A number of projects have been identified by staff, the City Manager, the Planning Commission, the City Council, and others as work program or potential docket items. Attachment 2 to this memo outlines all of these pending proposals and assigns potential years of consideration: either 2018 or 2019 and beyond (2019+).

Threshold criteria for inclusion on the annual docket are established in KMC19.20.080. The criteria are:

1. The City has the resources, including staff and budget, necessary to review the proposal; and
2. It has been more than two years since the proposed amendment has been considered unless a compelling reason for changed circumstances can be made; and
3. The proposal would correct an inconsistency within or make a clarification to a provision of the comprehensive plan; or

4. All of the following:
 - a. The proposal demonstrates a strong potential to serve the public interest by implementing specifically identified goals and policies of the comprehensive plan; and
 - b. The public interest would best be served by considering the proposal in the current year, rather than delaying consideration to a later subarea plan review or plan amendment process.

KMC 19.20.060.D.3 states that the City Council's options for each docket proposal are as follows:

- Accept application for review by the planning commission in the current amendment cycle;
- Recommend delay of the amendment to the next amendment cycle; or
- Denial of the amendment request based upon criteria set for in KMC 19.20.080 or other findings of fact.

Once the City Council sets the 2018 annual docket work program, the Planning Commission would spend the year reviewing and discussing the proposed docket amendments before making their recommendations to the City Council.

FISCAL CONSIDERATION: The need for consultant technical expertise related to the 2018 docket items has not been fully determined but \$200,000 is included in the 2018 budget for consulting services for the critical area regulations and Shoreline Master Program updates.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED: Housing Strategy Plan: "Consider strategies for preserving existing affordable housing: i. Density transfers from affordable properties to areas where additional density has been proposed. ii. Manufactured housing community overlay (e.g. Bothell)." City Council Goal 7: "To address watershed and water quality issues affecting the City." Comprehensive Plan Goal 13: "Practice environmental stewardship by protecting, enhancing, and promoting the natural environment in and around the City of Kenmore."

Attachment 1

Staff Recommendations for 2018 Docket

	2018 Docket Item	Source	Recommendation	Analysis
1.	Housing Strategy Plan: Finish work on mobile home park policy recommendations	City-initiated	Add completion of project to 2018 docket	Meets docket criteria: • <i>The City has the resources, including staff and budget, necessary to review the proposal.</i> Staff currently is working on this project. A Regional Coalition for Housing (ARCH) is a major contributor to this effort. • <i>It has been more than two years since the proposed amendment was considered.</i> The Planning Commission began review of this new strategy as part of the 2017 docket; it had not previously been considered. • <i>This proposal has strong potential to serve the public interest.</i> Affordable housing continues to be an issue for Kenmore and the greater-Seattle area. Manufactured housing communities provide unsubsidized affordable ownership housing. • <i>The public interest would be served by considering the proposal in the current year.</i> The Planning Commission presently is working on this project. Stopping work in 2018 would be inefficient.
2.	Rewrite/consolidate floodplain rules	City-initiated	Add to 2018 docket	Meets docket criteria: • <i>The City has the resources, including staff and budget, necessary to review the proposal.</i> Staff is prepared to handle this project. • <i>It has been more than two years since the proposed amendment was considered.</i> The City has adopted two sets of floodplain rules—one in 1998 (Title 16, Division 2) and the other in 2006 (Chapter 18.55 of the Zoning Code). It has been more than two years since amendments were considered. • <i>This proposal has strong potential to serve the public interest.</i> Having coordinated and updated floodplain standards would serve the public interest—both in hazard prevention and the permitting process. • <i>The public interest would be served by considering the proposal in the current year.</i> Most, if not all, floodplain areas

Attachment 1

				are also covered by the Shoreline Master Program (SMP). Coordination with the SMP—which must be updated in 2018—is advisable.
3.	Critical area rules update	City-initiated	Add to 2018 Docket	Meets docket criteria: • <i>The City has the resources, including staff and budget, necessary to review the proposal.</i> Staff is prepared to handle this project along with a combined \$200,000 consultant budget for technical assistance for this project and the Shoreline Master Program update. • <i>It has been more than two years since the proposed amendment was considered.</i> An overall update of the critical area rules occurred in 2006. Additional updates, in coordination with the last SMP update, were undertaken in 2012. It has been more than two years since amendments were considered. • <i>This proposal has strong potential to serve the public interest.</i> It would serve the public interest to update critical area rules using best available science to ensure protection of these areas in Kenmore. • <i>The public interest would be served by considering the proposal in the current year.</i> The critical area rules are adopted into the SMP and become a part of it. Considering the critical area rules in conjunction with the SMP update is an efficient approach.
4.	Shoreline Master Program (SMP) update	State mandate: due date is June 30, 2019	Add to 2018 docket	Meets docket criteria: • <i>The City has the resources, including staff and budget, necessary to review the proposal.</i> Staff is prepared to handle this project along with a combined \$200,000 consultant budget for technical assistance for this project and the critical area rules update. It is anticipated that a small amount of grant funding from the State also will be forthcoming. • <i>It has been more than two years since the proposed amendment was considered.</i> The City's SMP last was updated in 2011/2012. It has been more than two years since amendments were considered. • <i>This proposal has strong potential to serve the public interest.</i>

Attachment 1

				A regular update to the SMP is required by State law and the City should remain in compliance. • <i>The public interest would be served by considering the proposal in the current year.</i> This project must be completed by June 30, 2019, necessitating its start in 2018.
--	--	--	--	---

Attachment 2**2018 DOCKET/WORK PROGRAM PRIORITIZATION**

The “docket” is the Planning Commission’s annual work program. Zoning Code Section 19.20.080 provides threshold review criteria for selecting projects to be placed on the docket. Criteria include how long it has been since the issue was last considered (more than 2 years unless there’s a compelling reason for taking something up again), correction of inconsistencies or clarifications, and serving the public interest.

Another criterion is availability of city resources—whether staffing levels and budget allow review of the proposal. Potential docket items are selected and prioritized using the following assumptions:

1. Community Development (CD) staff time and Planning Commission meeting schedules allow for one major amendment project per year. Two to three additional, smaller amendments also are possible in CD in any given year. Other departments may be able to take on additional amendments.
2. It is more efficient to group smaller amendments into a cohesive package of multiple related amendments. Less time is spent in meetings and hearings with this approach.
3. The Planning Commission must provide a recommendation on Comprehensive Plan amendments, but they also are very useful in developing recommendations for projects that need intensive study, public meetings, or a more in-depth review.

The attached prioritization chart identifies possible amendments recommended by the staff, the City Manager, the Planning Commission, the City Council, or other entities. Some items would be part of the Planning Commission docket. Other items would be presented directly to the City Council. Amendments are grouped by general topic. The proposed year of consideration and lead department are shown. A more complete description of each project follows the chart.

As shown on the next page, the major 2018 Planning Commission docket item, as recommended by CD staff, is a review of the City’s critical area and shoreline regulations. Periodic review of these regulations is mandated by State law, and the shoreline review must be complete by June 30, 2019. During the first quarter of 2018, the Planning Commission is scheduled to finish their review of the first priority Housing Strategy Plan strategy--preserving existing affordable housing. This project is currently underway. Consideration of school impact fees is targeted for direct City Council review in 2018, as is development of the airport plan for Kenmore Air.

Attachment 2

Recommended 2018 Planning Commission Docket

The recommended 2018 Planning Commission docket is as follows (the number assigned to each project corresponds to its number in the prioritization chart):

- 10.A. Housing Strategy Plan: Finish work on mobile home park policy recommendations
- 19. Rewrite/consolidate floodplain rules
- 20. Critical area rules update
- 21. Shoreline Master Program update

Recommended 2018 Amendments to go directly to City Council

Other amendments proposed to go directly to the City Council as part of the work program are as follows (listed by lead department):

- Community Development:**
- 9. Airport Plan
 - 18. Park impact fees
 - 30. School impact fees

- Development Services:**
- 3. Heavy manufacturing amortization
 - 4. Heavy manufacturing prevention, including review of non-conformance standards
 - 6. Commercial change of use standards related to impact fees
 - 16. Recycling of building materials
 - 22. Structures in rear yards
 - 23. Tree cutting penalties (align Titles 15 and 18)
 - 32. Adjust final plat approval process

- City Manager's Office:**
- 28. Historic preservation code update

Attachment 2

Prioritization Chart

TBD = still to be determined

EES = Engineering & Environmental Services

CM = City Manager's Office

CD = Community Development

DS = Development Services

Item	Source	Need PC Review?	Recommend PC Review?	Amendment scope	Could it be grouped?	Lead Department	Year?
LAND USES							
1. Downtown uses	City Manager	Yes, if policy needed	Yes	Small	Yes	CD	2019+
2. Revisit marijuana researcher locations (Bastyr)	Staff	No	No	Medium	No	CD	2019+
3. Heavy manufacturing amortization	Staff	No	No	Medium	Yes	DS	2018
4. Heavy manufacturing prevention, including review of non-conformance standards	Staff	No	No	Medium	Yes	DS	2018
5. Transitory accommodations	Staff	No	No	Medium	No	DS	?
6. Commercial change of use standards related to impact fees	Staff	No	No	Small	No	DS	2018

Attachment 2

Item	Source	Need PC Review?	Recommend PC Review?	Amend-ment scope	Could it be grouped?	Lead Department	Year?
TRANSPORTATION							
7. Parking standards	Staff	Maybe	Yes	Large	No	TBD	2019+
8. CTR ordinance	State	No	Yes	Medium	Yes	CD	2019+
9. Airport Plan	State	Yes	Yes	Medium	No	CD	2018
HOUSING							
10. Housing Strategy Plan: A. Finish mobile home park policies B. Address additional priorities	Comp Plan	Yes	Yes	Large	Yes	CD	2018 2019+
SIGNS							
11. Banner program	Staff	No	No	Small	Yes	DS	2019+
12. Reed v. Town of Gilbert review (sign content)	Court	No	No	Medium	No	DS	2019+
SUSTAINABILITY							
13. Electric vehicle parking incentive	PC	No	Yes	Small	Yes	CD	2019+
14. Landscaping “Green factor”	PC	Maybe	Yes	Large	Yes	CD	2019+
15. Standards for alternative energy facilities	Comp Plan	No	Yes	Medium	Yes	CD	2019+
16. Recycling of building materials	Staff	No	No	Small	Yes	DS	2018
PARKS							
17. PROS Plan update	State	Yes	Yes	Medium	Yes	CD	2019

Attachment 2

Item	Source	Need PC Review?	Recommend PC Review?	Amendment scope	Could it be grouped?	Lead Department	Year?
18. Park impact fee study	Staff	No	No	Medium	Yes	CD	2018
CRITICAL AREAS							
19. Rewrite/consolidate floodplain rules	Staff	No	No	Medium	Yes	CD	2018
20. Critical area rules update	Staff/State	Yes	Yes	Large	Yes	CD	2018
21. Shoreline Master Program update	State	Yes	Yes	Large	Yes	CD	2018
SINGLE-FAMILY STANDARDS							
22. Structures in rear yards	Staff	No	Yes	Small	Yes	DS	2018
TREES							
23. Tree cutting penalties (align Titles 15 and 18)	Staff	No	No	Small	Yes	DS	2018
24. Protection for heritage trees	Staff	No	Yes	Medium	Yes	CD	2019+
25. Identify tree varieties appropriate under powerlines	Staff	No	No	Medium	Yes	TBD	2019+
MISCELLANEOUS							
26. Coordinate setbacks/landscaping in commercial zones	Staff	No	No	Small	Yes	CD	2019+
27. Review change of use standards	Staff	No	No	Small	Yes	TBD	2019+

Attachment 2

Item	Source	Need PC Review?	Recommend PC Review?	Amendment scope	Could it be grouped?	Lead Department	Year?
28. Historic preservation code update	Staff	No	No	Medium	No	CM	2018
29. Address franchise requirements	Staff	No	No	Large	No	TBD	2019+
30. School impact fees	School District	No	No	Large	Yes	CD	2018
31. Expand Multifamily Tax Exemption (MFTE) to other downtown area(s)	Staff	No	No	Medium	No	TBD	2019+
32. Adjust final plat approval process	Staff	No	No	Small	No	DS	2018
33. Implementation of the Economic Development Strategy	Staff	?	?	?	No	TBD	2019+

Attachment 2**Explanation of Prioritization Chart Items**

Following are more complete descriptions of each item in the docket prioritization chart:

1. Downtown uses. This project would review permitted land uses in the downtown, considering the possibility, for example, of allowing clean light manufacturing.
2. Revisit marijuana researcher locations (Bastyr). State law has added a new class of marijuana business—a marijuana researcher—to the list of possible marijuana licensees. Bastyr may be interested in the future in becoming a marijuana researcher and the university has asked that we add this consideration to the list of possible future code amendments.
3. Heavy manufacturing amortization. This project would review the feasibility of amortizing existing heavy manufacturing uses.
4. Heavy manufacturing prevention, including review of non-conformance standards. This project would consider techniques to limit future heavy manufacturing on nonconforming sites, including tightening the nonconformance rules. (Currently, nonconforming uses may be expanded through the conditional use permit process.)
5. Transitory accommodations. This project would review standards for tent cities, homeless shelters, etc., to determine whether using the existing “temporary use” provisions in the Code is the best approach.
6. Commercial change of use standards related to impact fees. This project would clarify the relationship between commercial change of use and payment of impact fees.
7. Parking standards. This project would assess existing parking standards to determine whether parking requirements could be reduced. (Currently, an applicant may reduce parking requirements if documented through a parking demand analysis.)
8. CTR ordinance. State law requires that cities have a commute trip reduction (CTR) ordinance applicable to businesses which have more than 100 full-time employees. State CTR funds are not available to jurisdictions without an ordinance. Kenmore’s largest employer, Bastyr University, already has its own CTR plan, required through the Bastyr University Master Plan.

Attachment 2

9. Airport Plan. State law requires that cities with airports have an Airport Plan in place to protect continued operation of the airport. Kenmore has incorporated information and a number of policies into its Comprehensive Plan related to Kenmore Air, however a formal airport plan has not been developed.

10. Housing Strategy Plan follow-up. This project includes review of priority items from the Housing Strategy Plan. In 2018, the Planning Commission would finish work on mobile home park policy recommendations (10.A.). In 2019+, additional priority items from the Housing Strategy Plan would be addressed, including review of ADU regulations, flexible re-use of tax-exempt or publicly-owned sites, and expanding density bonuses, adding density transfers, and other strategies for mixed-use and multifamily development (10.B.).

11. Banner program. This project would allow some banners, of limited type and term, in Kenmore.

12. Reed v. Town of Gilbert review (sign content). This court decision mandates that signs be regulated by type and size and not by content. In other words, if a type and size of sign is regulated, the sign message cannot be regulated. Although requirements of this ruling are being supported administratively, code amendments are needed.

13. Electric vehicle parking incentive. This code amendment would use special electric vehicle parking requirements to encourage use of electric vehicles.

14. Landscaping "Green factor." Green factor is a City of Seattle scoring system for landscapes to help increase the quantity and improve the quality of urban landscaping. The Planning Commission recommended that the City review this approach.

15. Standards for alternative energy facilities. This project would consider code amendments for solar and wind facilities, along with other alternative energy facilities.

16. Recycling of building materials. This code amendment would make recycling of some building materials mandatory.

17. PROS Plan update. The Parks, Recreation and Open Space (PROS) Plan was updated in 2013. To continue eligibility for RCO funding, the Plan must be reviewed/revised every six years.

18. Park impact fee study. Although the City has reviewed and updated transportation impact fees and will be considering school impact fees, park impact fees have not been addressed since their initial adoption.

Attachment 2

19. Rewrite/consolidate floodplain rules. The Municipal Code contains two independent code sections addressing development in floodplains. As part of the critical areas and Shoreline Master Program revisions, these floodplain sections should be updated and consolidated.
20. Critical area rules update. These rules were developed in 2006 and slightly adjusted with the Shoreline Master Program update in 2012. As part of the mandated Shoreline Master Program update, the critical areas rules should be revisited.
21. Shoreline Master Program update. The City adopted its Shoreline Master Program in 2012. The State requires that it be reviewed/revised by June 2019.
22. Structures in rear yards. Code amendments in 2008 resulted in a 20' required rear yard in the R-4 and R-6 single-family residential zones. A few minor amendments since 2009 have addressed small sheds, play equipment and arbors in the rear yard, but review of additional structures in the rear yard is needed.
23. Tree cutting penalties. Current tree cutting penalty code sections need adjustment.
24. Protection for heritage trees. Some other jurisdictions, notably Lake Forest Park, have code amendments in place to protect "exceptional" trees—both on development sites and on single-family residential properties.
25. Identify tree varieties appropriate under powerlines. When inappropriate trees are planted under powerlines, it may increase the likelihood of power outages and/or require more tree maintenance activities by PSE.
26. Coordinate setbacks/landscaping in commercial zones. Setback and landscaping requirements conflict in some commercial zones. These amendments would resolve these conflicts.
27. Review change of use standards. When a business changes from one type of use to another, the Zoning Code process for review is unclear. The Building Code has change of use standards. Standards in the Zoning Code need adjustment to clarify the required permit process.
28. Historic preservation code update. This code has not been updated for several years and adjustments are needed. In particular, a code amendment to provide more flexibility for change of use of historic properties could be considered.

Attachment 2

29. Address franchise requirements. As a result of numerous recent franchise requests, it may be appropriate to consider a separate Municipal Code chapter outlining the franchise process and requirements.

30. School impact fees. After years of not charging impact fees, the Northshore School District has requested that the City revise its Comprehensive Plan and development regulations to allow impact fee collection. Comprehensive Plan amendments have been approved; code amendments would be necessary.

31. Expand Multifamily Tax Exemption (MFTE). The MFTE can be used in parts of the downtown, but is not available in other areas of the City. The City may wish to expand the MFTE to other parts of the City's downtown, including Lakepointe. Code amendments could be minor, but the fiscal analysis to assess the impact of the exemption, if expanded, would be significant.

32. Adjust final plat approval process. State law was amended in 2017 to allow the City Council to delegate final plat approval to an established planning commission or other administrative personnel, rather than requiring City Council approval. Currently, the Hearing Examiner decides on a preliminary plat. After that approval, engineering site improvements are completed and, if the improvements and final plat correspond to the approved preliminary plat, approval of the final plat is pro forma. Delegating this task to administrative staff (likely the Director of Development Services) would streamline the process.

33. Implementation of the Economic Development Strategy. The Economic Development Strategy is being updated in 2018. Follow-up items may require Comprehensive Plan or regulation amendments.



City Council Business Agenda Item City of Kenmore, WA

Subject/Topic: Municipal Code Amendments related to School Impact Fees.

Proposed Council Action/Motion:
Direct staff to pursue/not pursue Municipal Code amendments related to school impact fees.

For Council Meeting Agenda of: January 22, 2018

Department: Community Development

Prepared by: Debbie Bent, Community Development Director and Lauri Anderson, Senior Planner

Initial & Date

Approved by Department Head: DA 1/21/18

Approved by City Attorney:

Approved by Finance Director: ☒ Jan 19/18

Approved by City Manager: psk

Exhibits/Attachments:

1. Northshore School District - 2017 Capital Facilities Plan
2. Letter from the Northshore School District
3. Comprehensive Plan language re: school impact fees

INFORMATION/BACKGROUND: A representative from the Northshore School District will be present at your meeting on January 22 to make the District's case for school impact fees and to answer Councilmember questions about those fees. Although the District may request school impact fees, it is a City Council decision to assess them. The Council also would determine the appropriate amount of the fee after reviewing the fees as calculated in the District's Capital Facilities Plan.

Proposed school impact fees based on the 2017 Northshore Capital Facilities Plan (see Attachment 1) are as follows:

Single-family and Townhome: \$10,573

Multifamily: \$0

The Capital Facilities Plan provides more detail on the fee calculations beginning on page 30.

After the School District's presentation, staff is looking for direction from the Council on whether or not to draft Municipal Code amendments that could require school impact fees. The City first adopted the King County school impact fee ordinance provisions by reference upon incorporation in 1998 and amended those provisions in 1999. For several years thereafter the City assessed school impact fees on behalf of the School District. The City stopped assessing fees when the School District did not request a fee due to declining enrollment and/or lack of a growth-related capacity project. The School District's most recent Capital Facilities Plan provides a basis for the current fee request. If the Council wishes to consider the current proposal for school impact fees, staff will identify policy issues to be discussed at a future meeting, prior to the Council taking final action. If the Council ultimately chooses to assess fees, an existing interlocal agreement, executed in 1998, with the School District is in place but may require amendment.

Background:

In January 2017, the Northshore School District requested that the City assess school impact fees (see Attachment 2). As language in the Comprehensive Plan stated that the District was not eligible to collect any impact fees for growth, the City Council assigned related Comprehensive Plan amendments to the Planning Commission as part of the 2017 docket. The Planning Commission's task was to "set the table" to make the City Council's ultimate decision on school impact fees (whether or not to assess them) consistent with the Comprehensive Plan. The Comprehensive Plan language related to school impact fees adopted by the City Council in November is included in Attachment 3.

As part of the Planning Commission deliberations on the Comprehensive Plan changes, they asked staff and the District for responses to several questions. Following is that information:

I:/City Clerk/Agenda Items/Templates

1. Would the school impact fee apply to ADUs? Response: According to the School District, this is a City policy decision. However, the District is not aware of any other jurisdiction that has applied impact fees to ADUs and the District does not calculate a fee applicable to ADUs.
2. Does the City have to assess and receive the fees? Response: Per State law, the local jurisdiction (city, county) must assess the fees on behalf of a school district and may act as the point of collection of the fees. Transfer of funds to the school district can be handled through an interlocal agreement. Most jurisdictions receive school impact fees directly from building permit applicants and then transfer the fees to the school district. The 1998 Interlocal Agreement requires the District to receive fees directly from building permit applicants.
3. What is the formula the School District used for the impact fee calculation? Response: See the Northshore School District Capital Facilities Plan for the methodology. The formula is identical to the formula adopted in the King County Code and used by jurisdictions throughout the state.
4. The numbers provided are District-wide, but are the multifamily/single-family ratios appropriate for Kenmore? Response: The student factors are calculated District-wide, but are based on actual student generation rates from new construction in the previous five-year period.

The Planning Commission suggested that the City Council consider the following during the school impact fee discussion:

1. Will there be an unintended consequence of encouraging multifamily development and discouraging new single-family development in the city with this strategy? (The School District representative will be addressing the possibility of school impact fees for multifamily development at the Council meeting.)
2. How/will the State school funding formula impact this proposal?

We have forwarded these questions to the School District representative, asking that a response be provided in the January 22 presentation.

FISCAL CONSIDERATION:

None at this time.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

- Comprehensive Plan Policy PS-4.1.2: "Coordinate and communicate with the appropriate school districts on issues of mutual interest including school facility location/expansion, impacts of new development, impacts of school facilities and activities on the community, parks and recreation programs, population and growth projections, and school involvement in the community."

Attachment 1

CAPITAL FACILITIES PLAN 2017

**NORTHSHORE SCHOOL DISTRICT NO. 417
3330 MONTE VILLA PARKWAY
BOTHELL, WASHINGTON 98021-8972**

"STRENGTHENING OUR COMMUNITY THROUGH EXCELLENCE IN EDUCATION"

BOARD OF DIRECTORS

Amy Cast	President
Kimberly D'Angelo	Vice-President
David Cogan	Director
Sandy Hayes	Director
Ken Smith	Director (Interim)

Dr. Michelle Reid, Superintendent

TABLE OF CONTENTS

	PAGE
Section 1--Introduction.....	3
Section 2--Student Enrollment Trends and Projections	5
Section 3--District Standard of Service	11
Section 4--Capital Facilities Inventory.....	14
Section 5--Growth & Projected Facility Needs.....	19
Section 6--Growth Related Projects.....	23
Section 7--Capital Instructional Facilities Plan	26
Section 8--Six Year Financing Plan	27
Section 9--Impact Fees.....	30
Appendices A-C.....	33

Executive Summary

SECTION 1 -- INTRODUCTION

Purpose of the Capital Facilities Plan

The Washington State Growth Management Act outlines thirteen broad goals including the adequate provision of necessary public facilities and services. Public schools are among these necessary facilities and services. Public school districts adopt capital facility plans to satisfy the requirements of RCW 36.70A.070 and to identify additional school facilities necessary to meet the educational needs of the growing student populations in their districts.

The Northshore School District (NSD) has prepared this six-year Capital Facilities Plan (CFP) in accordance with the Washington State Growth Management Act, the Codes of King and Snohomish Counties, and the cities of Bothell, Kenmore, Kirkland and Woodinville. This CFP is intended to provide these jurisdictions with a description of projected student enrollment and school capacities at established levels of service over the six-year period 2017-2022. It also provides longer-term enrollment projections. The role of impact fees in funding school construction is addressed in Section 9 of this report.

Summary

Over the past five years, District enrollment has grown by nearly 10% or 1,945 new students. The elementary grade span has grown by 888 new students in that time; an equivalent of nearly 2 new elementary schools. Continued growth in elementary enrollment has now resulted in capacity deficits at most schools in the northern and central service areas of NSD. Approval by the community of a 2014 bond measure allowed the district to construct a new high school and prepare to implement district-wide grade reconfiguration (K-5, 6-8 and 9-12) that will provide some elementary capacity relief. That transition is scheduled for the upcoming 2017 school year. Grade reconfiguration, construction and opening of the new North Creek High School, and other associated actions were part of a set of recommendations made by the community based Enrollment Demographics Task Force (EDTF) and unanimously adopted by the School Board at its October 23, 2012 board meeting to address capacity issues and take advantage of instructional program benefits. See *section 5 for more information on EDTF*.

The 2017 CFP includes the construction and opening of North Creek High School, implementation of district-wide school attendance area adjustments, and implementation of grade reconfiguration in the 2017-2018 school year. Also included are proposed new projects to add elementary capacity at the "Maltby" site and an addition at the existing Skyview Middle/Canyon Creek Elementary site to serve both grade levels. State projections of continued increases in birthrates and the continued

increase in new home development in our district may necessitate further increases in elementary or middle school capacity.

As school attendance area adjustments and transportation options become prohibitive in rehousing students to areas of available capacity, the enrollment growth challenge becomes greater. Continued new development and growth in the district has largely been accommodated through: limiting waivers at most schools; converting special-use portables and non-classroom spaces into classroom space; placement of additional portable classrooms; and bussing of kindergarten students to schools with available space. Despite these actions, projections indicate that elementary capacity will continue to be insufficient to meet service levels for the next several years. 2017 grade reconfiguration implementation will provide capacity relief at the majority of elementary sites but as new residential growth continues, elementary capacities will remain tight even after grade reconfiguration. If population growth continues or as legislative changes are mandated that affect space needs for class size reductions, additional elementary and/or secondary capacity may be required.

This CFP also includes district-wide full-day Kindergarten in its projections for 2017 and beyond (*not included for 2016*) but does not reflect change in K-3 class size ratios. Implementation of any class size changes has not been finalized by the state. If the State Legislature funds implementation or finalizes those plans, future updates to the Capital Facilities Plan will reflect those adjustments.

Overview of the Northshore School District

The Northshore School District (NSD) spans 60 square-miles and primarily serves seven jurisdictions: King County, Snohomish County, the City of Bothell, the City of Brier, the City of Kenmore, the City of Kirkland and the City of Woodinville. The King-Snohomish county line divides the District such that roughly two-thirds of the district are in King County and one-third in Snohomish County. NSD has a population of approximately 136,500 and a 2016 student enrollment of 21,285. Northshore School District presently operates twenty elementary schools, six junior high schools, three comprehensive high schools, one alternative school program, and one early childhood center. The current grade configuration is K-6, 7-9 and 10-12 with a planned transition in the fall of 2017 to a K-5, 6-8 and 9-12 model.

The Urban Growth Area boundary (UGA) divides the District, creating capacity utilization challenges. As new residential development continues to occur at a rapid pace, land for potential new school sites is increasingly scarce. In 2010, after site feasibility review, the district purchased a 33-acre site located just outside the UGA but with great proximity to the heaviest enrollment growth in the northern area of our district boundaries. This site is referred to as the "Maltby" site and is the location of the district's proposed new school construction site in this CFP. The district is also proposing a new capacity addition at the existing school sites containing Skyview Jr.

High/Middle School and adjacent Canyon Creek Elementary. See Section 5 for more on these growth-related projects and a map of the property locations.

SECTION 2 -- STUDENT ENROLLMENT TRENDS AND PROJECTIONS

Introduction

Elementary enrollment has been growing over the past several years, primarily due to larger birth cohorts and an increase in new single-family home development. This wave of elementary enrollment growth is beginning to move into the middle and high school grades and is anticipated to continue to over the next 5 to 10 years.

Projections, based on data provided by state and local jurisdictions, indicate that this trend of an improved real estate market and increased birth cohorts will continue to fuel higher enrollments over the next decade. The birth cohorts since 2006 have been substantially larger than the numbers seen between 1996 and 2005. As a result, continued growth is expected in K-12 enrollment between 2017 and 2025.

Similar to past years, this year's projections considered regional and local trends in population growth, birth rates, and housing development, analyzing corresponding projections down to the school feeder pattern level. Growth rates were adjusted based on permit information specific to those respective areas. The resulting trends were used to further refine the projection methodology for enrollment forecasts used in this document. The following section describes in more detail the assumptions used to develop the forecast and compares the result of this projection to other available methodologies.

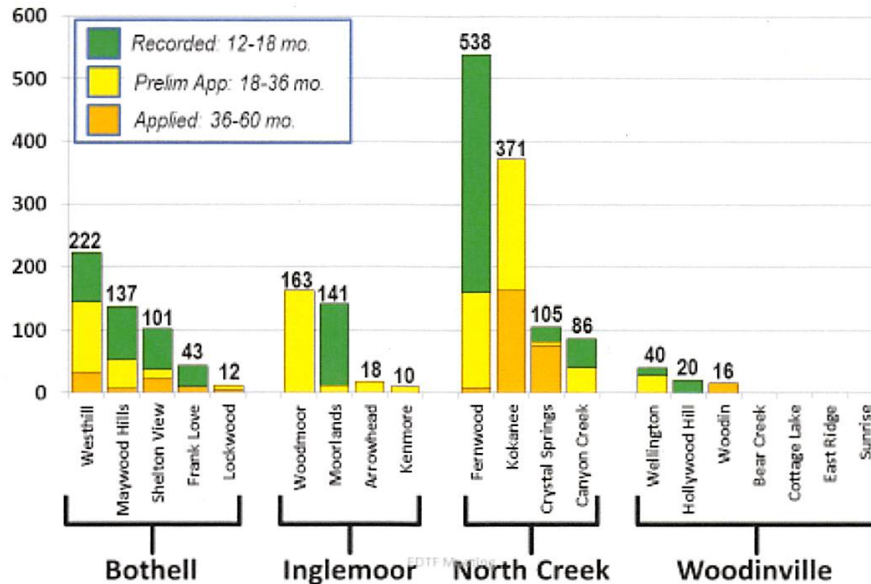
Methodology

Numerous methodologies are available for projecting long-term enrollments. The most common method is known as cohort survival which tracks groups of students through the system and adjusts the populations to account for the average year-to-year growth. For example, this year's fourth grade is adjusted based on the average enrollment trend of the past in order to estimate next year's fifth grade enrollment. This calculation method considers the past five years' trends to determine the average adjustment factor for each grade, or cohort. The method works well for all grades except kindergarten, where there is no previous year data. For kindergarten, two methodologies are generally used: A linear extrapolation from the previous five years of kindergarten enrollment, assuming that there is a trend; or, alternatively, a comparison of the kindergarten enrollment to births from five years prior can be used to calculate a "birth-to-k" ratio. For example, kindergarten enrollment in 2016 is divided by the total births in King and Snohomish counties in 2011 to produce a birth-to-k ratio. The average ratio for the last five years can then be applied to births in subsequent years to estimate kindergarten enrollment.

The cohort survival method has been used by OSPI to predict enrollment for all districts in the state. In past years, OSPI has used a 6-year cohort average for grades 1-12 and a linear extrapolation method at kindergarten. In 2008, OSPI commissioned a study to evaluate the effectiveness of this method for predicting enrollment. The report recommended the use of the "birth-to-k" method for predicting kindergarten enrollment and the use of a housing adjustment factor for districts that are likely to be impacted by large numbers of new housing developments.

The cohort survival method generally works well for districts that have a consistent trend of gradual increases or declines in enrollment. It is less reliable in districts where spikes in demographic trends (especially a marked increase or decrease in new housing) can lead to dramatic swings in enrollment from one year to the next. In addition, the use of the linear extrapolation method at the kindergarten level can result in a distorted trend since it does not consider changes in birth rate trends. Combining cohort survival with other information about births, housing, regional population trends, and even trends in service area and private school enrollment can sometimes provide for a more accurate forecast.

Over the past five years, 2,685 new single family homes have been permitted in the District. 890 of those new homes were concentrated in the north-end of the district (the Fernwood Elementary service area). On average, the District has seen 600 new home sales per year (district-wide) in that same period. Building permit information that the District has received from the jurisdictions shows continuing strong new home construction and resulting enrollment gains over the six-year period in this forecast. K-12 enrollment in the District is likely to continue growing beyond the six years of this forecast because of continued increases in the K-12 population in the county (from births). Northshore School District will see some share of this future K-12 growth, though it may be lower than recent years, if new housing development lags the current trends. A chart of new residential building permits currently in some phase of the development process is shown below. It illustrates the number of permits by elementary school service area and corresponding high school feeder pattern against the approximate period of time before the homes are completed (1-5 years):

Active New Home Permits: A snapshot of the Pipeline

This new home permit chart clearly illustrates the high concentration of new home permits in the northern portion of the district (North Creek High School feeder pattern). In the past 5 years, Fernwood Elementary and Kokanee Elementary have received the largest number of new students generated from new home development (489 elementary students representing over half of the total district-wide new elementary students generated from new housing; the equivalent of 1 new elementary school). The current new home permits in the development pipeline show continued concentration in that region of the district. Using the current elementary student generation rate, this results in an estimated increase of 240 K-5 students from the new homes expected to complete construction within the next 12-18 months in that same geographic area.

Table 2-1 shows the enrollment forecast that combines cohort survival methodology with information about new housing, the District's predicted share of the King and Snohomish County births, and any predicted gains or losses in the District's market share. Market share refers to the District's share of the K-12 public school population in the region as well as any expected effect from private schools.

For this forecast, the average rollup at existing grades was combined with estimates of growth that might be expected from new housing, and assumptions about market share gains or losses that the District is likely to see at certain grade levels. Estimates of housing growth for this model were obtained from building permit information provided by the respective jurisdictions. Overall enrollment is predicted to

increase between 2017 and 2022. Junior High/Middle School and High School enrollment are projected to grow more strongly in the forecasted period as the larger elementary classes from recent years roll up through the grades.

Middle School (6-8) enrollment is projected to increase from 4,960 in October 2016 to 5,631 by October 2022. High School enrollment (9-12) is projected to increase from 6,142 in October 2016 to 6,976 by October 2022. In total, the projected increase in K-12 enrollment is 1,868 over the six-year period.

TABLE 2-1

FTE Enrollment Projections (including housing permit data and birth rate data)

Grade	Actual	Projections					
	16/17	17/18*	18/19	19/20	20/21	21/22	22/23
K	1472	1588	1571	1591	1608	1598	1604
1	1742	1693	1716	1698	1720	1738	1727
2	1729	1801	1730	1755	1736	1758	1777
3	1805	1781	1834	1762	1787	1768	1791
4	1707	1837	1813	1866	1794	1819	1799
5	1728	1731	1867	1842	1896	1823	1848
6	1663	1731	1737	1873	1848	1902	1829
7	1630	1686	1750	1756	1893	1868	1923
8	1667	1636	1696	1761	1767	1904	1879
9	1531	1684	1653	1713	1778	1785	1924
10	1607	1547	1675	1624	1680	1743	1744
11	1465	1565	1506	1632	1582	1637	1697
12	1539	1463	1563	1504	1630	1590	1611
Total K-6	11,846	K-5	10,431	10,531	10,514	10,541	10,546
Total 7-9	4,828	6-8	5,053	5,183	5,390	5,508	5,631
Total 10-12	4,611	9-12	6,259	6,397	6,473	6,670	6,976
District Total	21,285		21,743	22,111	22,377	22,719	23,153

Long Range Projections

The methodology described above was extrapolated to 2026 to produce a longer-range forecast. In general, this model assumes that enrollment in the period between 2020 and 2026 will grow at a rate that is similar to the overall county. Similar to the methodology used above, the average cohort survival rollup-rate for each grade was calculated and applied at each grade level to predict the growth in each subsequent year. Kindergarten was projected using the birth-to-k ratio method described above.

Longer-range birth forecasts were arrived at by applying the most recent average of the birth rates in each county (two-year average) to the projected number of women expected to reach their child-bearing years over the next decade (using forecasts from the Office of Financial Management at the State of Washington). The average birth-to-k ratio for the last 5 years was then applied to the projected births to predict kindergarten enrollment. A growth factor was then applied to each of the grade level projections (K-12) to account for expected K-12 population growth between 2026 and 2035. This factor was based on a forecast of county K-12 enrollment that used cohort survival trends, birth forecasts, and projected population growth for the county (again using the medium range county forecast obtained from OFM).

Using this methodology, the District's enrollment shows continued growth from 2022 to 2026. Enrollment in 2022 is projected to be 23,153 and 23,621 in 2026. This longer range model assumes that the State forecasts of more births, more K-12 growth, and continued population growth for the Puget Sound are reasonably accurate.

Obviously, future growth trends are somewhat uncertain. Changes in population growth, fertility rates, new housing development slowdown, or a sharp downturn in the economic conditions in the Puget Sound region could have a major impact on long term enrollment, making it significantly lower or higher than the current estimate. Given this uncertainty, the current projection should be considered a reasonable estimate based on the best information available, but subject to change as newer information about trends becomes available.

TABLE 2-2
Projected FTE Enrollment

Level	2016*	2022	2026
Elementary:	10,183	10,546	10,659
Middle School:	4,960	5,631	5,596
High School:	6,142	6,976	7,366
Total:	21,285	23,153	23,621

*Assumes grade reconfiguration and full-day kindergarten for purposes of comparison.

SNOHOMISH COUNTY/OFM PROJECTIONS

Using OFM/County data as a base, the District projects a 2035 student FTE population of 26,394. This is based on the OFM/County data for the years 2000 through 2015 and the District's average fulltime equivalent enrollment for the corresponding years. For the years 2000 to 2015, the District's actual enrollment averaged 47.9% of the OFM/County population estimates. However, this figure is misleading in that it assumes that all of the District's students reside in Snohomish County. This is not the case given that the District's boundaries include both King and Snohomish County. As

such, the projections are highly speculative and are used only for general planning purposes.

TABLE 2-2.1
Projected FTE Enrollment - 2035 OFM Estimates*

Level	2015	2035
Elementary (K-5):	10,155	12,933
Middle School (6-8):	4,747	6,071
High School (9-12):	6,006	7,390
Total:	20,908 FTE	26,394 FTE

*Assumes that percentage per grade span will remain constant through 2035; also assumes grade reconfiguration and full-day kindergarten for purposes of comparison.

Note: Snohomish County Planning and Development Service provided the underlying data for the 2035 projections.

SECTION 3 -- DISTRICT STANDARD OF SERVICE

Primary Objective

Optimizing student learning is the heart of what Northshore School District strives for in establishing its service standard for classroom capacity utilization. This requires a constant review and assessment of curriculum and instructional changes, student learning behaviors, learning environments, technological innovations and program development. Additional variables include changes in mandatory requirements dictated by the state, such as the implementation of full day kindergarten, Core 24 graduation requirements and potential reduction in class size ratios. These elements as well as demographic projections are weighed when determining service levels.

Grade Reconfiguration and Instructional Program Changes

In the fall of 2017, NSD is implementing a reconfiguration of its instructional model to a four-year (9-12) high school, a 6-8 middle school and a K-5 elementary school model. While NSD has been successful in generating high graduation rates and test scores with its current grade configuration, the shift and adoption of Common Core State Standards (CCSS) and Next Generation Science Standards (NGSS) with grade bands of K-5, 6-8, and 9-12 standards, Smarter Balanced Assessments, the developmental needs and maturity level of our students will be more effectively met with this grade reconfiguration as well as providing fewer transitions between critical grades and a more effective match of resources with the needs of students. Additionally, grade reconfiguration will provide some capacity relief at the elementary grade span. Specific room standards are not expected to change based on the new grade reconfiguration itself. Changes mandated by the State affecting the highly capable program will likely further complicate site capacity issues. Assessment of that impact is still in progress.

Existing Programs and Standards of Service

The District currently provides traditional educational programs and nontraditional programs (See Table 3-1) such as special education, expanded dual language education, intervention programs (social/emotional and academic), alcohol and drug education, preschool and daycare programs, home school, computer labs, music programs, movement programs, etc. These programs are regularly reviewed to determine the optimum instructional methods and learning environments required at each school. The required space for these programs as well as any supporting space is determined by noise, level of physical activity, teacher to student ratios, privacy and/or the need for physical proximity to other services/facilities. Adequate space must exist for program flexibility, differing learning styles, program changes, project/problem based learning and pre- and post-school activities. For example, service level capacities in rooms utilized for programs such as special education would reflect lower capacities of the defined service levels (See Table 3-2), eight

students per classroom instead of 24 students per classroom. A second example is the Dual Language program with one to two dedicated classrooms at each grade level, in addition to the regular education classrooms. These classes have a scheduled use of 24 students per room.

Special teaching stations and programs offered by the District at specific school sites are included in Table 3-1.

TABLE 3-1
Programs and Teaching Stations

	Elementary	Secondary
Computer Labs	X	X
Group Activities Rooms	X	
Elementary Advanced Placement (EAP)	X	
Advanced Academic Placement (AAP)		X
All Day Kindergarten	X	
Parents Active in Cooperative Education (PACE)	X	
Special Education: • Learning Centers (LC) • Mid-Level (Sensory; Social Emotional at elementary. Positive Behavior Support at secondary) • Blended • Functional Skills & Academics • Adult Transitions Program (ATP) for 18-21 year olds	X	X
Learning Assistance Program (LAP)/Title I (Elementary & Middle School)	X	X
English Language Learners (ELL)	X	X
Title I	X	
Dual Language (DL)	X	
Home School	X	X
Alternative School Program		X
Career Technical Education (CTE) – including specialized programs such as Automotive, Composites, Culinary Arts, Robotics, Sustainable Engineering and Design, Project Lead the Way)		X
International Baccalaureate (IB) & Advanced Placement (AP)		X
Running Start		X
College in the High School		X

A number of the above programs affect the capacity of some of the buildings housing these programs. Special programs usually require space modifications and frequently have lower class sizes than other, more traditional programs; this potentially translates into greater space requirements. These requirements affect the utilization of rooms and result in school capacities varying from year to year (as programs move or grow, depending on space needs, capacity can change or decline in a school).

Teaching station loading is identified in Table 3-2. Class sizes are averages based on actual utilization as influenced by state funding and instructional program standards. The District's standard of service is based on state and/or contractual requirements.

TABLE 3-2
Standard of Service –Class Size (Average)

Classroom Type	Elementary – Average Students Per Classroom	Junior High – Average Students Per Classroom	High School – Average Students Per Classroom
Kindergarten	22	NA	NA
Regular, Alternative, EAP, AAP, AP, IB	24	27	27
Regular (portables)	24	27	27
Special Education – Mid Level	12	12	12
Special Education – Functional Skills and Academics	8	8	8
Blended (15 regular & 6 special education students)	21	NA	NA
Special Education Preschool	8	NA	NA
CTE	NA	27	27

Snohomish County has requested that the District's plan include a report regarding the District's compliance with the District's minimum levels of service for the years 2013-14 and 2014-15. Table 3-3 shows the District's average students per teaching station as a measurement of its minimum levels of service as of October 1 for each year.

TABLE 3-3
Average Students per Scheduled Teaching Station

Grade Level	# of Scheduled Teaching Stations	Minimum Level of Service	2013-14 Average LOS	2014-15 Average LOS
K - 6	497	24	20.1	20.8
7 - 9	230	27	19.4	19.1
10 - 12	220	27	19.9	20.2
Total	947			

SECTION 4 -- CAPITAL FACILITIES INVENTORY

Under the Growth Management Act, a public entity must periodically determine its capacity by conducting an inventory of its capital facilities. Table 4-1 summarizes the capacity owned and operated by the District. Information is also provided on relocatable classrooms (portables), school sites and other district owned facilities or land.

Variations in student capacity between schools are often a result of the number of specialized programs offered at specific schools. These programs require classroom space, which can reduce the permanent capacity of the school. Further, capacities will change from year-to-year based on changes to existing instructional programs, projected future programs and the resulting required space needed to deliver the instructional model at each specific site. To monitor this, and for use in preliminary capacity planning, the District establishes classroom capacities for planning purposes. This is the maximum number of students a school can accommodate based on a standard room capacity. These figures are then compared to the actual room utilization rate on a regular basis. Capacity takes into consideration the specific programs that actually take place in each of the rooms. For example, capacities in rooms utilized for programs such as special education would reflect the defined service levels (see *Table 3-2*), ranging from 8 to 24 students per room. Because of the need to provide planning time and space for teacher preparation or other required services, some facilities will only support a capacity utilization of 85%. In secondary schools, the utilization percentage may be higher. Capacities are updated annually in the CFP to reflect current program needs and classroom utilization.

Schools

The District currently operates twenty elementary schools, six junior high schools, and three comprehensive high schools. The District also has one alternative secondary school program, a home school program and an early childhood center. In September of 2017, the District will open its fourth comprehensive high school, North Creek High School.

TABLE 4-1
2016-17 School Capacity Inventory

School	Year Built	Last Modernization or addition	Permanent Classroom Capacity	Portables			Total Capacity
				Total #	Interim Capacity	% of Total	
Arrowhead	1957	1994/2011	312	4	96	23.5%	408
Bear Creek	1988	2011	408	0	0	0.0%	408
Canyon Creek	1977	1999/2008	456	10	240	34.5%	696
Cottage Lake	1958	2005	336	0	0	0.0%	336
Crystal Springs	1957	2002/2010	336	10	240	41.7%	576
East Ridge	1991		432	0	0	0.0%	432
Fernwood	1988	2002/2010	480	13	312	39.4%	792
Frank Love	1990		336	14	336	50.0%	672
Hollywood Hill	1980	2001	384	1	24	5.9%	408
Kenmore	1955	2002/2011	408	6	144	26.1%	552
Kokanee	1994		408	12	288	41.4%	696
Lockwood	1962	2004/2011	480	5	120	20.0%	600
Maywood Hills	1961	2002	384	10	240	38.5%	624
Moorlands	1963	2002/2011	432	9	216	33.3%	648
Shelton View	1969	1999/2011	384	2	48	11.1%	432
Sorenson ECC *	2002			2	0		0
Sunrise	1985		456	1	24	5.0%	480
Wellington	1978	2000/2011	504	2	48	8.7%	552
Westhill	1960	1995/2011	336	5	120	26.3%	456
Woodin	1970	2003	432	6	144	25.0%	576
Woodmoor	1994		792	0	0	0.0%	792
Subtotal			8,496	110	2,640	23.7%	11,136
Canyon Park	1964	2000/2005	941	2	46	4.7%	987
Kenmore	1961	2002/2008/2012	849	1	23	2.6%	872
Leota	1972	1998	803	6	138	14.6%	941
Northshore	1977	2004	872	2	46	5.0%	918
Skyview	1992		895	6	138	13.3%	1,033
Timbercrest	1997		872	1	23	2.6%	895
Subtotal			5,233	18	413	7.3%	5,646
Bothell	1953	2005	1,895	0	0	0%	1,895
Inglemoor	1964	2000	1,677	6	146	8.0%	1,823
Woodinville	1983	1994/2008 2011/2016	1,701	0	0	0.0%	1,701
SAS	2010		173	0	0	0	173
Subtotal			5,446	6	146	2.6%	5,592
Total K-12 All			19,175	134	3,199	11.2%	22,373

*Sorenson Early Childhood Center serves students age 3-5yrs and does not provide any capacity for K-5 grades

Relocatable Classroom Facilities (Portables)

Portable classrooms provide interim classroom space to house students until permanent facilities can be constructed and to prevent over-building. Traditionally, the District has aimed to keep its total capacity utilized by portables at or below 10% to 15% percent of its total capacity. However, growth and resulting enrollment increases have resulted in a current utilization of 23.7% at the elementary grade level being housed in portable or interim classroom space. This percentage fluctuates, impacted by growth and changes in instructional program needs. Portables are utilized to help achieve efficient facility utilization and balance economic costs while encouraging innovation and new approaches, particularly for non-core or pilot programs. As funding for permanent capacity is secured through bond financing, or other changes occur, such as the revision of instructional programs or lower enrollment projections; the need for portables is reassessed. While some portables may be removed from sites as new schools come online, the District anticipates continued need at this time to utilize portables as a critical component of student capacity.

A typical portable classroom provides capacity for 24 students at the elementary level or 27 at the secondary level. Portables are used to meet a variety of instructional needs. Of the 149 portable classrooms that the District owns, 134 are used as classrooms housing students for scheduled classes. Within the financial capabilities of the District, the intent is to minimize the use of portables for scheduled classes. However, as Table 4-1 indicates, recent growth in NSD has pushed reliance on portables for scheduled classrooms to a higher than desired percentage. Not included in the interim classroom capacity are portables that are used for daycare, PTA, conference rooms/resource rooms, or other non-instructional uses. A summary of portables is presented in Table 4-2.

Table 4-2: 2016-17 Portable Classroom Summary

School	Total Portables	Classroom Portables	Interim Student Capacity
Arrowhead	5	4	96
Bear Creek	0	0	0
Canyon Creek	12	10	240
Cottage Lake	0	0	0
Crystal Springs	10	10	240
East Ridge	0	0	0
Fernwood	17	13	312
Frank Love	14	14	336
Hollywood Hill	1	1	24
Kenmore	7	6	144
Kokanee	12	12	288
Lockwood	6	5	120
Maywood Hills	10	10	240
Moorlands	9	9	216
Shelton View	4	2	48
Sorenson ECC**	2	0	0
Sunrise	2	1	24
Wellington	4	2	48
Westhill	5	5	120
Woodin	6	6	144
Woodmoor	0	0	0
Subtotal	124	110	2,640
Canyon Park	2	2	46
Kenmore	1	1	23
Leota	7	6	138
Northshore	2	2	46
Skyview	6	6	138
Timbercrest	1	1	23
Subtotal	19	18	413
Bothell	0	0	0
Inglemoor	6	6	146
Woodinville	0	0	0
SAS	0	0	0
Subtotal	6	6	146
Total K-12 All	149	134	3,199

*Sorenson Early Childhood Center serves students age 3-5yrs and does not provide any capacity for K-5 grades

Note: Excluded are portables used for OTPT/LAP/Science Labs/Computer Labs/Admin/ASB/Music.
District portables have adequate remaining useful life and are regularly evaluated.

Other Facilities

In addition to 32 school sites, the District also owns and operates sites that provide transportation, administration, maintenance and operational support to schools. The District also holds undeveloped properties that were acquired for potential development of a facility for instructional use. An inventory of these facilities is provided in Table 4-3 below.

North Creek High School is being built on 61 acres adjacent to the north of Fernwood Elementary. The remaining two undeveloped sites are located in the eastern and northern areas of the District respectively. In June of 2015 the Northshore School District Board of Directors approved a recommendation by the Enrollment Demographics Task Force to consider construction of a new school on the Maltby site and begin planning for its inclusion in the 2018 bond measure.

TABLE 4-3
Inventory of Support Facilities & Undeveloped Land

Facility Name	Building Area (Sq. Feet)	Site Size (Acres)
Administrative Center (Monte Villa)	49,000	5
Support Services Building	41,000	5
Paradise Lake Site*		26
Warehouse	44,000	2
Transportation	39,000	9
Maltby site – site for additional capacity in the district's northern growth corridor – 4709 Maltby Rd.		33
North Creek High School (New High School #4 opening September 2017) 3613 191 st Pl. SE.		61

**Note: Paradise Lake property is located in King County, outside the Urban Growth Area. In 2012, King County prohibited the siting of schools outside the UGA; although the property was purchased prior to that change, it is not currently useable as a potential school site.*

SECTION 5 – GROWTH & PROJECTED FACILITY NEEDS

In 2001, Northshore School District (NSD) Board of Directors established a board policy to create a standing, community-based taskforce to study district-wide demographic changes and the resulting impacts on school capacity needs, instructional programs, or other variables. The Enrollment Demographic Task Force (EDTF) examines enrollment projections, capacity considerations, student impacts, cost impacts, program needs, etc., and recommends potential solutions to the school board. If approved by the board, these recommended actions are implemented by the District and then incorporated into the Capital Facilities Plan.

Over the past five years, district enrollment has grown by nearly 10% or 1,945 new students. The elementary grade span has grown by 888 new students in that time; an equivalent of nearly 2 new elementary schools. To accommodate that growth, EDTF has identified the following strategies (in order of priority) for NSD to employ when addressing existing and future capacity needs. However, by 2017, most of these strategies will have been utilized or maximized, resulting in the need for new school construction recommendations.

Capacity Mitigation Tools Used

Shorter lead time	Utilize existing spaces more creatively	✓	
	Adjust waiver policies	✓	
	Adjust program placements	✓	
	Move classes to another schools	✓	
	Move existing portables	✓	
	Install new portables	✓	
	Lease space	✓	
Longer lead time	Adjust service areas	✓	2017
	Adjust feeder patterns	✓	2017
	New construction (North Creek High School)	✓	2017
	Acquire new property		
	New construction (Maltbysite & Skyview/CC)		2020

Since 2006, NSD has implemented the following specific, growth-related strategies:

- Maximized all available spaces for classrooms (e.g., moved pre-school and before/after care programs out of classrooms/portables, eliminated computer labs (replaced with mobile labs), etc.)
- Revised the district's waiver process to help address enrollment growth issues by closing 19 elementary and 3 junior high schools to in- and out-of-district waivers, and moving three-year waivers to one-year-only waivers.
- Restricted the number of full-day kindergarten classes at several schools (until grade-reconfiguration in 2017)
- Moved kindergarten classes to other elementary schools with space to help manage growth (since 2013-2014 school year)
- **46 portable classrooms** have been placed at elementary schools to accommodate growth in the north/north-central region of the district, the majority of which were placed since 2013 as follows:
 - 2006-2012: 11 portables placed at 5 elementary schools and 1 Jr. High
 - 2013: 10 portables placed at 3 elementary schools
 - 2014: 10 portables placed at 4 elementary schools
 - 2015: 7 portables placed at 4 elementary schools
 - 2016: 8 portables placed at 5 elementary schools
- **2007 adjusted school service area boundaries** for 10 elementary schools
- **2008-2012 modernization projects** completed at 4 secondary schools (*Canyon Park Jr High, Kenmore Jr High, Bothell HS, Woodinville HS*)
- **2009-2011 permanent capacity additions** to 3 elementary schools (*Canyon Creek, Fernwood, and Lockwood*)
- **2010 property purchase** of 33 acres on Maltby Rd (*future school construction site*)
- **2012 property purchase** of 61 acres (*now the North Creek High School site*)
- **2016 implementations include:**
 - Northshore Primary Center (*short-term leased space for Kindergarten*)
- **2017 planned implementations include:**
 - Opening of North Creek High School
 - District-wide grade reconfiguration (K-5; 6-8; 9-12)
 - District-wide school service area boundary changes
 - District-wide adjustments to feeder patterns
 - District-wide full day Kindergarten implementation

In May 2016, the school board approved the following EDTF recommendations specific to accommodating growth:

"Provide flexible capacity to accommodate continued growth and program access by constructing facilities at the Maltby site (capable of supporting 500 elementary and 700 middle school students) as well as a 24+ classroom wing at the Skyview/Canyon Creek campus. Fund these projects using the 2018 bond for potential opening in fall of 2020; and

Continue to look for and acquire property to address future anticipated growth in the north/central portions of the district.."

In the fall of 2016 the Capital Bond Planning Task Force (CBPTF) was selected and convened. The CBPTF meets over the course of several months to analyze the Board approved EDTF recommendations, including construction of the projects above, as well as capital infrastructure and modernization needs across all schools and district facilities using data collected through a state required facility assessment. The CBPTF will make recommendations to the school board for potential projects to include in a capital bond measure to voters in February, 2018.

A long-term projection of un-housed students and facilities needs is shown in Table 5-1 below. The capacity shown includes North Creek High School; new elementary capacity in 2020 on the District's Maltby site; and a classroom addition at Skyview/Canyon Creek (pending Board approval and future bond approval by voters). As with any long-term projections, many assumptions and estimates on housing must be made, increasing the risk associated with the accuracy of the projections.

TABLE 5-1
School Enrollment & Classroom Capacity*

	2016-17*	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Elementary Enrollment*	11,846*	10,431	10,531	10,514	10,541	10,504	10,546
Permanent Capacity - Existing	8,496	8,496	8,496	8,496	8,496	9,196	9,196
New Permanent Capacity – Maltby Site					500**		
New Permanent Capacity – Canyon Crk					200**		
Capacity in Portables	2,640	2,640	2,640	2,640	2,640	2,640	2,640
Total Capacity including Portables	11,136	11,136	11,136	11,136	11,836	11,836	11,836
Permanent Capacity over/(short)	(3,350)	(1,935)	(2,035)	(2,018)	(1,345)	(1,308)	(1,350)
Total Capacity (w/portables)	(710)	705	605	622	1,295	1,332	1,290
Junior High/Middle School Enrollment	4,828*	5,053	5,183	5,390	5,508	5,674	5,631
Permanent Capacity - Existing	5,233	5,233	5,233	5,233	5,233	5,433	5,433
New Permanent Capacity – Skyview MS					200**		
Capacity in Portables	413	413	413	413	413	413	413
Total Capacity with Portables	5,646	5,646	5,646	5,646	5,846	5,846	5,846
Permanent Capacity over/(short)	405	180	50	(157)	(75)	(241)	(198)
Total Capacity (w/portables)	818	593	463	256	338	172	215
High School Enrollment	4,611*	6,259	6,397	6,473	6,670	6,755	6,976
Permanent Capacity - Existing	5,466	5,466	7,046	7,046	7,046	7,046	7,046
New Permanent Capacity – NCHS		1,600					
Capacity in Portables	146	146	146	146	146	146	146
Total Capacity with Portables	5,592	7,192	7,192	7,192	7,192	7,192	7,192
Permanent Capacity over/(short)	835	787	649	573	376	291	70
Total Capacity (w/portables)	981	933	795	719	522	437	216
Total Enrollment	21,285	21,743	22,111	22,377	22,719	22,933	23,153
Permanent Capacity - Existing	19,175	19,175	20,775	20,775	20,775	21,675	21,675
Capacity in New Permanent Facilities	-	1,600		-	900		-
Capacity in Portables	3,199	3,199	3,199	3,199	3,199	3,199	3,199
Total Capacity with Portables	22,373	23,973	23,973	23,973	24,873	24,873	24,873
Permanent Capacity over/(short)	(2,111)	(969)	(1,337)	(1,603)	(1,045)	(1,259)	(1,479)
Total Capacity (w/portables)	1,088	2,230	1,862	1,596	2,154	1,940	1,720

*2016-17 Enrollment reflects K-6, 7-9, and 10-12 grade configuration. Enrollment for 2017 and beyond reflects K-5, 6-8, and 9-12 grade reconfiguration (to be implemented in 2017) as well as full-day Kindergarten, opening of North Creek High School, and school boundary/service area changes in 2017.

**Planned Elementary and Middle School capacity in 2020 dependent upon Board Approval and successful passage of 2018 bond measure.

TABLE 5-2
Year 2025 - Long-term Projection of Enrollment and Capacity

Assumes new capacity projects included in this CFP in 2020 based on school board approval in late spring 2016 of EDTF recommendation for new school construction.

Grade Level	Enrollment	Permanent Capacity	Total Capacity	Permanent surplus/(short)	Total surplus/(short)
Elementary	10,642	9,196	11,836	(1,446)	1,194
Jr. High	5,581	5,433	5,846	(148)	265
High School	7,390	7,046	7,192	(344)	(198)
Total	23,613	21,675	24,873	(1,939)	1,260

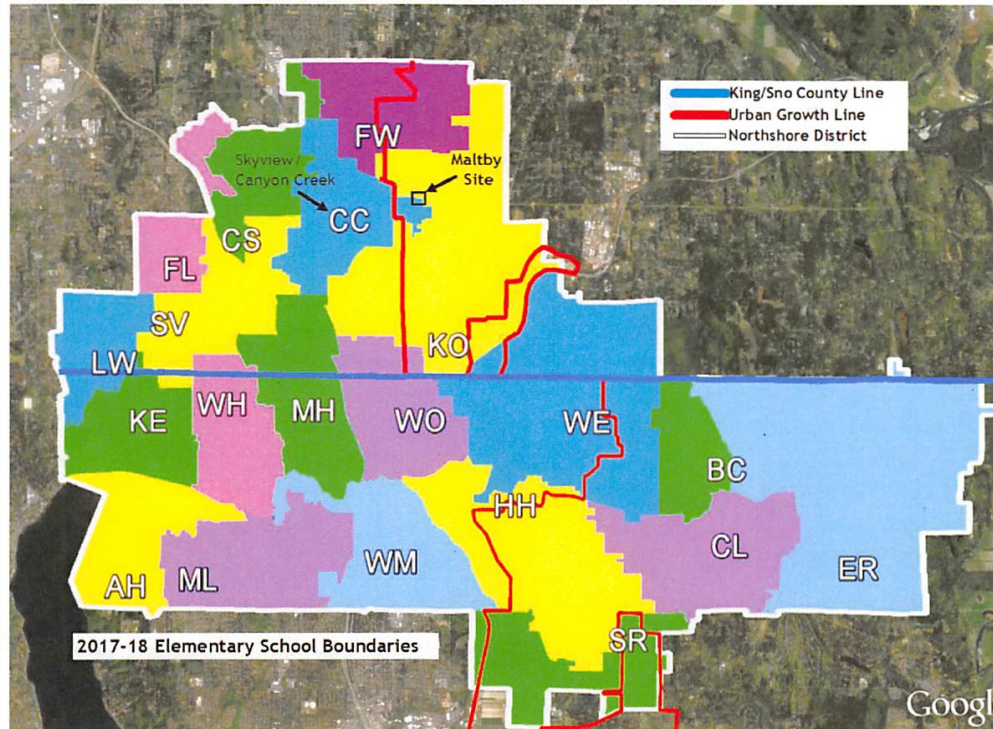
SECTION 6 -- GROWTH RELATED PROJECTS

Planned Improvements - Construction to Accommodate New Growth

The continued increase in enrollment has fully exhausted capacity increases from relocating building programs, portable additions and boundary changes. While some elementary capacity relief will occur from grade reconfiguration in the fall of 2017, as 6th graders move into the middle school program and 9th graders into the four-year high school model, growth continues to outpace school capacity. Growth has been concentrated in northern and central portions of the district. In the past 5 years, Fernwood Elementary and Kokanee Elementary have received the largest number of new students generated from new home development. Fernwood Elementary, the District's northernmost elementary school, has experienced growth pushing its total enrollment to nearly 1,000 students; a figure double the size of the permanent capacity the school was built to serve. Currently, the FW campus contains 17 portable classrooms placed to mitigate the rapid growth in the area. Given the District's northern boundary is less than 1 mile away, constructing a new elementary with proximity to FW and KO, to accommodate the existing student population and continued and projected growth is essential. In 2010, the District purchased a 33 acre site along State Route 524, referred to as the "Maltby" site. This CFP reflects construction of new elementary school capacity at the Maltby site; a classroom addition project at the adjacent sites of Skyview Jr. High/MS and Canyon Creek

Elementary as well as the opening of North Creek High School. The map below illustrates the proximity of both of the new projects to the current new housing development growth within the northern portion of the District.

NORTHSHORE SCHOOL DISTRICT – MAP – NEW HOUSING DEVELOPMENT TRACKING AND PROPOSED NEW CAPACITY LOCATIONS



Long-term projections indicate growth of over 2,300 new students in the next ten years. The District will continue to monitor the multitude of factors that shape our capacity needs, i.e.; statewide legislative changes, instructional delivery requirements, the economy, changes in planned land use, changes in mandated program requirements, building permit activity, and birth rates, in order to help ensure needed instructional space is available when/where needed and will pursue additional land acquisition should construction of additional sites be necessary to accommodate those needs.

Planned Improvements – Existing Facilities (Building Improvement Program)

In a number of other sites where the existing facility layout meets instructional needs and building structural integrity is good, individual building systems are identified for replacement or modernization to extend the life of the overall site and ensure the most optimal learning environment for students. The 2016 Capital Bond Planning Task Force (CBPTF) will make recommendations to the school board for potential building improvement projects to include in a possible capital bond measure to voters in February, 2018. Potential projects could include renovating athletic fields, providing and upgrading technology and replacing/upgrading critical building systems. See Section 7.

Modernizations

The relocations of the alternative program (SAS) and Transportation were completed in fall of 2010. In 2012, modernizations were completed at Woodinville High School (Phase II) and Kenmore Junior High (Phase III). Phase III of Woodinville High School was completed by fall of 2016.

New Facilities and Additions

TABLE 6-1
Planned Construction Projects – Growth Related

Project	Estimated Completion Date	Projected Student Capacity Added
(3613 191 st Pl SE) North Creek High School	2017*	1600
(4709 Maltby Rd) Maltby Site	2020**	500
New Elementary Capacity	TBD	700
<i>New Middle School Capacity – future TBD</i>		
(21404 35 th Ave SE, Bothell)	2020**	200 K-5
Skyview Jr High/MS/Canyon Creek		200 6-8
Elementary & MS expansion		

* Funding included in the 2014 bond. Planned school opening of Sept. 2017.

** Dependent upon Board approval and successful passage of 2018 bond measure.

SECTION 7 – CAPITAL INSTRUCTIONAL FACILITIES PLAN

Six Year Capital Instructional Facilities Construction Schedule (Projects in Bold are Growth Related)

School Year	Projects
2016/2017	North Creek High School WHS Modernization Phase III BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Portable Additions
2017/2018	BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Elementary Modernization/Capacity Addition (Maltby & Canyon Creek) Middle School Modernization/Capacity Addition (Skyview MS)
2018/2019	BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Portable Additions Elementary Modernization/Capacity Addition (Maltby & Canyon Creek) Middle School Modernization/Capacity Addition (Skyview MS)
2019/2020	BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Portable Additions Elementary Modernization/Capacity Addition (Maltby & Canyon Creek) Middle School Modernization/Capacity Addition (Skyview MS)
2020/2021	BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Portable Additions Elementary Modernization/Capacity Addition (Maltby & Canyon Creek) Middle School Modernization/Capacity Addition (Skyview MS)
2021/2022	BIP – Building Improvement Projects Field Improvements Technology Improvements Special Projects Portable Additions

SECTION 8 -- CAPITAL FACILITIES FINANCING PLAN

Funding of school facilities is typically secured from a number of sources including voter-approved bonds, state matching funds, impact fees, and mitigation payments. Each of these funding sources is discussed below.

General Obligation Bonds

Bonds are typically used to fund construction of new schools and other capital improvement projects. A 60% voter approval is required to pass a bond issue. Bonds are sold as necessary to generate revenue. They are then retired through collection of property taxes. Voters approved a bond of \$177.5 million in February 2014 to construct North Creek High School, complete Phase III of Woodinville High School and implement the Building Improvement Projects and other capital infrastructure needs outlined by the Capital Bond Planning Task Force and approved by the school board. The District's Board of Directors will consider approval of a Capital Bond Planning Task Force recommendation and a proposed February 2018 bond measure that would provide funding for growth-related projects included in this Capital Facilities Plan as well as other district-wide Building Improvement or capital infrastructure needs. If approved by voters, the projects contained in the bond measure would be implemented.

State School Construction Assistance

State financial assistance comes from the Common School Construction Fund. Bonds are sold on behalf of the fund then retired from revenues accruing predominantly from the sale of renewable resources (i.e. timber) from state school lands set aside by the Enabling Act of 1889. If these sources are insufficient to meet needs, the Legislature can appropriate funds or the State Board of Education can establish a moratorium on certain projects.

State financial assistance is available for qualifying school construction projects, however these funds may not be received until two to three years after a matched project has been completed. This requires the District to finance the complete project with local funds. Site acquisition and site improvements are not eligible to receive matching funds. These funds, as with all state funded programs, have been reduced and given the current state budget, could be eliminated or eligibility criteria and funding formulas revised. Also, if no changes to existing capacity are made, district demographics are projected to result in a loss of eligibility for state match at the secondary level. The District is currently ineligible for state match at the elementary level. However, the school impact fee formula assumes that the District may receive some portion of state funding assistance for this project. Future updates to this Plan will include updated information.

K-3 Class Size Reduction Grants

In 2015 the Washington State Legislature provided \$234M in funding available for the construction of new elementary classrooms to aid districts in the need to provide

additional space for both full-day Kindergarten and K-3 class size reduction. OSPI administered the grant program and validated the District's need for 64 additional classrooms in order to meet the K-3 class size reduction effort. The District applied for grant funding, but because of prioritization criteria used by OSPI, did not receive any. It is not yet known whether the State will make future rounds of grant funding available.

Impact Fees

The Washington State Growth Management Act (GMA) authorizes cities and counties that plan under RCW 36.70A.040 to collect impact fees to supplement funding of additional system improvements (e.g., public facilities such as schools) needed to accommodate growth from new development. The statute is clear that the financing of needed public facilities to serve growth cannot be funded solely by impact fees but rather must be balanced with other sources of public funds.

Authorization to collect impact fees has been adopted by a number of jurisdictions as a means of supplementing traditional funding sources for construction of public facilities needed to accommodate new development.

Enrollment declines beginning around 2002 kept the district from meeting the required eligibility criteria to collect school impact fees. Because of the statutes and ordinances governing the eligibility criteria for school impact fees, Northshore was not able to re-establish collection of school impact fees until 2016. King County, Snohomish County and the City of Bothell currently collect school impact fees on behalf of the district. In 2016 the District also requested that the cities of Kenmore and Woodinville collect school impact fees.

Budget and Financing Plan

Table 8-1 is a summary of the budget that supports the Capital Facilities Plan. Each project budget represents the total project costs which include; construction, taxes, planning, architectural and engineering services, permitting, environmental impact mitigation, construction testing and inspection, furnishings and equipment, escalation, and contingencies.

The School District's planning for bond issues is outlined on Table 8-1. The District expects the proceeds of the bond sales to be supplemented by state financial assistance. However, since the timing and amounts of these supplemental sources are unpredictable, they have not been included in the District's internal budgeting.

TABLE 8-1
Facilities Plan – Capital Budget – estimated*

	Voter Approved 2014 Bond	Potential 2018 Bond					Future 2022 Bond
2017 CAPITAL FACILITIES PLAN BUDGET* \$\$ In 000's	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
PROJECTS ADDING CAPACITY							
North Creek High School (2017 opening)	15,000	5,000					
SMS/CC Elem & MS Capacity Addition**	1,000	6,000	15,000	15,000	9,000		
New Elementary capacity – Maltby – 2020**		11,500	43,000	30,000			
New Middle School capacity - future					8,500	10,000	
TOTAL PROJECTS ADDING CAPACITY:	16,000	22,500	58,000	45,000	17,500	10,000	
PROJECTS NOT ADDING CAPACITY:							
Woodinville HS Modernization – Phase III	2,200						
Building Improvement Program	2,100	5,000	10,000	10,000	10,000	8,000	
Technology	2,000	2,000	2,000	2,000	1,500	2,000	
Fields	100	1,000	1,000	1,000		2,000	
Code Compliance/Small Works	250	1,500	1,000	2,000	1,000	1,500	
Site Purchase/Circulation	400	2,000	3,585			1,000	
Overhead	1,400	1,400	1,400	1,400	1,500	1,750	
Bond Expenses		550	115	550		550	
TOTAL PROJECTS NOT ADDING CAPACITY:	8,400	13,450	19,100	16,950	14,000	16,800	
Bond Expenditures	24,450	35,950	77,100	61,950	31,500	26,800	

**Note: Projects are dependent upon review/recommendation by a Capital Bond Planning Task Force and School Board approval and passage of related bond measures by voters.*

***Growth related project; subject to school impact fee funding.*

SECTION 9 -- IMPACT FEES

School Impact Fees under the Washington State Growth Management Act

The Growth Management Act (GMA) authorizes jurisdictions to collect impact fees to supplement funding of additional public facilities needed to accommodate growth/new development. Impact fees cannot be used for the operation, maintenance, repair, alteration, or replacement of existing capital facilities used to meet existing service demands.

Enrollment declines beginning around 2002 kept the district from meeting the required eligibility criteria to collect school impact fees. Because of the statutes and ordinances governing the eligibility criteria for school impact fees, Northshore was not able to re-establish collection of school impact fees until 2016. King County, Snohomish County and the City of Bothell currently collect school impact fees on behalf of the district. In 2016 the District also requested that the cities of Kenmore and Woodinville collect school impact fees.

Methodology and Variables Used to Calculate School Impact Fees

Impact fees are calculated based on the District's cost per dwelling unit to, as applicable, purchase land for school sites, make site improvements, construct schools and purchase/install temporary facilities (portables). The costs of projects that do not add capacity are not included in the impact fee calculations. Furthermore, because the impact fee formula calculates a "cost per dwelling unit", an identical fee is generated regardless of whether the total new capacity project costs are used in the calculation or whether the District only uses the percentage of the total new capacity project costs allocated to the District's growth-related needs.

A student factor (or student generation rate) is used to identify the average cost per dwelling unit by measuring the average number of students generated by each housing type (single family dwelling, multi-family dwellings of one bedroom or less, and multi-family dwellings of two bedrooms or more). The student factor analysis for the District is included in Appendix B. As required under GMA, credits are applied for State School Construction Assistance Funds to be reimbursed to the District, where expected, and projected future property taxes to be paid by the dwelling unit toward a capital bond/levy funding the capacity improvement. Northshore School District's student-generation rate for multi-family dwelling units is presently very low (.058 for all grades combined). The multi-family student factor in Appendix B is based on all multi-family units, consistent with the King County Code provisions, and generates a fee of \$0. As such, the District is not requesting a multi-family school impact fee as a part of this Capital Facilities Plan. Future updates to the CFP may include a request for a multi-family school impact fee.

Snohomish County Code (30.66C) and King County Code (21A.43) establish each jurisdiction's authority to collect school impact fees on behalf of the District. The

formula for calculating impact fees is substantively identical in each code. The codes of each of the cities are similar to those of the counties. These codes establish the conditions, restrictions, and criteria for eligibility to collect impact fees. Both counties in NSD define a school district's "service area" to be the total geographic boundaries of the school district.

NSD updates the Capital Facilities Plan on an annual basis and carefully monitors enrollment projections against capacity needs. If legally supportable, NSD requests its local jurisdictions to collect impact fees on behalf of the District.

The impact fees requested in this year's Capital Facilities Plan are based on the new elementary school capacity.

Impact Fee Schedules

The impact fee calculations in accordance with the formulas applicable to all jurisdictions are shown below:

TABLE 9-1
Impact Fee Schedule – All Jurisdictions

Housing Type	Impact Fee per Unit
Single-family*	\$10,573
Townhome*	\$10,573
Multi-family	\$0
Multi-family (2+ Bedroom)	\$0

**Townhome Note: Per Snohomish County Code 30.91D.525, townhomes are defined as single-family dwelling units: "Townhouse means a single-family dwelling unit constructed in a group of three or more attached units in which each unit extends from the foundation to roof and has open space on at least two sides. The term includes a townhouse constructed as a zero lot line development and a townhouse on a single lot."*

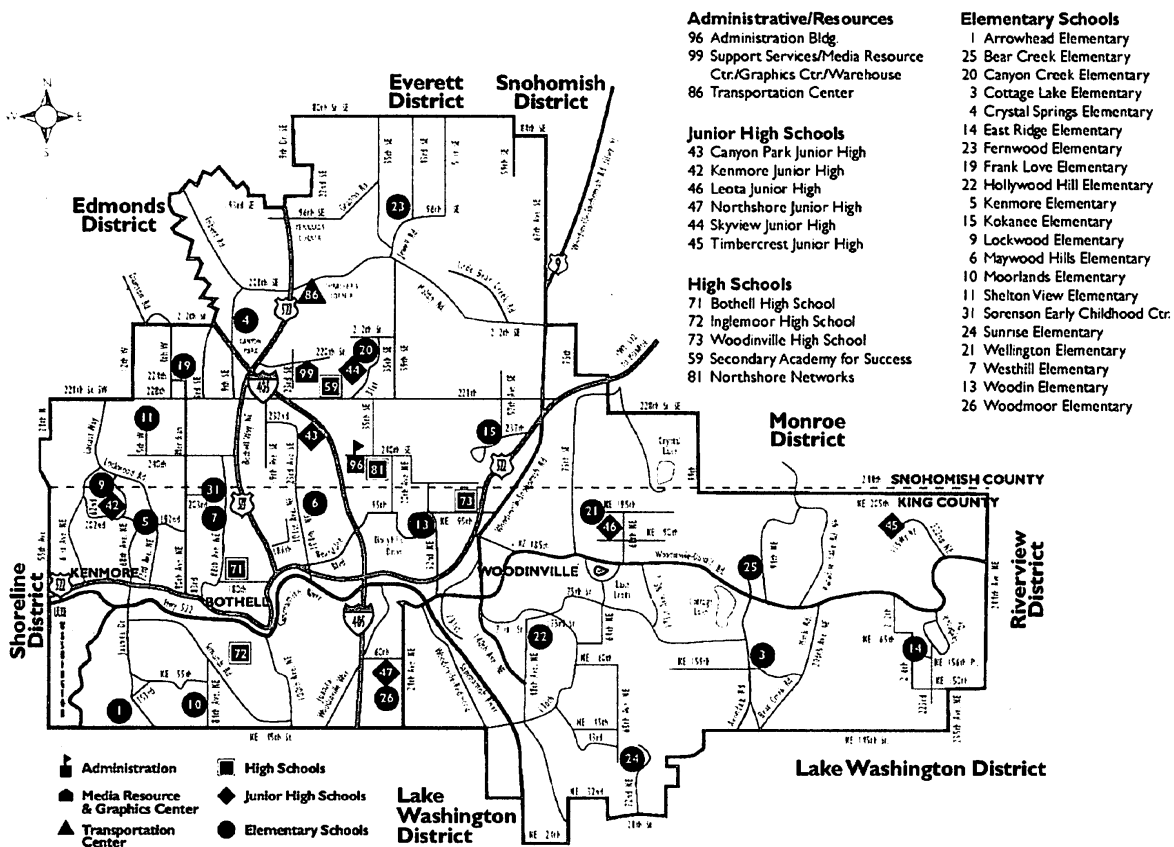
***Multi-Family Note: Northshore School District's student generation rate from Multi-Family dwelling units is nearly zero (.058). This low generation rate results in a \$78 impact fee when applied in the required impact fee formula (see Appendix C.) However, given administrative costs and fees associated with collecting school impact fees, NSD is not requesting a multi-family fee at this time.*

Please see Table 8-1 and 10-1 for relevant cost data related to each capacity project and the variables used to calculate the impact fees. See Appendix C for the impact fee calculations.

Table 10-1: Impact Fee Variables

Student Generation Factors – Single Family		Average Site Cost/Acre	
Elementary	.331		
Middle	.108		
Senior	.081		
Total	.519		
Student Generation Factors – Multi Family (1 Bdrm)		Temporary Facility Capacity	
Elementary	.000	Capacity	
Middle	.000	Cost	
Senior	.000		
Total	.000		
Student Generation Factors – Multi Family		State Match Credit	
Elementary	.036	Current State Match Percentage	42.29%
Middle	.013		
Senior	.009		
Total	.058		
Projected Student Capacity per Facility		Construction Cost Allocation	
New Elementary (new construction) - 500		Current CCA	213.23
Facility Construction Cost		District Average Assessed Value	
New Elementary School	\$51,042,026	Single Family Residence	\$548,282
Permanent Facility Square Footage		District Average Assessed Value	
Elementary	1,007,050	Multi Family (1 Bedroom)	\$96,305
Middle	642,077	Multi Family (2+ Bedroom)	\$297,420
High	666,825		
Total 94.09%	2,315,952		
Temporary Facility Square Footage		SPI Square Footage per Student	
Elementary	113,696	Elementary	90
Middle	20,860	Middle	108
High	10,916	High	130
Total 5.91%	145,472		
Total Facility Square Footage		District Debt Service Tax Rate for Bonds	
Elementary	1,120,746	Current/\$1,000	\$1.78
Middle	662,937		
High	677,741		
Total 100.00%	2,461,424		
		General Obligation Bond Interest Rate	
		Current Bond Buyer Index	3.95%
		Developer Provided Sites/Facilities	
		Value	0
		Dwelling Units	0

Northshore School District



APPENDIX A

APPENDIX B
STUDENT GENERATION RATE ANALYSIS

NSD Student Generation Summaries (Data Compiled by Tetra-Tech)
Permit Years **2011-2016**

Permitted Units District-Wide

	Total Units	Students Generated	Generation Rate
SF Units	2,685	1,394	0.519
MF Units	1,504	87	0.058
<i>Totals</i>	<i>4,189</i>	<i>1,481</i>	<i>0.354</i>

Student Generation Rates by Grade

GRADE	SF		MF	
	Students Generated	Students Generated	SF Generation Rate	MF Generation Rate
K	148	14	0.055	0.009
1	190	8	0.071	0.005
2	158	4	0.059	0.003
3	151	13	0.056	0.009
4	120	8	0.045	0.005
5	121	7	0.045	0.005
6	99	6	0.037	0.004
7	98	5	0.036	0.003
8	92	8	0.034	0.004
9	68	3	0.025	0.002
10	64	2	0.024	0.001
11	48	4	0.018	0.003
12	37	5	0.014	0.003
<i>Total</i>	<i>1394</i>	<i>87</i>	<i><u>0.519</u></i>	<i><u>0.058</u></i>

		SF Kids	MF Kids	SF Units	MF Units	SF Gen Rate	MF Gen Rate
Summary	K-5	888	54	2685	1504	0.331	0.036
	6-8	289	19	2685	1504	0.108	0.013
	9-12	217	14	2685	1504	0.081	0.009
	<i>Total</i>	<i>1394</i>	<i>87</i>			<i>0.519</i>	<i>0.058</i>

APPENDIX C SCHOOL IMPACT FEE CALCULATION

Single Family Dwelling Unit
Northshore School District 2017 CFP

School Site Acquisition Cost:

	<u>Site Size Acreage</u>	<u>Cost/ Acre</u>	<u>Facility Size</u>	<u>Site Cost/ Student</u>	<u>Student Factor</u>	<u>Cost/ SFDU</u>
Elementary	10	\$0	500	\$0	0.3307	\$0
Middle	20	\$0	700	\$0	0.1076	\$0
Senior	40	\$0	1500	\$0	0.0808	\$0

School Construction Cost:

	<u>Sq. Ft. % Permanent</u>	<u>Facility Cost</u>	<u>Facility Size</u>	<u>Bldg. Cost / Student</u>	<u>Student Factor</u>	<u>Cost/ SFDU</u>
Elementary	94.09%	\$51,042,026	500	\$102,084	0.3307	\$31,767
Middle	94.09%	\$0	700	\$0	0.1076	\$0
Senior	94.09%	\$0	1500	\$0	0.0808	\$0

Temporary Facility Cost:

	<u>Sq. Ft. % Temporary</u>	<u>Facility Cost</u>	<u>Facility Size</u>	<u>Bldg. Cost / Student</u>	<u>Student Factor</u>	<u>Cost/ SFDU</u>
Elementary	5.91%	\$0	25	\$0	0.3307	\$0
Middle	5.91%	\$0	25	\$0	0.1076	\$0
Senior	5.91%	\$0	25	\$0	0.0808	\$0

State School Construction Funding Assistance Credit

	<u>Const. Cost Allocation</u>	<u>OSPI Sq. Ft/ Student</u>	<u>Funding Assistance</u>	<u>Credit/ Student</u>	<u>Student Factor</u>	<u>Cost/ SFDU</u>
Elementary	213.23	90	42.29%	\$8,116	0.3307	\$2,684
Middle	213.23	108	0.00%	\$0	0.1076	\$0
Senior	213.23	130	0.00%	\$0	0.0808	\$0

APPENDIX C
SCHOOL IMPACT FEE CALCULATION

School Impact Fee Calculation
Single Family Dwelling Unit
Northshore School District 2017 CFP

Tax Payment Credit Calculation

Average SFR Assessed Value	\$548,282
Current Capital Levy Rate/\$1000	\$1.78
Annual Tax Payment	\$975.94
Years Amortized	10
Current Bond Interest Rate	3.95%
Present Value of Revenue Stream	\$7,936

Impact Fee Summary - Single Family Dwelling Unit:

Site Acquisition Cost	\$0
Permanent Facility Cost	\$31,767
Temporary Facility Cost	\$0
State SCFA Credit	(\$2,684)
Tax Payment Credit	(\$7,936)
Unfunded Need	\$21,146
50% Required Adjustment	\$10,573

Single Family Impact Fee	\$10,573
---------------------------------	-----------------

APPENDIX C SCHOOL IMPACT FEE CALCULATION

School Impact Fee Calculation - Multi Family Dwelling Unit
Northshore School District 2017 CFP

School Site Acquisition Cost:

	<u>Site Size Acreage</u>	<u>Cost/ Acre</u>	<u>Facility Size</u>	<u>Site Cost/ Student</u>	<u>Student Factor</u>	<u>Cost/ MFDU</u>
Elementary	10	\$0	500	\$0	0.0359	\$0
Middle	20	\$0	700	\$0	0.0126	\$0
Senior	40	\$0	1500	\$0	0.0093	\$0

School Construction Cost:

	<u>Sq. Ft. % Permanent</u>	<u>Facility Cost</u>	<u>Facility Size</u>	<u>Bldg. Cost / Student</u>	<u>Student Factor</u>	<u>Cost/ MFDU</u>
Elementary	94.09%	\$51,042,026	500	\$102,084	0.0359	\$3,449
Middle	94.09%	\$0	700	\$0	0.0126	\$0
Senior	94.09%	\$0	1500	\$0	0.0093	\$0

Temporary Facility Cost:

	<u>Sq. Ft. % Temporary</u>	<u>Facility Cost</u>	<u>Facility Size</u>	<u>Bldg. Cost / Student</u>	<u>Student Factor</u>	<u>Cost/ MFDU</u>
Elementary	5.91%	\$0	25	\$0	0.0359	\$0
Middle	5.91%	\$0	25	\$0	0.0126	\$0
Senior	5.91%	\$0	25	\$0	0.0093	\$0

State School Construction Funding Assistance Credit

	<u>Const. Cost Allocation</u>	<u>OSPI Sq. Ft/ Student</u>	<u>Funding Assistance</u>	<u>Credit/ Student</u>	<u>Student Factor</u>	<u>Cost/ MFDU</u>
Elementary	213.23	90	42.29%	\$8,116	0.0359	\$291
Middle	213.23	108	0.00%	\$0	0.0126	\$0
Senior	213.23	130	0.00%	\$0	0.0093	\$0

APPENDIX C SCHOOL IMPACT FEE CALCULATION

School Impact Fee Calculation Multi Family Dwelling Unit Northshore School District 2017 CFP

Tax Payment Credit Calculation

Average MFR Assessed Value	\$207,420
Current Capital Levy Rate/\$1000	\$1.78
Annual Tax Payment	\$369.21
Years Amortized	10
Current Bond Interest Rate	3.95%
Present Value of Revenue Stream	\$3,002

Impact Fee Summary - Multi Family Dwelling Unit:

Site Acquisition Cost	0
Permanent Facility Cost	\$3,449
Temporary Facility Cost	\$0
State SCFA Credit	(\$291)
Tax Payment Credit	(\$3,002)
Unfunded Need	\$155
50% Required Adjustment	\$78

Multi-Family Impact Fee	\$0
--------------------------------	------------

Attachment 2



**Northshore
School
District**

22105 23rd Drive SE
Bothell, WA 98021
(425)408-7850

Capital Projects

January 5, 2017

Deborah Bent, AICP
Community Development Director
18120 68th Ave NE
P.O. Box 82607
Kenmore, WA 98028

RE: Comprehensive Plan Docket Request – Adoption of the Northshore School District's Capital Facilities Plan and school impact fees

Dear Ms. Bent:

The Northshore School District (the "District") requests that the City of Kenmore (the "City") adopt the District's Capital Facilities Plan (the "CFP") by reference in the Capital Facilities element of the City's Comprehensive Plan and re-implement the collection of school impacts at the rates set forth in the District's CFP. The GMA identifies schools as within the public facilities necessary to support development. RCW 36.70A.020(12) and RCW 36.70A.030(12) and (13). New development benefits from the provision of adequate school capacity and should pay a share of the growth-related costs. School impact fees, while just one component of the capacity funding need, represent a vital component of the funding that the existing community expects will be fairly distributed to new growth.

As you know, the City previously collected school impact fees on behalf of the District. The District has not requested school impact fee collection since 2002, however, due to declining/stable enrollment and available capacity. The District has continued to update the CFP each year to monitor growth and capacity needs. In the last several years, the District has experienced continuing growth in student population and identified related school capacity needs in the 2016 CFP. The District's K-12 student population grew by approximately 8.4% between the years 2010 and 2015. The District projects continued growth of over 2,200 students over the six year planning period. Elementary enrollment (K-5) is predicted to grow from 9,265 FTE in October 2015 to 10,292 FTE by October 2021. While a portion of this growth reflects the implementation of full-day kindergarten, the District also projects enrollment growth from new development at this grade level. The 2016 CFP includes planned capacity at the elementary level to serve new growth and is the basis for the District's recommended school impact fees.

The school impact fee formula, by law, determines a per residential dwelling unit impact cost of building new capacity needed to serve new growth. The formula used to calculate the school impact fee is consistent with the requirements of Chapter 82.02 RCW and adopted as a part of the municipal codes of King County and Snohomish County (jurisdictions collecting impact fees currently on behalf of the District). The formula uses a student generation rate, derived from actual student enrollment data, to determine the per dwelling unit cost of the new capacity. The District applies the student generation rate to an architect's construction cost estimate of the identified growth-related capacity project to determine an initial cost per dwelling unit. The formula calculates a credit for state funding assistance that the District expects to receive toward the capacity project and the estimated tax dollars that a new homeowner will pay toward a school bond to fund the project. These credits are then deducted from the calculated cost per dwelling unit to identify the "unfunded need." The District, pursuant to the terms of the adopted ordinances, applies a fifty

percent reduction to the unfunded need only after these credits are applied. The resulting discounted fee is the amount requested of each jurisdiction.

Different fees are calculated for single family residential units and multi-family residential units to reflect the differences in impacts between the two unit types. A separate student generation rate for each unit type is calculated based upon the actual number of students enrolled in new homes built in the school district in the preceding five year period. The student generation rate, by ordinance, looks separately at single family dwelling units and multi-family dwelling units to determine, on average, the number of students that each type of dwelling units generates to the school system. In the Northshore School District, the 2016 student generation rate study shows the following:

	Single Family Dwelling Units	Multi-Family Dwelling Units
Number of New Units (Five Year Period)	2,933	1,477
Number of Students from Those Units Enrolled in NSD Schools	1,571	62

See *Northshore School District Capital Facilities Plan, Appendix B*. This chart demonstrates that multi-family units in the Northshore School District produce very few students. When the resulting student generation rate for multi-family units is used in the school impact fee formula, the resulting impact fee is \$0. The District updates its CFP (including the student generation rate study) annually and will make adjustments in the future to reflect updated information.

The District appreciates the City's consideration of this request. We are happy to provide additional information as necessary.

Sincerely,

Karen W. Mooseker

Karen Mooseker
Director, Capital Projects

Cc Laurie Anderson, City of Kenmore
Denise Stiffarm, Pacifica Law Group

Attachment 3

COMPREHENSIVE PLAN EXCERPTS

VISION STATEMENT

Vision Statement

“In 2035, we see Kenmore as a fun, vibrant waterfront community that supports and encourages education and quality schools”

PUBLIC SERVICES ELEMENT

Schools

Northshore School District

Impact Fees

Impact fees are calculated based upon the District’s cost per dwelling unit and can be used to purchase land for school sites, make site improvements, construct schools and purchase/install temporary facilities (portables).

Along with the opening of North Creek High School and grade reconfiguration, the District is making several boundary line adjustments in 2017 to increase District-wide facility utilization and accommodate planned growth. They also have identified the need for a new elementary school in the northern part of the District.

GOAL PS-4. SUPPORT THE PROVISION OF QUALITY EDUCATIONAL OPPORTUNITIES TO THE KENMORE COMMUNITY.

OBJECTIVE PS-4.1 Support public and private education providers in providing the best education for members of the community.

Policy PS-4.1.1 Inventory public and private education facilities.

Policy PS-4.1.2 Coordinate and communicate with the appropriate school districts on issues of mutual interest including, school facility location/expansion, impacts of new development, impacts of school facilities and activities on the community, parks and recreation programs, population and growth projections, and school involvement in the community.

CAPITAL FACILITIES ELEMENT

“The City’s impact fee requirements are in place to maintain desired levels of service by providing funding from new development for needed improvements. Impact fees are available as a funding mechanism for transportation facilities, parks, fire protection facilities, and schools. The City requires impact fees for transportation facilities and parks. If the Northshore School District determines that impact fees for schools are needed, they may request that the City collect school impact fees on their behalf.”

Attachment 3

“The Element also incorporates by reference the 6-year capital facility plans for the special districts that provide water, wastewater services, fire protection and school services: the Northshore Utility District, the Northshore Fire Department and the Northshore School District. Agencies or special districts, in accordance with the provisions of the Growth Management Act, may need to update their Comprehensive Plans and/or 6-year capital improvement plans in order to be consistent with the City’s Comprehensive Plan.”

Policy CF-3.1.1 Coordinate with non-City providers of public facilities about maintaining adopted levels of service standards, funding, and construction of capital improvements. Work in partnership with non- City public facility providers to prepare functional plans consistent with the City of Kenmore Comprehensive Plan as provided in Objective 2.7 and associated policies in the Land Use Element.



City Of Kenmore, Washington

Memorandum

Date: January 19, 2018

To: Rob Karlinsey

From: Kent Vaughan

Subject: 68th Avenue NE Pedestrian and Bicycle Safety Improvements Project – Incorporating Bike lanes at Stream Crossing Pinch Point

At the November 27th Council meeting, the City Manager directed staff to re-visit the preliminary design and determine the additional cost necessary to add bike lanes in both directions where the road narrows due to an existing stream crossing approaching 61st Place NE. This section of the project was originally scoped to include bike lanes in both directions but due to physical constraints and added cost, staff replaced the bike lanes with sharrows.

The City's design consultant, KPFF, has completed its design re-evaluation of this area. Bike lanes on both sides of 68th Avenue NE at this location can be accomplished by shifting the roadway alignment to the east and building a cantilevered sidewalk or boardwalk over the stream. The proposed layout at the stream pinch point location is attached for reference. By shifting the roadway alignment to the east, the project must remove and replace the existing sidewalk along the curve which was originally scheduled for retention (constructed with the Michael's Place development in 2008).

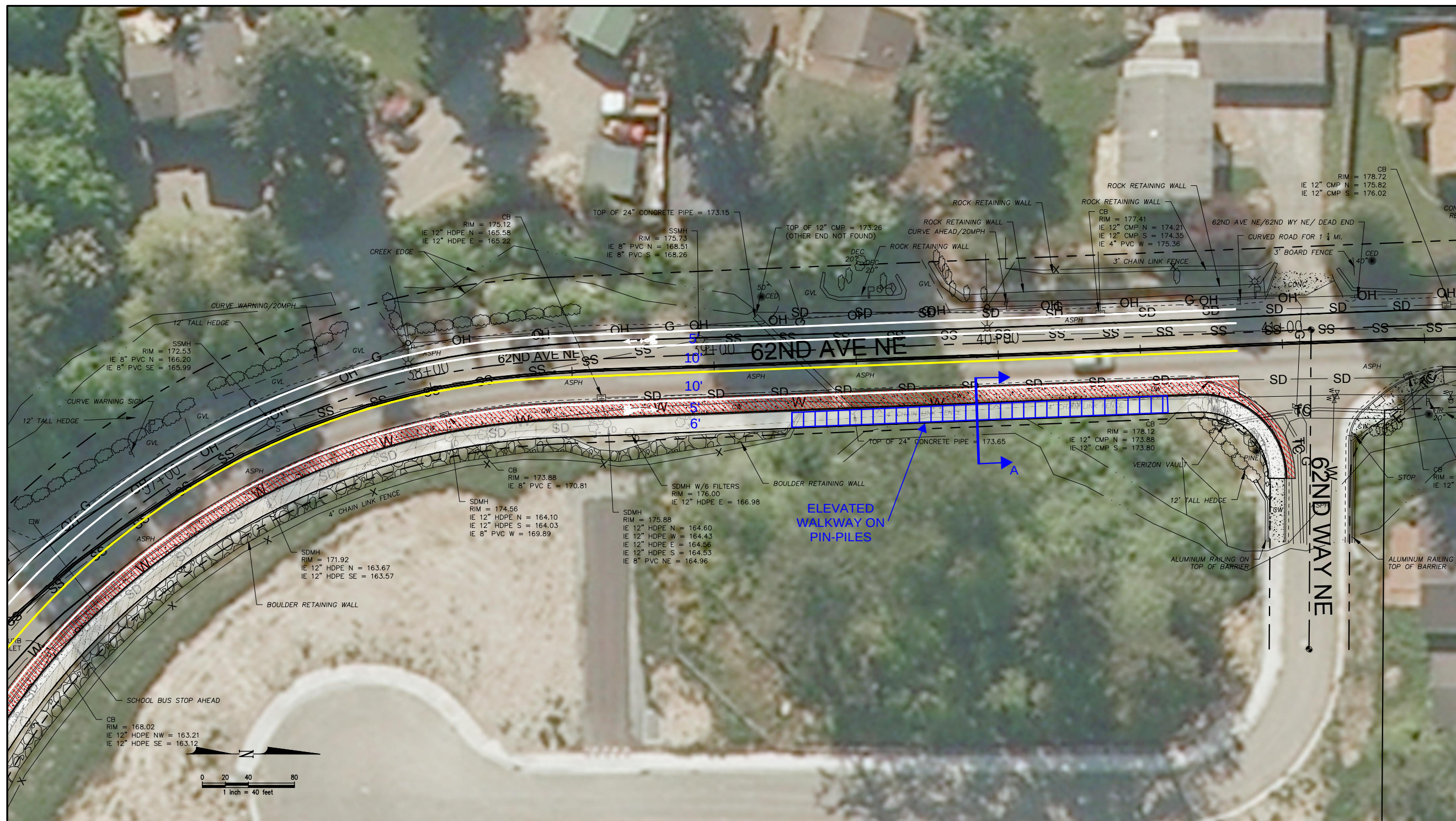
The additional project cost to build the bike lanes through this area is approximately \$1M, which includes contingency and inflation costs. As noted in the November Council update, the preliminary project budget is currently estimated at \$7.5M which includes \$2M in contingency + inflation costs. With the above re-design, staff proposes increasing the project budget to \$8.5M, which includes \$2.5M in contingency + inflation costs.

The Walkways & Waterways bond measure allocated \$5M in funding to construct the 68th Avenue NE project. Additional funding through State or Federal grants, or local funds in the amount of \$3.5M will be needed to complete the project. As the design progresses towards completion, the contingency reserve may be reduced as the project's cost certainty increases. Staff will pursue TIB sidewalk and WSDOT Safe Routes to School grant programs in 2018 to help bridge the funding gap. Staff recently learned that the Department of Ecology has awarded stormwater funds to the 68th Avenue NE project in the amount of \$1M. To accept the DOE funds, the project must increase the stormwater scope of work since this grant only funds stormwater improvements exceeding the minimum City standards and the current design meets minimum standards. The DOE

Rob Karlinsey
January 19, 2018

2

grant may help offset some project costs in the end but it is not expected that the DOE funds will have a significant impact on the funding gap.



CONCEPT: NB BIKE LANE & WALKWAY AT PINCH-POINT



City Of Kenmore, Washington

Memorandum

Date: January 19, 2018

To: Rob Karlinsey

From: Kent Vaughan

Subject: NE 181st Street Sidewalks (65th Avenue NE – 67th Avenue NE) Design Update

In August 2017, the City contracted with KPFF Engineers to complete a survey of the project area and develop a preliminary design for this sidewalk project. Attached is the proposed preliminary design for reference. This design provides roughly 500 feet of continuous 8-foot wide sidewalk between 65th Avenue NE and 67th Avenue NE. It is the City's intent to provide similar lighting and landscaping amenities with this project as the recently completed NE 181st Street sidewalk projects between 68th Avenue NE and 73rd Avenue NE, except that undergrounding of utility lines is not included. As part of this project, the City will also improve the ADA ramps on the south side of the NE 181st Street and 67th Avenue NE intersection to better align with the north-south crosswalks and the recently completed intersection improvements on the north side of the street.

Budget:

The current 2017-18 Project Budget for this project is \$805,205. This sidewalk project is funded by a TIB sidewalk grant in the amount of \$535,132, with a local match of \$270,073. The preliminary construction cost for this design is estimated to be \$540k, which includes a 25% contingency. This estimated construction cost is only slightly higher than the originally estimated construction cost submitted with the grant application and is within the project budget.

Parking:

On-street parking will be maximized with this design layout, providing a net increase of fifteen (15) parking stalls within the project limits. This parking estimate accounts for the loss of five (5) striped parking stalls fronting the hair salon that are currently encroaching in the public right-of-way and will no longer be available for use once the sidewalk is constructed. Since these stalls are partially located in the public right-of-way, the stalls are not considered legal and their removal does not qualify for compensation.

Trees:

An arborist was consulted as part of this contract work to assess the health of the three (3) large trees abutting NE 181st Street between 65th Avenue NE and 67th Avenue NE. The arborist's report concluded that the large sycamore tree (46" caliper) was in relatively good health, while the two white birch trees (16" and 20" caliper) were declining in health and should be removed. The proposed sidewalk alignment will result in the removal of these large trees. Street trees are planned along the project alignment of a

18120 68th Ave NE · PO Box 82607 · Kenmore, WA 98028

Office: (425) 398-8900 · Fax: (425) 481-3236 · cityhall@kenmorewa.gov
 ·www.kenmorewa.gov

Rob Karlinsey
January 19, 2018

2

similar species (Cleveland Pear) and caliper (4") as those recently installed in the NE 181st Street sidewalk projects between 68th Avenue NE and 73rd Avenue NE.

Next Steps:

Staff will negotiate a scope and fee with KPFF to complete the remaining design work and develop contract documents for construction. Early in the design process, staff will be reaching out to the adjacent property owners and stakeholders to give them an opportunity to provide input and/or comment on the proposed sidewalk design before it is finalized.

